

# FINANCIAL REPORT

Diocese of Scranton Fiscal Year 2021-2022



Dear Sisters and Brothers in Christ,

With gratitude, I present to you the audited financial statements of the Administrative Offices of the Diocese of Scranton for the 2021-2022 fiscal year. Because of your commitment to the Church, we are able to continue serving the Lord with gladness in the 11 counties in northeastern and north central Pennsylvania.

Through your generous stewardship – remembering that everything we have is a gift from God – we have been able to accomplish so many things both spiritually and materially. It is God's love that brings us together, knowing that His Son commanded us to "love one another as I love you" (Jn 15:12).

Each year, you sacrifice in order to give the Diocese of Scranton the financial resources needed to go out into the world to share the Good News of the Gospel. We are committed to being good stewards of those financial resources and are equally committed to transparency when it comes to their usage. Over the next several pages, we provide not only the accounting of the gifts that the Church has received, but also a sense of how we work together to do the work of the Lord.

During the online surveys and listening sessions that many of you participated in for the Synod on Synodality last year, I heard that greater transparency from church leadership, especially in financial matters, is important to many of you. That is why publishing this document and making the full text of our audited financial statements online is so critical.

I am happy to report that for the second consecutive year, Voice of the Faithful, a lay organization of faithful Catholics, has named the Diocese of Scranton as being one of the most financially transparent dioceses in the United States. The group's 2022 report identifies our diocese as one of only five nationwide to receive an overall score of 100% in regards to transparency. Our website was also highlighted for having one of the best finance pages with key information readily accessible.

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 you have shown your parish community and our diocese and for your continued prayers as we work to fulfill our mission of imitating the servant leadership of Jesus Christ.

May our Risen Lord 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, 2022 and 2021. The full report is available under the "Financial Services" page at [www.dioceseofscranton.org](http://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 2021-2022 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, 2021, to June 30, 2022.

As I prepare my second budget message as Diocesan Secretary for Financial Services/Chief Financial Officer, there is much to be proud of during this fiscal period, even after the recent economic challenges due to the impact of the COVID-19 pandemic and decades-high inflation rates. Our Diocese continues to experience signs of vibrancy, while it also faces some challenges, and it is making continued progress in key areas, which are highlighted below.

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. I also want to highlight the new diocesan law instituted by Bishop Bambera last year that requires every parish to publish an annual financial report in its bulletin. Coupled with sharing parish life statistics, these are all important pieces of information for parishioners to have knowledge about.

The key points of the 2021-2022 fiscal report are:

- The Diocese had a net gain from operations in the amount of \$3,414,947. This came primarily from investment income of \$2,494,850 and net realized gain on the sale of investments of \$3,473,568. Part of these proceeds were used to make a \$2.3 million contribution to Catholic Social Services to help fund their pension plan. The prior year (2020-2021) included the sale of the Diocese's Educational Broadband Services (EBS) License for \$5 million and 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 in fiscal 2020-2021.

- Funds raised by the 2021 Diocesan Annual Appeal totaled \$4,458,893. The Diocese returned \$205,567 directly to parishes that exceeded their goal for the campaign. This means the revenue from the Appeal to the Diocese totaled \$4,253,326. Funds raised by the 2020 Diocesan Annual Appeal totaled \$4,076,900. In that year, the Diocese returned \$98,200 directly to parishes that exceeded their goal for the campaign.

- The current fiscal year (2021-2022) included a transfer of \$7.2 million to the Lay Pension Plan and a \$2.1 million transfer back to the Diocese of Scranton Institute for a prior year pension contribution. These transfers were offset by a \$2.4 million positive net pension adjustment due to the effect of rising interest rates on the calculation of the pension obligation. The current year also included a \$9.9 million unrealized loss on investments to large, unfavorable market fluctuations during the 2021- 2022 year. The prior year (2020-2021) included \$10.4 million of unrealized gains on investments due to unusually strong market performance, a \$4.4 million positive net pension cost due to strong investment market returns, offset by a \$5 million contribution to the Lay Pension Plan.

