

**Catholic Social Services
of the Diocese of Scranton, Inc.**

Consolidated Financial Statements

June 30, 2021 and 2020

Catholic Social Services of the Diocese of Scranton, Inc.

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Independent Auditor’s Report

To the Board of Directors
 Catholic Social Services
 of the Diocese of Scranton, Inc.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Catholic Social Services of the Diocese of Scranton, Inc., which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the consolidated financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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



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To the Board of Directors
Catholic Social Services
of the Diocese of Scranton, Inc.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Catholic Social Services of the Diocese of Scranton, Inc. 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 consolidated financial statements as a whole. The accompanying supplementary information in Schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2022 on our consideration of Catholic Social Services of the Diocese of Scranton, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Catholic Social Services of the Diocese of Scranton, Inc.'s internal control over financial reporting and compliance.

McGreal Michael Quinn
+ Associates, P.C.

Scranton, Pennsylvania
March 16, 2022

Catholic Social Services of the Diocese of Scranton, Inc.

Consolidated Statements of Financial Position

June 30, 2021 and 2020

	Assets	
	<u>2021</u>	<u>2020</u>
Current Assets		
Cash	\$ 1,278,475	\$ 1,678,612
Deposits with Diocese of Scranton	1,935,888	1,697,847
Grants receivable	806,938	1,076,642
Accounts receivable	20,823	20,899
Contributions receivable	1,199,968	2,026,545
Prepaid expenses	130,657	61,247
Due from related parties	608,039	678,449
Total current assets	<u>5,980,788</u>	<u>7,240,241</u>
Notes Receivable, Related Parties	2,976,200	2,976,200
Restricted Deposits and Funded Reserves	401,847	361,271
Investments	1,928	165,635
Property and Equipment, Net	10,396,665	12,499,612
Property Held for Sale	653,526	-
Other Assets	<u>116,296</u>	<u>129,846</u>
Total assets	<u><u>\$ 20,527,250</u></u>	<u><u>\$ 23,372,805</u></u>
	Liabilities and Net Assets	
Current Liabilities		
Demand notes payable	\$ 906,492	\$ 950,164
Current portion of loans payable - related party	229,950	440,571
Due to related parties	962,069	1,971,427
Accounts payable and accrued expenses	319,505	750,367
Refundable advances	-	190,901
Total current liabilities	<u>2,418,016</u>	<u>4,303,430</u>
Loans Payable - Related Party	<u>4,593,911</u>	<u>4,556,713</u>
Mortgages Payable	<u>4,911,900</u>	<u>4,911,900</u>
Accrued Pension Cost	<u>2,393,860</u>	<u>4,712,156</u>
Other Liabilities	<u>62,384</u>	<u>71,624</u>
Total liabilities	<u>14,380,071</u>	<u>18,555,823</u>
Net Assets		
Without donor restrictions	4,994,772	3,516,891
With donor restrictions	1,152,407	1,300,091
Total net assets	<u>6,147,179</u>	<u>4,816,982</u>
Total liabilities and net assets	<u><u>\$ 20,527,250</u></u>	<u><u>\$ 23,372,805</u></u>

See notes to financial statements

Catholic Social Services of the Diocese of Scranton, Inc.

Consolidated Statements of Activities

Years Ended June 30, 2021 and 2020

	2021			2020		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenues						
Fees and grants from government agencies	\$ 4,479,388	\$ 192,182	\$ 4,671,570	\$ 6,454,065	\$ -	\$ 6,454,065
Program revenue	856,112	35,306	891,418	1,387,099	170,976	1,558,075
Donations	855,690	19,788	875,478	1,804,047	1,039,582	2,843,629
United Way	169,188	-	169,188	286,027	-	286,027
Diocesan Annual Appeal	665,356	-	665,356	663,663	-	663,663
Paycheck Protection Program loan funds	-	-	-	966,723	-	966,723
Special events	20	-	20	183,197	-	183,197
Capital grants	-	-	-	2,000	-	2,000
Rental income	501,203	-	501,203	526,120	-	526,120
Other income	40,729	-	40,729	26,989	-	26,989
Interest income	32,812	-	32,812	33,362	-	33,362
Investment income	36,369	-	36,369	14,826	-	14,826
Loss on disposal of property and equipment	(27,336)	-	(27,336)	(35,922)	-	(35,922)
Net assets released from restriction	394,960	(394,960)	-	219,467	(219,467)	-
Total support and revenues	<u>8,004,491</u>	<u>(147,684)</u>	<u>7,856,807</u>	<u>12,531,663</u>	<u>991,091</u>	<u>13,522,754</u>
Expenses and Losses						
Program	6,223,133	-	6,223,133	9,539,203	-	9,539,203
Management and general	1,968,846	-	1,968,846	2,289,890	-	2,289,890
Fundraising	51,884	-	51,884	104,363	-	104,363
Total expenses and losses	<u>8,243,863</u>	<u>-</u>	<u>8,243,863</u>	<u>11,933,456</u>	<u>-</u>	<u>11,933,456</u>
Revenues (less than) in excess of expenses	(239,372)	(147,684)	(387,056)	598,207	991,091	1,589,298
Pension Liability Adjustment	<u>1,717,253</u>	<u>-</u>	<u>1,717,253</u>	<u>(1,356,111)</u>	<u>-</u>	<u>(1,356,111)</u>
Increase (decrease) in net assets	<u>1,477,881</u>	<u>(147,684)</u>	<u>1,330,197</u>	<u>(757,904)</u>	<u>991,091</u>	<u>233,187</u>
Net Assets, Beginning	<u>3,516,891</u>	<u>1,300,091</u>	<u>4,816,982</u>	<u>4,274,795</u>	<u>309,000.00</u>	<u>4,583,795</u>
Net Assets, Ending	<u>\$ 4,994,772</u>	<u>\$ 1,152,407</u>	<u>\$ 6,147,179</u>	<u>\$ 3,516,891</u>	<u>\$ 1,300,091</u>	<u>\$ 4,816,982</u>

See notes to financial statements

Catholic Social Services of the Diocese of Scranton, Inc.

Consolidated Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services							Support Services			Total	
	Adult and Family Services	Housing and Homeless Services	Material Assistance	Immigration Services	Adoption and Fostercare	Drug and Alcohol Services	BBBS	Youth Services	Total Program Services	Management and General		Fundraising
Salaries	\$ 123,893	\$ 1,592,724	\$ 476,347	\$ 55,772	\$ 1,698	\$ -	\$ 1	\$ 380,758	\$ 2,631,193	\$ 468,660	\$ 31,116	\$ 3,130,969
Specific assistance to individuals	16,119	849,429	181,809	-	-	-	-	-	1,047,357	48	-	1,047,405
Professional contracts and services	147,520	55,370	14,242	1,475	7	35	-	5,752	224,401	196,126	133	420,660
Employee benefits	38,762	286,650	89,683	9,839	198	(3,724)	2,931	98,723	523,062	124,368	4,374	651,804
Pension	(1,143)	(18,216)	(8,339)	(737)	(78)	-	-	(1,910)	(30,423)	(25,664)	2,594	(53,493)
Payroll taxes	11,152	141,879	42,924	5,027	172	-	1	34,301	235,456	113,500	2,317	351,273
Depreciation	-	214,885	63,250	-	-	-	-	1,778	279,913	362,355	-	642,268
Rent	4,006	247,156	11,705	2,319	29	1,603	-	12,118	278,936	34,239	-	313,175
Utilities and telephone	1,541	117,754	49,032	1,322	16	-	41	10,309	180,015	140,112	-	320,127
Insurance	9,407	149,546	58,474	7,362	208	347	-	17,020	242,364	108,392	-	350,756
Interest	126	5,732	2,295	69	-	-	242	902	9,366	238,686	-	248,052
Food	-	50,401	28,019	-	-	-	-	-	78,420	-	-	78,420
Maintenance and repairs	147	114,026	25,792	532	-	-	-	-	140,497	96,797	-	237,294
Grant expense	-	112,646	-	-	-	-	-	-	112,646	-	-	112,646
Program supplies	451	18,825	14,953	477	-	-	-	323	35,029	4,533	-	39,562
Staff travel	2,155	11,165	107	69	6	-	-	13,528	27,030	1,599	-	28,629
Special events	-	-	-	-	-	-	-	-	-	-	8,242	8,242
Legal and professional fees	-	53,791	50	-	-	-	-	-	53,841	1,547	-	55,388
Office supplies	432	20,622	3,006	369	-	-	-	1,453	25,882	6,114	58	32,054
Dues and subscriptions	144	5,997	2,439	628	-	-	-	27	9,235	19,045	15	28,295
Advertising	-	6,883	-	-	-	-	-	-	6,883	-	-	6,883
Miscellaneous	65	13,438	8,435	145	-	325	11,683	129	34,220	71,160	2,410	107,790
Equipment	-	13,478	674	-	-	-	-	-	14,152	2,439	-	16,591
Staff development	9	671	113	465	-	(30)	(270)	1,297	2,255	249	-	2,504
Printing	3	683	2,607	94	-	-	-	121	3,508	2,180	-	5,688
Postage	147	886	3,988	554	12	-	-	465	6,052	2,394	625	9,071
Property taxes	-	44,077	-	-	-	-	-	-	44,077	-	-	44,077
Bad debt	-	2,564	-	-	-	-	-	-	2,564	(33)	-	2,531
Amortization	-	5,202	-	-	-	-	-	-	5,202	-	-	5,202
Total Expenses	\$ 354,936	\$ 4,118,264	\$ 1,071,605	\$ 85,781	\$ 2,268	\$ (1,444)	\$ 14,629	\$ 577,094	\$ 6,223,133	\$ 1,968,846	\$ 51,884	\$ 8,243,863

See notes to financial statements

Catholic Social Services of the Diocese of Scranton, Inc.