- Additionally, as disclosed in the Statement of Financial Position, the Diocese transferred the funds on deposit held for Perpetual Care to the Diocese of Scranton Institute to better account for these monies and follow the mission of each organization.

- 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 2021-2022 fiscal year on the Diocese of Scranton website at [dioceseofscranton.org/directory/offices/financial-services](https://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, 2022 AND 2021

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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 Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of the Diocesan Administrative Offices of the Diocese of Scranton (the Diocese) which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Diocese as of June 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Diocese and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Diocese's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Diocese's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Diocese's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

### **Supplementary Information**

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 Meekel Quinn*  
*Associates, P.C.*

Scranton, Pennsylvania  
February 9, 2023

DIOCESAN ADMINISTRATIVE OFFICES

OF THE DIOCESE OF SCRANTON

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

ASSETS

	<u>2022</u>	<u>2021</u>
Cash and equivalents	\$ 9,806,124	\$ 8,474,047
Accounts receivable, less allowance for doubtful accounts of \$5,172,043 in 2022 and \$4,726,135 in 2021	6,724,937	6,290,399
Accrued interest receivable	73,826	219,879
Contributions receivable	440,388	546,796
Due from Catholic Cemeteries	94,744	161,538
Prepaid expense	236,721	138,340
Cash subject to program restrictions	7,650,398	6,718,515
Notes and loans receivable	2,824,184	3,005,736
Investments	16,952,499	66,151,133
Land, buildings and equipment, net	5,630,300	5,738,323
Other assets	762,806	599,340
Beneficial interest in charitable trust	236,604	282,377
	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 51,433,531</u>	<u>\$ 98,326,423</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, 2022 AND 2021

LIABILITIES AND NET ASSETS

	<u>2022</u>	<u>2021</u>
Accounts payable	\$ 747,812	\$ 846,517
Custodial funds payable	277,934	249,732
Contributions payable	1,296,533	1,140,223
Scholarships payable	723,343	595,328
Liability for pension benefits	5,962,339	7,553,892
Accrued claim expense	2,696,199	3,230,829
Accrued postretirement benefit obligation	8,150,832	10,120,732
Refundable advances	130,194	-
Loans payable	2,824,184	3,005,736
Due to Diocese of Scranton Institute	16,239,427	13,239,623
Funds on deposit		
Catholic Cemeteries Perpetual Care and other funds	-	18,825,933
Other Diocesan organizations Perpetual Care	-	13,242,819
Total liabilities	<u>39,048,797</u>	<u>72,051,364</u>
Net assets		
Without donor restrictions	2,896,841	16,805,336
With donor restrictions	<u>9,487,893</u>	<u>9,469,723</u>
Total net assets	<u>12,384,734</u>	<u>26,275,059</u>
Total liabilities and net assets	<u>\$ 51,433,531</u>	<u>\$ 98,326,423</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, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support						
Parish assessments						
Diocesan	\$ 4,000,982	\$ -	\$ 4,000,982	\$ 4,210,209	\$ -	\$ 4,210,209
Clergy Care and Wellness	956,395	-	956,395	960,003	-	960,003
Intra-Diocesan billings						
Self-insurance premiums - General	4,259,961	-	4,259,961	4,176,672	-	4,176,672
Self-insurance premiums - Medical	9,602,375	-	9,602,375	9,477,855	-	9,477,855
Clergy benefit programs	1,977,909	-	1,977,909	2,031,350	-	2,031,350
Diocesan Program Revenues - <u>Schedule 1</u>	233,360	-	233,360	237,169	-	237,169
Diocesan Annual Appeal	-	4,253,326	4,253,326	-	3,978,691	3,978,691
Special collections	-	27,068	27,068	-	20,614	20,614
Donations and bequests	418,529	744,649	1,163,178	770,062	409,009	1,179,071
Scholarship Foundation contributions	-	709,769	709,769	-	523,336	523,336
Custodial receipts						
National collections	-	783,083	783,083	-	321,457	321,457
Unemployment	397,508	-	397,508	446,452	-	446,452
Propagation collections	193,180	-	193,180	144,300	-	144,300
Other revenue	278,152	-	278,152	297,289	-	297,289
Paycheck Protection Program loan funds	-	-	-	23,101	-	23,101
Investment income, net	2,251,259	243,591	2,494,850	1,136,187	121,629	1,257,816
Net realized gain on sale of investments	3,424,248	49,320	3,473,568	599,766	31,505	631,271
Net realized gain on sale of property	104,145	-	104,145	5,690,475	-	5,690,475
Net assets released from restrictions (Note 6):						
Satisfaction of program restrictions	5,890,016	(5,890,016)	-	4,933,921	(4,933,921)	-
 Total revenues, gains and other support	 \$ 33,988,019	 \$ 920,790	 \$ 34,908,809	 \$ 35,134,811	 \$ 472,320	 \$ 35,607,131