Consolidated Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services							Support Services			Total	
	Adult and Family Services	Housing and Homeless Services	Material Assistance	Immigration Services	Adoption and Fostercare	Drug and Alcohol Services	BBBS	Youth Services	Total Program Services	Management and General		Fundraising
Salaries	\$ 540,332	\$ 2,402,906	\$ 390,882	\$ 59,160	\$ 364	\$ 622,833	\$ 227,656	\$ 466,584	\$ 4,710,717	\$ 517,599	\$ 43,923	\$ 5,272,239
Specific assistance to individuals	19,831	864,409	132,232	(42)	-	45	119	-	1,016,594	366	-	1,016,960
Professional contracts and services	189,048	73,631	9,526	135	901	110,216	7,358	2,589	393,404	341,883	5	735,292
Employee benefits	81,388	387,795	82,118	10,575	45	86,192	27,492	90,157	765,762	137,014	7,766	910,542
Pension	4,147	(957)	1,652	473	3	(1,100)	1,997	(827)	5,388	26,022	4,698	36,108
Payroll taxes	45,150	199,477	32,740	4,958	30	50,852	19,090	38,979	391,276	56,981	3,299	451,556
Depreciation	-	145,552	50,519	-	-	770	-	1,778	198,619	386,846	-	585,465
Rent	3,883	255,626	15,460	1,626	2	13,735	6,050	5,252	301,634	12,130	210	313,974
Utilities and telephone	8,683	128,460	50,201	1,538	15	8,597	7,838	8,460	213,792	173,395	-	387,187
Insurance	22,498	147,659	34,254	5,333	26	21,610	3,997	17,668	253,045	91,149	-	344,194
Interest	131	3,930	1,853	42	-	741	1,534	721	8,952	218,686	-	227,638
Food	-	195,673	23,879	-	-	-	-	-	219,552	-	-	219,552
Maintenance and repairs	782	120,377	28,340	135	-	4,770	328	1	154,733	137,527	-	292,260
Grant expense	-	116,691	-	-	-	-	374,565	-	491,256	-	-	491,256
Program supplies	1,445	35,432	20,343	730	-	10,205	7,958	952	77,065	45,995	-	123,060
Staff travel	5,545	31,349	584	340	23	5,696	6,202	16,184	65,923	1,451	-	67,374
Special events	-	-	-	-	-	-	-	-	-	-	33,027	33,027
Legal and professional fees	-	55,569	-	-	(40)	-	-	-	55,529	54,368	-	109,897
Office supplies	3,529	28,798	2,346	384	-	2,853	2,605	1,171	41,686	8,880	26	50,592
Dues and subscriptions	292	9,775	4,650	21	-	196	22,619	2	37,555	42,682	120	80,357
Advertising	-	4,640	-	-	-	300	60	-	5,000	1,122	277	6,399
Miscellaneous	1,378	11,736	2,938	108	1	5,919	12,874	7,883	42,837	27,786	678	71,301
Equipment	3,027	1,762	2,057	1,149	-	-	-	-	7,995	2,965	-	10,960
Staff development	368	935	85	3,381	-	726	1,825	350	7,670	370	-	8,040
Printing	929	3,907	671	206	-	728	1,985	1,751	10,177	1,862	10,234	22,273
Postage	1,632	1,271	2,894	306	22	2,899	5,248	415	14,687	2,039	100	16,826
Property taxes	-	41,275	-	-	-	-	-	-	41,275	-	-	41,275
Bad debt	-	1,878	-	-	-	-	-	-	1,878	772	-	2,650
Amortization	-	5,202	-	-	-	-	-	-	5,202	-	-	5,202
Total Expenses	\$ 934,018	\$ 5,274,758	\$ 890,224	\$ 90,558	\$ 1,392	\$ 948,783	\$ 739,400	\$ 660,070	\$ 9,539,203	\$ 2,289,890	\$ 104,363	\$ 11,933,456

See notes to financial statements

Catholic Social Services of the Diocese of Scranton, Inc.

Consolidated Statements of Cash Flows

Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Increase in net assets	\$ 1,330,197	\$ 233,187
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	642,268	585,465
Amortization	5,202	5,202
Loss on disposal of property and equipment	27,336	35,922
Unrealized and realized gains	(22,152)	(3,697)
Pension liability adjustment	(1,717,253)	1,356,111
Changes in assets and liabilities:		
Grants receivable	269,704	73,163
Accounts receivable	76	48,177
Contributions receivable	826,577	(2,026,545)
Prepaid expenses	(69,410)	6,609
Other assets	8,348	19,134
Due from/to related parties	(938,948)	683,018
Accrued pension cost	(601,043)	(454,435)
Accounts payable and accrued expenses	(430,862)	234,061
Other liabilities	(9,344)	15,758
Refundable advances	(190,797)	144,437
Net cash (used in) provided by operating activities	<u>(870,101)</u>	<u>955,567</u>
Cash Flows from Investing Activities		
Change in restricted deposits and funded reserves	(40,576)	43,718
Change in deposits with Diocese of Scranton	(238,041)	453,160
Proceeds from sale of property and equipment	952,744	71,459
Purchase of property and equipment	(172,927)	(270,828)
Purchase of investments	(13,995)	(10,940)
Sale of investments	199,854	1,288
Net cash provided by investing activities	<u>687,059</u>	<u>287,857</u>
Cash Flows from Financing Activities		
Change in demand notes payable	(43,672)	157,046
Repayment of loans payable - related party	(173,423)	(697)
Net cash (used in) provided by financing activities	<u>(217,095)</u>	<u>156,349</u>
Net (decrease) increase in cash	(400,137)	1,399,773
Cash, Beginning of Year	<u>1,678,612</u>	<u>278,839</u>
Cash, End of Year	<u>\$ 1,278,475</u>	<u>\$ 1,678,612</u>
Supplemental Disclosure of Cash Flow Information		
Interest Expense	<u>\$ 248,052</u>	<u>\$ 227,638</u>

See notes to financial statements

Catholic Social Services of the Diocese of Scranton, Inc.

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Catholic Social Services of the Diocese of Scranton, Inc. ("CSS") is a nonprofit organization located in Northeastern Pennsylvania. CSS is comprised of six service centers: The Wyoming Valley Office, the Greater Hazleton Area Office, the Lackawanna County Office, St. Vincent de Paul Soup Kitchen, the Pike County Office, and the Monroe County Office. CSS provides direct services and self-help assistance to needy individuals.

CSS serves as a developer for several limited partnerships. As such, CSS receives a fee for those services.

CSS derives its funding from the following agencies and governmental bodies:

- United Way Agencies
- Commonwealth of Pennsylvania:
 - a. Medical Assistance
 - b. Pennsylvania Commission on Crime and Delinquency
 - c. Department of Human Services
 - d. Department of Transportation
 - e. Department of Community Affairs
 - f. Department of Corrections
 - g. Department of Veterans Affairs
 - h. Women in Need
- Diocese of Scranton:
 - a. Diocesan Appeal
 - b. Bishop's Relief
 - c. Program support
- Luzerne, Lackawanna, Pike and Carbon Counties:
 - a. Drug and Alcohol Program
 - b. Children and Youth Services
 - c. Behavioral Health/ Intellectual Disabilities/ Early Intervention Program
 - d. Human Resources
 - e. Department of Human Services
 - f. Luzerne County Office of Community Development

Catholic Social Services of the Diocese of Scranton, Inc.