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, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Total revenues, gains and other support - carried forward	\$ 33,988,019	\$ 920,790	\$ 34,908,809	\$ 35,134,811	\$ 472,320	\$ 35,607,131
Expenses						
Pastoral - <u>Schedule 2</u>	5,964,117	-	5,964,117	5,527,917	-	5,527,917
Educational - <u>Schedule 3</u>	3,125,882	-	3,125,882	2,574,638	-	2,574,638
Community and Social Service - <u>Schedule 4</u>	4,377,318	-	4,377,318	2,319,065	-	2,319,065
Administrative - <u>Schedule 5</u>	16,230,430	-	16,230,430	15,753,157	-	15,753,157
Custodial disbursements						
National collections	783,083	-	783,083	321,457	-	321,457
Unemployment	76,921	-	76,921	631,916	-	631,916
Interest expense	936,111	-	936,111	998,695	-	998,695
Total expenses	31,493,862	-	31,493,862	28,126,845	-	28,126,845
Excess of revenues over expenses	2,494,157	920,790	3,414,947	7,007,966	472,320	7,480,286
Other changes						
Change in value of beneficial interest in perpetual trust	-	(45,773)	(45,773)	-	-	-
Provision for bad debt	(555,424)	-	(555,424)	(723,625)	-	(723,625)
Other components of net periodic pension cost	104,930	-	104,930	(420,000)	-	(420,000)
Pension-related changes other than net periodic pension cost	2,420,319	-	2,420,319	4,413,804	-	4,413,804
Transfer to lay pension plan	(7,184,731)	-	(7,184,731)	(5,119,910)	-	(5,119,910)
Transfer to Diocese of Scranton Institute	(2,150,000)	-	(2,150,000)	-	-	-
Change in net unrealized gains and losses on investments	(9,037,746)	(856,847)	(9,894,593)	10,158,351	635,767	10,794,118
(Decrease) increase in net assets	(13,908,495)	18,170	(13,890,325)	15,316,586	1,108,087	16,424,673
Net assets, beginning	16,805,336	9,469,723	26,275,059	1,488,750	8,361,636	9,850,386
Net assets, ending	\$ 2,896,841	\$ 9,487,893	\$ 12,384,734	\$ 16,805,336	\$ 9,469,723	\$ 26,275,059