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

- United States Federal Government:
 - a. Department of Health and Human Services
 - b. Federal Emergency Management Agency
 - c. Department of Justice
 - d. Department of Housing and Urban Development
 - e. Federal Bureau of Prisons

- Other:
 - a. Fee for services
 - b. Donations
 - c. Catholic Charities
 - d. United States Conferences of Catholic Bishops

CSS evaluated subsequent events for their recognition or disclosure through March 16, 2022, the date the financial statements were available to be issued.

Principles of Consolidation

The accompanying consolidated financial statements include the activities of CSS and two limited partnerships. All significant intercompany accounts and material transactions have been eliminated in consolidation.

The following is a summary of the consolidated ownership information as of June 30, 2021.

	<u>Owner Interest</u>
Saint John Apartments, L.P.	100%
Catholic Senior Housing Partners, L.P.	100%

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 and disclosure of contingent 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.

Estimates are used to determine the assumed long-term rate of return and discount rate for the employee benefit plan. Due to current economic conditions, it is at least reasonably possible that the estimates will change in the near term.

Receivables

Accounts and grants receivable are reported at amounts management expects to collect on balances outstanding at year-end. Receivables are charged to bad debt expense when deemed uncollectible based upon a periodic review of the accounts. No allowance for doubtful accounts was recorded because management believes all are collectible.

Catholic Social Services of the Diocese of Scranton, Inc.

Notes to Consolidated Financial Statements
June 30, 2021 and 2020

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 and unrealized gains and losses on investments, interest and dividends) are reported in the Statement of Activities as increases or decreases in net assets without donor restrictions.

Support, Revenues, and Expenses

The consolidated financial statements are prepared on the accrual basis of accounting, whereby support and revenues are recognized when earned and expenses are recognized when incurred. All contributions are considered to be available without donor restriction unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increases that net asset class. However, if a restriction is fulfilled in the same time period in which the contribution is received, CSS reports the support as without donor restriction.

Grants and Contracts

Government grants and contracts normally provide for the recovery of direct and indirect costs, subject to an audit. CSS recognizes revenue associated with direct and indirect costs as direct costs are incurred. The recovery of indirect costs is pursuant to an agreement, which provides for a predetermined fixed indirect cost rate.

Individual grant arrangements have been evaluated and most have been determined to be nonreciprocal, meaning the granting entity has not received a direct benefit in exchange for the resources provided. Instead, revenue is recognized like a conditional contribution, i.e., when the barrier to entitlement is overcome. The barrier to entitlement is considered overcome when expenditures associated with each grant are determined to be allowable and all other significant conditions of the grant are met. Grants that have been determined to be reciprocal fall under the scope of ASC Topic 606 and are recognized as the performance obligations are satisfied.

Program Revenue

Revenue is recognized by CSS when services are provided.

Property and Equipment

Acquisitions of property and equipment and leasehold improvements in excess of \$3,000 are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets or lease term.

For those items which are funded by federal awards, CSS must, upon disposition:

- obtain approval and instructions from the awarding agency,
- if sold, CSS must remit to the awarding agency the federal portion of net sales proceeds.

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Property and equipment are evaluated for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. If expected cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of the assets. No impairment losses were recognized in 2021 and 2020.

Gifts of long-lived assets such as land, buildings or equipment are reported as support without donor restriction unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restriction. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Income Taxes

CSS is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on its exempt income under Section 501(a) of the Internal Revenue Code.

In accordance with the Financial Accounting Standards Board guidance on accounting for uncertainty in income taxes, management evaluated CSS's tax positions and concluded that CSS had taken no uncertain tax positions that require adjustments to the financial statements to comply with the provisions of this guidance. With few exceptions, CSS is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2018.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by CSS. Volunteer provided services are not recognized as contributions in the financial statements.

Liquidity

CSS 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	\$ 1,278,475
Deposits with Diocese of Scranton	1,935,888
Grants Receivable	806,938
Accounts Receivable	20,823
Contributions Receivable	1,199,968
	<u>5,242,092</u>
Less amounts not available to be used within one year:	
Financial assets with donor restrictions	1,152,407
Financial assets available to meet general expenditures within one year	<u>\$ 4,089,685</u>

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CSS has various sources of liquidity at its disposal including cash, receivables, lines of credit, grant income, program revenues, and contributions.

Indirect Cost Rate

Effective July 1, 2019, CSS was approved for an indirect cost rate of 23.62% to use during the fiscal year ending June 30, 2021. During the year ended June 30, 2021, indirect costs were allocated to individual programs by multiplying the indirect cost rate by direct salaries. The indirect cost rate used to allocate indirect costs for the year ending June 30, 2020 was 26.50%.

Functional Expense Allocations

Expenses that can be attributed to a particular function are charged there. Other expenses are allocated based on the distribution of staff time.

New Accounting Standards

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 CSS's financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard was effective for fiscal years beginning after December 15, 2020. In June 2020, the FASB issued ASU 2020-05 which defers the effective date of ASU 2016-02 one year making it effective for annual reporting periods beginning after December 15, 2021. CSS is currently evaluating the effect that the standard will have on the 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 CSS for fiscal years ending after December 15, 2021, with early adoption permitted. CSS is currently evaluating the effect that the standard will have on the financial statements.

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2. FEMA Resources

The Stewart McKinney Homeless Assistance Act authorized the Federal Emergency Management Agency (FEMA) to provide for an allocation of funds by the FEMA National Board for the provision of emergency food and shelter services to individuals in need. National Board funds are distributed to Local Recipient Organizations (LRO) and Fiscal Agents certified eligible by Local Boards. CSS serves as both an LRO and a Fiscal Agent and is monitored by the United Way of Lackawanna County and the United Way of Wyoming Valley.

3. Notes Receivable, Related Parties

CSS owns 100% of Catholic Housing Corporation, which owns 100% of Catholic Partners Housing, Inc., which is a .01% general partner of Catholic Senior Housing Partners, L.P. As of April 17, 2018, CSS was assigned the remaining 99.99% limited partner interest of Catholic Senior Housing Partners, L.P. CSS also owns 100% of St. John Apartments, Inc., which is a .009% general partner of St. John Apartments, L.P. As of June 19, 2018, CSS was assigned the remaining 99.991% limited partner interest of Saint John Apartments, L.P. These limited partnerships are consolidated into CSS's financial statements.

Zaccaeus Corporation, a nonprofit organization, formed by CSS as a developer for low income housing projects, owns 100% of various corporations which are the general partners in St. Vincent Apartments, L.P., Thomas Court Associates, L.P. and St. Gabriel Apartments, L.P. These limited partnerships operate residential apartments to households with income levels at or below levels committed to under regulations. CSS has received various loans or grant funds and passed these amounts to these related parties as notes receivables as follows:

Catholic Senior Housing Partners, L.P.

CSS received a grant from the County of Lackawanna for \$200,000, which, in turn, CSS loaned to Catholic Senior Housing Partners, LP. Repayment is due in 2031. Interest is not charged. The note is secured by certain real estate of the Partnership.

St. John Apartments, L.P.

CSS received a loan from the County of Luzerne for \$305,000, which, in turn, CSS loaned to St. John Apartments, L.P. See Note 9 for the terms of the loan with the County of Luzerne. The note is due in July 2034. Interest is not charged.

CSS loaned \$120,000 to St. John Apartments, L.P. The note is due in December 2033. Interest is not charged.

St. Gabriel Apartments, L.P.

CSS received a grant from the City of Pittston for \$200,000 which, in turn, CSS loaned to St. Gabriel Apartments, L.P. The balance is due in 2037. Interest is not charged.

CSS received a developer fee from St. Gabriel Apartments, L.P. for \$319,200. CSS loaned back to St. Gabriel Apartments, L.P. \$310,724. The balance is due 2037. Interest is not charged.

CSS received a grant from the U.S. Department of Housing and Urban Development. CSS loaned \$75,000 to St. Gabriel Apartments, L.P. The balance is due in 2037. Interest is not charged.

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CSS received a loan from Luzerne County for \$450,000 which, in turn, CSS loaned to St. Gabriel Apartments, L.P. See Note 9 for the terms of the loan with Luzerne County. The balance is due in 2036. Interest is not charged.

CSS loaned \$315,476 to St. Gabriel Apartments, Inc. The balance is due May 2036. Interest is not charged.

St. Vincent Apartments, L.P.

CSS received grant revenue from the County of Luzerne Office of Community Development for \$250,000, which, in turn, CSS loaned to St. Vincent Apartments, L.P. The balance is due in 2037. Interest is not charged.

CSS received a loan from Luzerne County for \$250,000, which, in turn, CSS loaned to St. Vincent Apartments, L.P. See Note 9 for the terms of the loan with Luzerne County. The balance is due in 2038. Interest is not charged.

CSS received a loan from Community Bank and Trust Co. for \$130,000, which, in turn, CSS loaned to St. Vincent Apartments, L.P. See Note 9 for the terms of the loan with Community Bank and Trust Co. The note is due upon demand after the earlier of (i) the occurrence of an event of default, as defined in the loan agreement, (ii) any sale or refinancing of the project, or (iii) July 2036. Interest is not charged.

Thomas Court Associates, L.P.

CSS received a loan from the City of Hazleton for \$250,000, which, in turn, CSS loaned to Thomas Court Associates, L.P. See Note 9 for the terms of the loan with the City of Hazleton. The balance is due in 2037. Interest is not charged.

St. Stanislaus Associates, L.P.

CSS received a loan from PNC Bank, N.A. for \$165,000, which, in turn, CSS loaned to St. Stanislaus Associates, L.P. See Note 9 for the terms of the loan with PNC Bank, N.A. The balance is due on the later of (i) the (30th) anniversary of the Project completion date, or (ii) December 31, 2040.

Zaccaeus Corporation

CSS received a mortgage from Luzerne County for \$580,000, which, in turn, CSS loaned to Zaccaeus Corporation. See Note 9 for the terms of the loan with Luzerne County. The balance is due in 2024. Interest is not charged.

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Notes receivable at June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
St. Gabriel Apartments, L.P.	\$ 200,000	\$ 200,000
St. Gabriel Apartments, L.P.	310,724	310,724
St. Gabriel Apartments, L.P.	75,000	75,000
St. Gabriel Apartments, L.P.	450,000	450,000
St. Gabriel Apartments, Inc.	315,476	315,476
St. Vincent Apartments, L.P.	250,000	250,000
St. Vincent Apartments, L.P.	250,000	250,000
St. Vincent Apartments, L.P.	130,000	130,000
Thomas Court Associates, L.P.	250,000	250,000
St. Stanislaus Apartments, L.P.	165,000	165,000
Zaccaeus Corporation	580,000	580,000
Total	<u>\$ 2,976,200</u>	<u>\$ 2,976,200</u>

4. Due from Related Parties

The balances due from related parties consist of amounts due from Zaccaeus Corporation totaling \$92,221 at June 30, 2021 and \$241,656 at June 30, 2020 for services, development fees and other costs relating to housing development. The remaining balances of \$515,818 at June 30, 2021 and \$436,793 at June 30, 2020 are due from various related parties. The balances are interest free and have no fixed repayment terms.

5. Investments

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

	<u>2021</u>		<u>2020</u>	
	Cost	Fair Value (Carrying Value)	Cost	Fair Value (Carrying Value)
Cash Equivalents	\$ 1,108	\$ 1,108	\$ 1,135	\$ 1,135
Mutual Funds	-	-	149,810	160,353
Common Stocks	31	820	3,187	4,147
Total investments	<u>\$ 1,139</u>	<u>\$ 1,928</u>	<u>\$ 154,132</u>	<u>\$ 165,635</u>

Interest and investment income consisted of the following:

	<u>2021</u>	<u>2020</u>
Interest and dividends	<u>\$ 47,029</u>	<u>\$ 44,491</u>
Net realized and unrealized gains on investment transactions	<u>\$ 22,152</u>	<u>\$ 3,697</u>

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Fair Value Measurement

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, CSS uses various methods including market, income and cost approaches. Based on these approaches, CSS 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. CSS 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, CSS 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 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.

Level 2 – 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 3 – 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 3 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:

Money Markets, Mutual Funds and Common Stocks: 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 CSS 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 table sets forth by level, within the fair value hierarchy, the assets at fair value as of June 30, 2021 and 2020.

Assets:	June 30, 2021			Total
	Level 1	Level 2	Level 3	
Cash Equivalents	\$ 1,108	\$ -	\$ -	\$ 1,108
Common Stocks	820	-	-	820
	<u>\$ 1,928</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,928</u>

Assets:	June 30, 2020			Total
	Level 1	Level 2	Level 3	
Cash Equivalents	\$ 1,135	\$ -	\$ -	\$ 1,135
Mutual Funds	160,353	-	-	160,353
Common Stocks	4,147	-	-	4,147
	<u>\$ 165,635</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 165,635</u>

6. Property and Equipment

Property and equipment and accumulated depreciation as of June 30, 2021 and 2020 are as follows:

	2021	2020
Land	\$ 604,589	\$ 784,883
Buildings	8,835,789	9,870,151
Building improvements	7,168,361	9,676,459
Leasehold improvements	104,228	100,524
Vehicles	262,050	373,514
Furniture and equipment	792,487	1,164,066
Construction in progress	-	133,517
Total	<u>17,767,504</u>	<u>22,103,114</u>
Less accumulated depreciation	<u>7,370,839</u>	<u>9,603,502</u>
Property and equipment, net	<u>\$ 10,396,665</u>	<u>\$ 12,499,612</u>

Construction in progress at June 30, 2020 consisted of renovations to the Hazleton location for the food pantry, which were completed at June 30, 2021. CSS received grant funding for this project.

7. Property Held for Sale

During the year ended June 30, 2021, CSS listed a property for sale. Subsequent to year end, CSS sold the property for \$750,000. The property is recorded at the lower of cost or estimated fair value at June 30, 2021.

8. Demand Notes Payable

CSS has a \$600,000 line of credit. Borrowings were \$365,626 at June 30, 2021 and \$379,298 at June 30, 2020. The interest rate is equal to prime rate (3.25% at June 30, 2021). The line is secured by accounts and property owned by CSS.

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Notes to Consolidated Financial Statements

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CSS also has a \$700,000 line of credit. Borrowings were \$540,866 at June 30, 2021 and \$570,866 at June 30, 2020. The interest rate on each advance is equal to the sum of the Daily LIBOR rate plus 3.13% (approximately 3.22% at June 30, 2021). The line is secured by certain real estate. The line of credit had been guaranteed by the Diocese of Scranton. In June, 2018, the agreement was amended to include the Diocese as a borrower.

9. Mortgages Payable

Mortgages payable at June 30, 2021 and 2020 consists of the following:

	<u>2021</u>	<u>2020</u>
Mortgage payable to Luzerne County. The mortgage is interest free and payment is deferred until 2034. At the end of the deferral period, Luzerne County will review CSS's ability to repay. If it is determined that CSS is financially strong, the principal shall be amortized over a fifteen-year term without interest. However, if CSS is not financially able to begin repayment, the term of the loan shall be extended one year. The review will continue annually until it is determined CSS is financially able to begin repayment. St. John Apartments, L.P. has a forty-year lease with the Diocese of Scranton (the "Diocese") and if the Diocese does not renew the lease, the mortgage will be immediately due and payable unless it is determined by the County that to do so would detrimentally affect low income members of the community. The mortgage has been assigned to St. John Apartments, L.P. and is secured by a second lien on their real estate.	\$ 305,000	\$ 305,000
Mortgage payable to Luzerne County. The mortgage is interest free and payment is deferred until 2036. At the end of the deferral period, Luzerne County will review CSS's ability to repay. If it is determined that CSS is financially strong, the principal shall be amortized over a fifteen-year term without interest. However, if CSS is not financially able to begin repayment, the term of the loan shall be extended one year. The review will continue annually until it is determined CSS is financially able to begin repayment. St. Gabriel Apartments, L.P. has a forty-year lease with the Diocese of Scranton (the "Diocese") and if the Diocese does not renew the lease, the mortgage will be immediately due and payable unless it is determined by the County that to do so would detrimentally affect low income members of the community. The mortgage has been assigned to St. Gabriel Apartments, L.P. and is secured by a sixth lien on their real estate.	450,000	450,000

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	<u>2021</u>	<u>2020</u>
Mortgage payable to Luzerne County. The mortgage is interest free and payment is deferred until 2038. The mortgage has been assigned to St. Vincent Apartments, L.P. and is secured by a lien on their real estate.	\$ 250,000	\$ 250,000
Mortgage payable to Community Bank and Trust Co. The mortgage is interest free and is payable in full in the event of default, as defined within the loan agreement, within the retention period. The retention period ends July 2021. If no event of default shall occur during the retention period, CSS shall be released from all liability under this mortgage. The mortgage has been assigned to St. Vincent Apartments, L.P. and is secured by a lien on their real estate.	130,000	130,000
Mortgage payable to PNC Bank, N.A. The mortgage is interest free and payable in full in the event of default, as defined within the loan agreement, within the retention period. The retention period ends December 31, 2025. If no event of default shall occur during the retention period, CSS shall be released from all liability under this mortgage. The mortgage has been assigned to St. Stanislaus Associates, L.P. and is secured by a lien on their real estate.	165,000	165,000
Mortgage payable to City of Hazleton. The mortgage is interest free and payment is deferred until 2037. The mortgage has been assigned to Thomas Court Associates, L.P. and is secured by a lien on their real estate.	250,000	250,000
Mortgage payable to Luzerne County. The mortgage is interest free and payment is deferred until 2024. The mortgage has been assigned to Zaccaeus Corporation.	580,000	580,000
Mortgage payable to Luzerne County. The mortgage is interest free and is payable in full in the event of default, as defined in the loan agreement, within retention period, which ends December 2027. If no event of default shall occur during the retention period, CSS shall be released from all liability under this mortgage. The mortgage is secured by real estate.	400,000	400,000

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	<u>2021</u>	<u>2020</u>
<u>Saint John Apartments, L.P.</u>		
Mortgage payable to PHFA Penn Homes Program. The mortgage is interest free and is payable in full in the event of default, as defined in the loan agreement, within retention period, which ends 2033. If no event of default shall occur during the retention period, all liability shall be released under this mortgage. The mortgage is secured by real estate.	\$ 472,000	\$ 472,000
<u>Catholic Senior Housing Partner, L.P.</u>		
Mortgage payable to PHFA Penn Homes Program. The mortgage is interest free and is payable in full in the event of default, as defined in the loan agreement, within retention period, which ends 2032. If no event of default shall occur during the retention period, all liability shall be released under this mortgage. The mortgage is secured by real estate.	1,909,900	1,909,900
Total	<u>\$ 4,911,900</u>	<u>\$ 4,911,900</u>

10. Due to Related Parties

The balance due to related parties consists of amounts due to Zaccaeus Corporation totaling \$350,329 at June 30, 2021 and \$355,784 at June 30, 2020 for funding of the St. Hedwig's project and amounts due to the Diocese of Scranton totaling \$583,649 at June 30, 2021 and \$1,584,377 at June 30, 2020 for various projects and programs. The remaining balances of \$28,091 at June 30, 2021 and \$31,266 at June 30, 2020 are due to various related parties. The balances are interest free and have no fixed repayment terms.

11. Loans Payable – Related Party

The components of loans payable – related party at June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Loan payable, Diocese of Scranton Institute, payable in monthly installments of \$6,906, including interest at 3.0%, due January 2033.	\$ 849,734	\$ 919,055
Loan payable, Diocese of Scranton Institute, payable in monthly installments of \$1,742, including interest at 4.0%, due January 2029.	198,803	209,389
Loan payable, Diocese of Scranton Institute, payable in monthly installments of \$24,542, including interest at 4.0%, due February 2038.	3,775,324	3,868,840
Total	4,823,861	4,997,284
Less current portion	229,950	440,571
Long-term portion	<u>\$ 4,593,911</u>	<u>\$ 4,556,713</u>

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Principal maturities on loans payable are as follows:

Year ending June 30	
2022	\$ 229,950
2023	238,703
2024	247,795
2025	258,748
2026	267,107
Thereafter	<u>3,581,558</u>
Total	<u>\$ 4,823,861</u>

12. Net Assets with Donor Restrictions

Donor restricted net assets are available for the following purposes:

	<u>2021</u>	<u>2020</u>
<u>Subject to expenditure for specified purpose</u>		
Pathfinders Program	\$ -	\$ 31,435
Hazleton Shelter and Pantry Capital Project	15,277	115,121
Shepherd's Maternity Education Supplies	-	2,844
Shepherd's Maternity Kitchen Remodel	11,360	12,000
COVID-19 Relief	2,940	99,109
Bishop's Relief Fund	39,582	39,582
Emergency Food and Shelter Services	43,227	-
St. Joseph Food Pantry	11,544	-
Carbondale Food Pantry	8,234	-
St. Vincent de Paul Kitchen Food Security Program	20,243	-
St. Vincent de Paul Kitchen	<u>1,000,000</u>	<u>1,000,000</u>
	<u>\$ 1,152,407</u>	<u>\$ 1,300,091</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

	<u>2021</u>	<u>2020</u>
<u>Purpose restriction accomplished</u>		
Pathfinders Program	\$ 31,435	\$ 68,565
Hazleton Shelter and Pantry Capital Project	99,844	143,879
Shepherd's Maternity Education Supplies	2,844	156
Shepherd's Maternity Kitchen Remodel	640	-
COVID-19 Relief	161,916	6,867
Emergency Food and Shelter Services	83,208	-
St. Joseph Food Pantry	8,244	-
Carbondale Food Pantry	1,766	-
St. Vincent de Paul Kitchen Food Security Program	<u>5,063</u>	<u>-</u>
Total net assets released from donor restrictions	<u>\$ 394,960</u>	<u>\$ 219,467</u>

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13. Pension Plans

CSS sponsors a noncontributory defined benefit pension plan covering substantially all eligible employees. The plan provides defined benefits based on compensation and years of service.

In December, 2017, an amendment was executed to freeze the pension plan effective December 31, 2017. After that date, no further benefits will accrue in the plan.

The unfunded status and significant components of the Plan are as follows:

	<u>2021</u>	<u>2020</u>
Change in benefit obligation:		
Benefit obligation - beginning of year	\$ 15,068,677	\$ 14,067,545
Service cost	4,848	13,258
Interest cost	351,478	451,792
Actuarial loss	356,750	71,687
Change due to assumption changes	222,002	1,244,657
Expense charges	(4,848)	(13,258)
Benefits disbursed	<u>(852,361)</u>	<u>(767,004)</u>
Benefit obligation - end of year	<u>\$ 15,146,546</u>	<u>\$ 15,068,677</u>
Change in plan assets:		
Fair value of plan assets - beginning of year	\$ 10,356,521	\$ 10,257,065
Actual return on plan assets	2,779,202	569,256
Employer contributions	474,172	310,462
Benefits paid (including expense charges)	<u>(857,209)</u>	<u>(780,262)</u>
Fair value of plan assets – end of year	<u>\$ 12,752,686</u>	<u>\$ 10,356,521</u>
Funded status	<u>\$ (2,393,860)</u>	<u>\$ (4,712,156)</u>
Accumulated benefit obligation	<u>\$ 15,146,546</u>	<u>\$ 15,068,677</u>

The measurement date used to determine the pension plan asset and benefit obligation information was June 30.

Components of net periodic pension cost:

	<u>2021</u>	<u>2020</u>
Service cost	\$ 4,848	\$ 13,258
Interest cost	351,478	451,792
Expected return on plan assets	(736,963)	(726,606)
Recognized actuarial loss	<u>253,766</u>	<u>117,583</u>
Total net periodic pension cost	<u>\$ (126,871)</u>	<u>\$ (143,973)</u>

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Assumptions

Weighted-average assumptions used in computing benefit obligation at June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Discount rate	2.60 %	2.40 %
Expected long-term rate of return on plan assets	7.25 %	7.25 %
Rate of compensation increase for past	0.00 %	0.00 %
Rate of compensation increase for future	0.00 %	0.00 %

Weighted-average assumptions used in measurement of net periodic pension cost for the year:

	<u>2021</u>	<u>2020</u>
Discount rate	2.40%	3.30%
Expected long-term return on plan assets	7.25%	7.25%
Rate of compensation increase for past	0.00%	0.00%
Rate of compensation increase for future	0.00%	0.00%
Net periodic pension cost	\$ (126,871)	\$ (143,973)
Employer contributions	\$ 474,172	\$ 310,462
Benefits paid	\$ 852,361	\$ 767,004

A net loss of \$2,728,229 represents the unrecognized component of net periodic pension cost included in net assets without donor restrictions.

Plan Assets

The following table sets forth the asset allocation for plan assets:

Asset category:	Net Assets	
	<u>2021</u>	<u>2020</u>
Equity securities	61 %	59 %
Fixed income	24 %	27 %
General account – Mutual of America	15 %	14 %
Total	<u>100 %</u>	<u>100 %</u>

CSS plan assets are invested among and within various asset classes in order to achieve sufficient diversification in accordance with CSS risk tolerance. This is achieved through the utilization of asset managers and systematic allocation to investment management styles, providing a broad exposure to different segments of the fixed income and equity markets.

The expected long-term rate of return on plan assets assumption of 7.25% was selected using the “building block” approach described by the Actuarial Standards Board in Actuarial Standards of Practice No. 27 - Selection Economic Assumptions for Measuring Pension Obligations. Based on CSS's investment policy for the pension plan in effect as of the beginning of the fiscal year, a best estimate range was determined for both the real rate of return (net of inflation) and for inflation based on CSS's historical 30-year period rolling averages. An average inflation rate within the range equal to 3.50% was selected and added to the real rate of return range to arrive at a best estimate range of 7.02% - 9.70%. The rate of 7.25% within this range was selected.

Catholic Social Services of the Diocese of Scranton, Inc.

Notes to Consolidated Financial Statements
June 30, 2021 and 2020

The composition of Plan assets at June 30, 2021 and 2020, is set forth in the following table:

	<u>2021</u>	<u>2020</u>
General account – Mutual of America	\$ 1,895,868	\$ 1,412,738
Pooled separate accounts:		
Equity funds	5,103,277	3,760,629
Bond funds	3,102,035	2,827,749
Capital appreciation	1,108,982	950,796
International	1,542,524	1,404,609
	<u>\$ 12,752,686</u>	<u>\$ 10,356,521</u>

Fair Value of Plan Assets

CSS measures its defined benefit plan investments at fair value on a recurring basis in accordance with accounting principles generally accepted in the United States of America.

Fair value is defined as the price that would be received to sell an asset or the price that would be paid to dispose of a liability in an orderly transaction between market participants at the measurement date. The framework that the authoritative guidance establishes for measuring fair value includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs used in determining valuations into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement.

The levels of the fair value hierarchy are as follows:

Level 1 – Fair value is based on unadjusted quoted prices in active markets that are accessible to CSS for identical assets. These generally provide the most reliable evidence and are used to measure fair value whenever available.

Level 2 – Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the full term of the asset through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets, quoted market prices in markets that are not active for identical or similar assets, and other observable inputs.

Level 3 – Fair value would be based on significant unobservable inputs. Examples of valuation methodologies that would result in Level 3 classification include option pricing models, discounted cash flows, and other similar techniques.

The following is a description of the valuation methodologies used for plan assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021 and 2020.

Pooled separate accounts are valued based upon the units of such pooled separate accounts held within the plan at year end multiplied by the respective unit value. The unit value of the pooled separate accounts is based upon significant observable inputs, although they are not based upon quoted market prices in an active market. The underlying investments of the pooled separate accounts consist solely of mutual funds, each of which follows a separate investment strategy as described below. Due to the nature of these securities, there are no unfunded commitments or redemption restrictions.

Catholic Social Services of the Diocese of Scranton, Inc.

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Equity funds – Seeks to provide market-level returns by investing primarily in common stock.

Bond funds – Seeks to provide a high level of current income over time with a secondary objective of preservation of capital by investing primarily in investment grade bonds, U.S. Government and agency securities and zero-coupon securities.

Capital appreciation – Seeks to provide maximum growth by investing primarily in stocks of companies that are believed to have favorable business trends or prospects.

International – Seeks to provide long-term growth capital appreciation by investing in stocks of companies outside the United States evaluated as having above average growth potential.

The general account is carried at amortized cost, or contract value, which is deemed to be fair value for an insurance company general account.

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 CSS believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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

Assets at Fair Value as of June 30, 2021				
	Level 1	Level 2	Level 3	Total
Pooled separate accounts:				
Equity funds	\$ -	\$ 5,103,277	\$ -	\$ 5,103,277
Bond funds	-	3,102,035	-	3,102,035
Capital appreciation	-	1,108,982	-	1,108,982
International	-	1,542,524	-	1,542,524
General account – Mutual of America	-	-	1,895,868	1,895,868
Total	\$ -	\$ 10,856,818	\$ 1,895,868	\$ 12,752,686
Assets at Fair Value as of June 30, 2020				
	Level 1	Level 2	Level 3	Total
Pooled separate accounts:				
Equity funds	\$ -	\$ 3,760,629	\$ -	\$ 3,760,629
Bond funds	-	2,827,749	-	2,827,749
Capital appreciation	-	950,796	-	950,796
International	-	1,404,609	-	1,404,609
General account – Mutual of America	-	-	1,412,738	1,412,738
Total	\$ -	\$ 8,943,783	\$ 1,412,738	\$ 10,356,521

Catholic Social Services of the Diocese of Scranton, Inc.

Notes to Consolidated Financial Statements
June 30, 2021 and 2020

The following table illustrates the changes in fair value for Level 3 investments for the year ended June 30:

General Account	2021	2020
Balance, beginning of year	\$ 1,412,738	\$ 1,662,983
Interest credit	16,167	23,885
Transfers	850,000	200,000
Contributions	474,172	310,462
Benefit payments to participants and insurance carriers	(852,361)	(767,004)
Fees	(4,848)	(17,588)
Balance, end of year	<u>\$ 1,895,868</u>	<u>\$ 1,412,738</u>

Cash Flows

CSS expects to contribute approximately \$475,000 to its pension plan in 2022.

Benefits expected to be paid by the Plan over the next five years and thereafter are approximately as follows:

Years ending June 30:

2022	\$ 1,505,000
2023	939,000
2024	733,000
2025	602,000
2026	1,480,000
2027 – 2030	3,882,000

Defined Contribution Pension Plan

CSS sponsors a defined contribution plan that is available to substantially all employees. This plan was terminated effective April 1, 2018. As of that date, CSS became an affiliate of the Diocese of Scranton plan. Pension expense was \$101,614 in 2021 and \$152,030 in 2020.

14. Related Party Transactions

CSS operates under the guidance of the Bishop of the Diocese of Scranton. CSS maintains deposits with the Diocese of Scranton Institute. These deposits are in a savings account. Interest earned was \$28,558 in 2021 and \$32,505 in 2020. These deposits are not insured or guaranteed; however, management believes that credit risk related to these deposits is minimal.

Under a project subsidy agreement, CSS pays a project subsidy to St. Francis Commons Associates, L.P. for the operations of St. Francis Commons, an affordable housing project. The agreement is in effect until April 1, 2050. Rent expense was \$231,594 in 2021 and \$241,159 in 2020.

15. Concentration of Credit Risk

Approximately 9% of support and revenue is derived from grants from Children and Youth Offices in Pennsylvania.

Catholic Social Services of the Diocese of Scranton, Inc.

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

16. Contingency

CSS participates in state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. CSS is potentially liable for any expenditure which may be disallowed pursuant to the terms of the grant programs.

17. MH Homeless

The MH Homeless program provided 2,383 units of service during 2021 and 2,672 units of service during 2020. The funds used to provide these units of service were obtained from the following sources:

	<u>2021</u>	<u>2020</u>
MH/MR contract	\$ 241,426	\$ 203,054
Rents collected	8,569	15,135
Telephone commissions and miscellaneous	-	176
Total	<u>\$ 249,995</u>	<u>\$ 218,365</u>

18. Restricted Deposits and Funded Reserves

Restricted deposits and funded reserves primarily consist of housing project operating and replacement reserves and mortgage escrows. Such reserves are required by various financing authorities, lenders or stipulations in the applicable partnership or operating agreements. The limited partnerships are required to make deposits as stipulated in the various loan and regulatory agreements.

	<u>2021</u>	<u>2020</u>
Mortgage tax escrow	\$ 28,951	\$ 22,809
Mortgage insurance escrow	47,333	42,980
Replacement reserve	<u>325,563</u>	<u>295,482</u>
Total	<u>\$ 401,847</u>	<u>\$ 361,271</u>

19. Payroll Protection Program

CSS received a Paycheck Protection Program (PPP) loan of \$1,155,900 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. CSS recognized the amount received as grant revenue as qualified expenses occurred. Application for forgiveness of the loan was made, with inclusion of compliance substantiation and certification therein. Notice of forgiveness was received from the lender on April 9, 2021. At June 30, 2020, CSS expended \$966,723 and subsequent to year end, repaid the unexpended portion of \$189,177. The unexpended portion of the funds was included in refundable advances on the statement of financial position in the year ended June 30, 2020.

20. 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, and quarantines in certain areas, and forced closures for 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 geographical area in which CSS operates. It is unknown how long these conditions will last and what the complete financial effect will be to CSS. 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.

SUPPLEMENTARY INFORMATION

Catholic Social Services of the Diocese of Scranton, Inc.

Consolidating Statement of Financial Position

June 30, 2021

	Assets			Consolidated CSS
	CSS	Affiliates	Eliminations	
Current Assets				
Cash	\$ 1,176,176	\$ 102,299	\$ -	\$ 1,278,475
Deposits with Diocese of Scranton	1,935,888	-	-	1,935,888
Grants receivable	806,938	-	-	806,938
Accounts receivable	20,106	717	-	20,823
Contributions receivable	1,199,968	-	-	1,199,968
Prepaid expenses	107,598	23,059	-	130,657
Due from related parties	654,004	-	(45,965)	608,039
Total current assets	<u>5,900,678</u>	<u>126,075</u>	<u>(45,965)</u>	<u>5,980,788</u>
Notes Receivable, Related Parties	3,601,200	-	(625,000)	2,976,200
Restricted Deposits and Funded Reserves	-	401,847	-	401,847
Investments	1,928	-	-	1,928
Property and Equipment, Net	6,167,269	4,229,396	-	10,396,665
Property Held for Sale	653,526	-	-	653,526
Other Assets	59,108	57,188	-	116,296
Total assets	<u>\$ 16,383,709</u>	<u>\$ 4,814,506</u>	<u>\$ (670,965)</u>	<u>\$ 20,527,250</u>
Liabilities and Net Assets				
Current Liabilities				
Demand notes payable	\$ 906,492	\$ -	\$ -	\$ 906,492
Current portion of loans payable - related party	229,950	-	-	229,950
Due to related parties	962,069	45,965	(45,965)	962,069
Accounts payable and accrued expenses	149,854	169,651	-	319,505
Total current liabilities	<u>2,248,365</u>	<u>215,616</u>	<u>(45,965)</u>	<u>2,418,016</u>
Loans Payable - Related Party	<u>4,593,911</u>	<u>-</u>	<u>-</u>	<u>4,593,911</u>
Mortgages Payable	<u>2,530,000</u>	<u>3,006,900</u>	<u>(625,000)</u>	<u>4,911,900</u>
Accrued Pension Cost	<u>2,393,860</u>	<u>-</u>	<u>-</u>	<u>2,393,860</u>
Other Liabilities	34,256	28,128	-	62,384
Total liabilities	<u>11,800,392</u>	<u>3,250,644</u>	<u>(670,965)</u>	<u>14,380,071</u>
Net Assets				
Without donor restrictions	3,430,910	1,563,862	-	4,994,772
With donor restrictions	1,152,407	-	-	1,152,407
Total net assets	<u>4,583,317</u>	<u>1,563,862</u>	<u>-</u>	<u>6,147,179</u>
Total liabilities and net assets	<u>\$ 16,383,709</u>	<u>\$ 4,814,506</u>	<u>\$ (670,965)</u>	<u>\$ 20,527,250</u>

See notes to financial statements

Catholic Social Services of the Diocese of Scranton, Inc.

Consolidating Statement of Financial Position

June 30, 2020

	Assets			Consolidated CSS
	CSS	Affiliates	Eliminations	
Current Assets				
Cash	\$ 1,622,036	\$ 56,576	\$ -	\$ 1,678,612
Deposits with Diocese of Scranton	1,697,847	-	-	1,697,847
Grants receivable	1,076,642	-	-	1,076,642
Accounts receivable	17,820	3,079	-	20,899
Contributions receivable	2,026,545	-	-	2,026,545
Prepaid expenses	39,682	21,565	-	61,247
Due from related parties	714,664	-	(36,215)	678,449
Total current assets	<u>7,195,236</u>	<u>81,220</u>	<u>(36,215)</u>	<u>7,240,241</u>
Notes Receivable, Related Parties	3,601,200	-	(625,000)	2,976,200
Restricted Deposits and Funded Reserves	-	361,271	-	361,271
Investments	165,635	-	-	165,635
Property and Equipment, Net	8,083,876	4,415,736	-	12,499,612
Other Assets	63,463	66,383	-	129,846
Total assets	<u>\$ 19,109,410</u>	<u>\$ 4,924,610</u>	<u>\$ (661,215)</u>	<u>\$ 23,372,805</u>
	Liabilities and Net Assets			
Current Liabilities				
Demand notes payable	\$ 950,164	\$ -	\$ -	\$ 950,164
Current portion of loans payable - related party	440,571	-	-	440,571
Due to related parties	1,971,427	36,215	(36,215)	1,971,427
Accounts payable and accrued expenses	576,852	173,515	-	750,367
Refundable advances	190,632	269	-	190,901
Total current liabilities	<u>4,129,646</u>	<u>209,999</u>	<u>(36,215)</u>	<u>4,303,430</u>
Loans Payable - Related Party	<u>4,556,713</u>	<u>-</u>	<u>-</u>	<u>4,556,713</u>
Mortgages Payable	<u>2,530,000</u>	<u>3,006,900</u>	<u>(625,000)</u>	<u>4,911,900</u>
Accrued Pension Cost	<u>4,712,156</u>	<u>-</u>	<u>-</u>	<u>4,712,156</u>
Other Liabilities	39,376	32,248	-	71,624
Total liabilities	<u>15,967,891</u>	<u>3,249,147</u>	<u>(661,215)</u>	<u>18,555,823</u>
Net Assets				
Without donor restrictions	1,841,428	1,675,463	-	3,516,891
With donor restrictions	1,300,091	-	-	1,300,091
Total net assets	<u>3,141,519</u>	<u>1,675,463</u>	<u>-</u>	<u>4,816,982</u>
Total liabilities and net assets	<u>\$ 19,109,410</u>	<u>\$ 4,924,610</u>	<u>\$ (661,215)</u>	<u>\$ 23,372,805</u>

See notes to financial statements

Catholic Social Services of the Diocese of Scranton, Inc.

Consolidating Statement of Activities

Year Ended June 30, 2021

	CSS			Consolidated
	Without Donor			CSS
	Restrictions	Affiliates	Eliminations	Without Donor
				Restrictions
Support and Revenues				
Fees and grants from government agencies	\$ 4,479,388	\$ -	\$ -	\$ 4,479,388
Program revenue	856,112	-	-	856,112
Donations	855,690	-	-	855,690
United Way	169,188	-	-	169,188
Diocesan Annual Appeal	665,356	-	-	665,356
Special events	20	-	-	20
Rental income	-	501,203	-	501,203
Other income	32,001	8,728	-	40,729
Interest income	28,003	4,809	-	32,812
Investment income	36,369	-	-	36,369
Loss on disposal of property and equipment	(27,336)	-	-	(27,336)
Net assets released from restriction	394,960	-	-	394,960
Total support and revenues	<u>7,489,751</u>	<u>514,740</u>	<u>-</u>	<u>8,004,491</u>
Expenses and Losses				
Salaries	3,061,435	69,534	-	3,130,969
Specific assistance to individuals	1,047,405	-	-	1,047,405
Professional contracts and services	420,660	-	-	420,660
Employee benefits	639,878	11,926	-	651,804
Pension	(53,493)	-	-	(53,493)
Payroll taxes	346,657	4,616	-	351,273
Depreciation	450,528	191,740	-	642,268
Rent	313,175	-	-	313,175
Utilities and telephone	234,016	86,111	-	320,127
Insurance	310,706	40,050	-	350,756
Interest	248,052	-	-	248,052
Food	78,420	-	-	78,420
Maintenance and repairs	147,990	89,304	-	237,294
Grant expense	112,646	-	-	112,646
Program supplies	39,562	-	-	39,562
Staff travel	28,629	-	-	28,629
Special events	8,242	-	-	8,242
Legal and professional fees	1,870	53,518	-	55,388
Office supplies	14,444	17,610	-	32,054
Dues and subscriptions	28,295	-	-	28,295
Advertising	-	6,883	-	6,883
Miscellaneous	104,228	3,562	-	107,790
Equipment	16,591	-	-	16,591
Staff development	2,504	-	-	2,504
Printing	5,688	-	-	5,688
Postage	9,071	-	-	9,071
Property taxes	-	44,077	-	44,077
Bad debt	323	2,208	-	2,531
Amortization	-	5,202	-	5,202
Total expenses and losses	<u>7,617,522</u>	<u>626,341</u>	<u>-</u>	<u>8,243,863</u>
Expenses in excess of revenues	(127,771)	(111,601)	-	(239,372)
Pension Liability Adjustment				
	<u>1,717,253</u>	<u>-</u>	<u>-</u>	<u>1,717,253</u>
Increase (decrease) in net assets	<u>\$ 1,589,482</u>	<u>\$ (111,601)</u>	<u>\$ -</u>	<u>\$ 1,477,881</u>

See notes to financial statements

Catholic Social Services of the Diocese of Scranton, Inc.

Consolidating Statement of Activities

Year Ended June 30, 2020

	CSS			Consolidated
	Without Donor	Affiliates	Eliminations	CSS
	Restrictions			Without Donor
				Restrictions
Support and Revenues				
Fees and grants from government agencies	\$ 6,454,065	\$ -	\$ -	\$ 6,454,065
Program revenue	1,387,099	-	-	1,387,099
Donations	1,804,047	-	-	1,804,047
United Way	286,027	-	-	286,027
Diocesan Annual Appeal	663,663	-	-	663,663
Paycheck Protection Program loan funds	966,723	-	-	966,723
Special events	183,197	-	-	183,197
Capital grants	2,000	-	-	2,000
Rental income	-	526,120	-	526,120
Other income	21,253	5,736	-	26,989
Interest income	33,362	-	-	33,362
Investment income	14,826	-	-	14,826
Loss on disposal of property and equipment	(35,922)	-	-	(35,922)
Net assets released from restriction	219,467	-	-	219,467
Total support and revenues	<u>11,999,807</u>	<u>531,856</u>	<u>-</u>	<u>12,531,663</u>
Expenses and Losses				
Salaries	5,183,739	88,500	-	5,272,239
Specific assistance to individuals	1,016,960	-	-	1,016,960
Professional contracts and services	735,292	-	-	735,292
Employee benefits	898,880	11,662	-	910,542
Pension	36,108	-	-	36,108
Payroll taxes	445,509	6,047	-	451,556
Depreciation	461,888	123,577	-	585,465
Rent	313,974	-	-	313,974
Utilities and telephone	302,672	84,515	-	387,187
Insurance	306,601	37,593	-	344,194
Interest	227,638	-	-	227,638
Food	219,552	-	-	219,552
Maintenance and repairs	209,613	82,647	-	292,260
Grant expense	491,256	-	-	491,256
Program supplies	123,060	-	-	123,060
Staff travel	67,374	-	-	67,374
Special events	33,027	-	-	33,027
Legal and professional fees	55,399	54,498	-	109,897
Office supplies	31,164	19,428	-	50,592
Dues and subscriptions	80,357	-	-	80,357
Advertising	1,759	4,640	-	6,399
Miscellaneous	67,963	3,338	-	71,301
Equipment	10,960	-	-	10,960
Staff development	8,040	-	-	8,040
Printing	22,273	-	-	22,273
Postage	16,826	-	-	16,826
Property taxes	-	41,275	-	41,275
Bad debt	772	1,878	-	2,650
Amortization	-	5,202	-	5,202
Total expenses and losses	<u>11,368,656</u>	<u>564,800</u>	<u>-</u>	<u>11,933,456</u>
Revenues in excess of expenses	631,151	(32,944)	-	598,207
Pension Liability Adjustment	<u>(1,356,111)</u>	<u>-</u>	<u>-</u>	<u>(1,356,111)</u>
Decrease in net assets	<u>\$ (724,960)</u>	<u>\$ (32,944)</u>	<u>\$ -</u>	<u>\$ (757,904)</u>

See notes to financial statements

Catholic Social Services of the Diocese of Scranton, Inc.

Consolidating Statement of Cash Flows

Year Ended June 30, 2021

	<u>CSS</u>	<u>Affiliates</u>	<u>Eliminations</u>	<u>Consolidated CSS</u>
Cash Flows from Operating Activities				
Increase (decrease) in net assets	\$ 1,441,798	\$ (111,601)	\$ -	\$ 1,330,197
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:				
Depreciation	450,528	191,740	-	642,268
Amortization	-	5,202	-	5,202
Loss on disposal of property and equipment	27,336	-	-	27,336
Unrealized and realized gains	(22,152)	-	-	(22,152)
Pension liability adjustment	(1,717,253)	-	-	(1,717,253)
Changes in assets and liabilities:				
Grants receivable	269,704	-	-	269,704
Accounts receivable	(2,286)	2,362	-	76
Contributions receivable	826,577	-	-	826,577
Prepaid expenses	(67,916)	(1,494)	-	(69,410)
Other assets	4,355	3,993	-	8,348
Due from/to related parties	(948,698)	9,750	-	(938,948)
Accrued pension cost	(601,043)	-	-	(601,043)
Accounts payable and accrued expenses	(426,998)	(3,864)	-	(430,862)
Other liabilities	(5,120)	(4,224)	-	(9,344)
Refundable advances	(190,632)	(165)	-	(190,797)
Net cash (used in) provided by operating activities	<u>(961,800)</u>	<u>91,699</u>	<u>-</u>	<u>(870,101)</u>
Cash Flows from Investing Activities				
Change in restricted deposits and funded reserves	-	(40,576)	-	(40,576)
Change in deposits with Diocese of Scranton	(238,041)	-	-	(238,041)
Proceeds from sale of property and equipment	952,744	-	-	952,744
Purchase of property and equipment	(167,527)	(5,400)	-	(172,927)
Purchase of investments	(13,995)	-	-	(13,995)
Sale of investments	199,854	-	-	199,854
Net cash provided by (used in) investing activities	<u>733,035</u>	<u>(45,976)</u>	<u>-</u>	<u>687,059</u>
Cash Flows from Financing Activities				
Change in demand notes payable	(43,672)	-	-	(43,672)
Repayment of loans payable - related party	(173,423)	-	-	(173,423)
Net cash used in financing activities	<u>(217,095)</u>	<u>-</u>	<u>-</u>	<u>(217,095)</u>
Net (decrease) increase in cash	(445,860)	45,723	-	(400,137)
Cash, Beginning of Year	<u>1,622,036</u>	<u>56,576</u>	<u>-</u>	<u>1,678,612</u>
Cash, End of Year	<u>\$ 1,176,176</u>	<u>\$ 102,299</u>	<u>\$ -</u>	<u>\$ 1,278,475</u>
Supplemental Disclosure of Cash Flow Information				
Interest Expense	<u>\$ 248,052</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 248,052</u>

See notes to financial statements

Catholic Social Services of the Diocese of Scranton, Inc.

Consolidating Statement of Cash Flows

Year Ended June 30, 2020

	<u>CSS</u>	<u>Affiliates</u>	<u>Eliminations</u>	<u>Consolidated CSS</u>
Cash Flows from Operating Activities				
Increase (decrease) in net assets	\$ 266,131	\$ (32,944)	\$ -	\$ 233,187
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation	461,888	123,577	-	585,465
Amortization	-	5,202	-	5,202
Loss on disposal of property and equipment	35,922	-	-	35,922
Unrealized and realized gains	(3,697)	-	-	(3,697)
Pension liability adjustment	1,356,111	-	-	1,356,111
Changes in assets and liabilities:				
Grants receivable	73,163	-	-	73,163
Accounts receivable	50,839	(2,662)	-	48,177
Contributions receivable	(2,026,545)	-	-	(2,026,545)
Prepaid expenses	15,088	(8,479)	-	6,609
Other assets	20,838	(1,704)	-	19,134
Due from/to related parties	683,018	-	-	683,018
Accrued pension cost	(454,435)	-	-	(454,435)
Accounts payable and accrued expenses	238,728	(4,667)	-	234,061
Other liabilities	14,432	1,326	-	15,758
Refundable advances	145,325	(888)	-	144,437
Net cash provided by operating activities	<u>876,806</u>	<u>78,761</u>	<u>-</u>	<u>955,567</u>
Cash Flows from Investing Activities				
Change in restricted deposits and funded reserves	-	43,718	-	43,718
Change in deposits with Diocese of Scranton	453,160	-	-	453,160
Proceeds from sale of property and equipment	71,459	-	-	71,459
Purchase of property and equipment	(196,328)	(74,500)	-	(270,828)
Purchase of investments	(10,940)	-	-	(10,940)
Sale of investments	1,288	-	-	1,288
Net cash provided by (used in) investing activities	<u>318,639</u>	<u>(30,782)</u>	<u>-</u>	<u>287,857</u>
Cash Flows from Financing Activities				
Change in demand notes payable	157,046	-	-	157,046
Repayment of loans payable - related party	(697)	-	-	(697)
Net cash provided by financing activities	<u>156,349</u>	<u>-</u>	<u>-</u>	<u>156,349</u>
Net increase in cash	1,351,794	47,979	-	1,399,773
Cash, Beginning of Year	<u>270,242</u>	<u>8,597</u>	<u>-</u>	<u>278,839</u>
Cash, End of Year	<u>\$ 1,622,036</u>	<u>\$ 56,576</u>	<u>\$ -</u>	<u>\$ 1,678,612</u>
Supplemental Disclosure of Cash Flow Information				
Interest Expense	<u>\$ 227,638</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 227,638</u>

See notes to financial statements