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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Operating activities		
(Decrease) increase in net assets	\$ (13,890,325)	\$ 16,424,673
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net realized gain on sale of investments	(3,473,568)	(631,271)
Net unrealized loss (gain) on investments	9,894,593	(10,794,118)
Net realized gain on sale of property	(104,145)	(5,690,475)
(Accretion) amortization on investments	(61,192)	116,563
Depreciation expense	350,701	367,035
Provision for bad debt	555,424	723,625
Change in beneficial interest in charitable trust	45,773	(282,377)
Increase in accounts receivable	(989,962)	(602,918)
Decrease (increase) in accrued interest receivable	146,053	(85,951)
Decrease in contributions receivable	106,408	678,724
Decrease in due from Catholic Cemeteries	66,794	162,521
Increase in prepaid expense	(98,381)	(15,070)
Increase in other assets	(163,466)	(110,264)
Decrease in accounts payable	(98,705)	(116,990)
Increase (decrease) in custodial funds payable	28,202	(269,338)
Decrease in accrued interest expense	-	(205,159)
Increase in contributions and scholarships payable	284,325	74,391
Decrease in liability for pension benefits	(1,591,553)	(4,238,794)
Decrease in accrued claim expense	(534,630)	(209,820)
Decrease in accrued Independent Survivors Compensation Program	-	(4,740,027)
Decrease in accrued postretirement benefit obligation	(1,969,900)	(610,696)
Increase (decrease) in refundable advances	130,194	(23,101)
Increase in due to Diocese of Scranton Institute	2,999,804	357,252
Contributions and interest restricted for long-term investment	-	(10,724)
Net cash used in operating activities	<u>(8,367,556)</u>	<u>(9,732,309)</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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Investing activities		
Purchase of fixed assets	\$ (242,678)	\$ (213,615)
Proceeds from sale of property	104,145	5,690,475
Principal collected-loans receivable	181,552	176,120
Purchase of investments	(35,067,982)	(29,205,293)
Proceeds from sale of investments	48,978,269	29,083,751
Net cash provided by investing activities	<u>13,953,306</u>	<u>5,531,438</u>
Financing activities		
Principal payments on loan	(181,552)	(176,120)
Funds on deposit		
Additions	1,268,071	1,244,535
Withdrawals	(4,408,309)	(36,000)
Net cash (used in) provided by financing activities	<u>(3,321,790)</u>	<u>1,032,415</u>
Net increase (decrease) in cash	2,263,960	(3,168,456)
Cash, cash equivalents and restricted cash, beginning	<u>15,192,562</u>	<u>18,361,018</u>
Cash, cash equivalents and restricted cash, ending	<u>\$ 17,456,522</u>	<u>\$ 15,192,562</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 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.

### Advertising

All advertising costs are expensed as incurred. For the years ended June 30, 2022 and 2021, advertising expense amounted to \$49,652 and \$58,162, 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, 2022 and 2021, the Diocese paid interest in the amounts of \$936,111 and \$1,203,854, respectively.

Funds on deposit consisted of Catholic Cemeteries and other Diocesan organizations perpetual care funds. The funds were invested in separate trust accounts at Comerica Bank. In January, 2022, the Diocese of Scranton Institute approved the transfer of cemetery perpetual care deposit accounts from the Diocesan Administrative Offices to the Institute. In April, 2022, investments in the amount of \$28,928,514 were transferred to the Institute.

### 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.

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

### Income Tax Status - (Continued)

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 2018.

### 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, 2022, the following financial assets are available to meet annual operating needs for the year ended June 30, 2023:

Financial assets at year-end:	
Cash and equivalents	\$ 9,806,124
Accounts receivable	6,724,937
Accrued interest receivable	73,826
Investments	<u>16,952,499</u>
	33,557,386
Less amounts not available to be used within one year:	
Investments with donor restrictions	<u>3,014,025</u>
Financial assets available to meet general expenditures within one year	<u>\$ 30,543,361</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.

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

### Recent Accounting Pronouncements

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. The Diocese 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 fiscal years ending after December 15, 2021, with early adoption permitted. The adoption of ASU 2018-014 did not have a significant impact on the Diocese's financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This guidance is effective for fiscal years beginning after June 15, 2021. The adoption of ASU 2020-07 did not have a significant impact on the Diocese's financial statements.

### Subsequent Events

The Diocese has evaluated subsequent events through February 9, 2023, the date the financial statements were available to be issued. Refer to Note 19 for a discussion of subsequent events noted.



## Note 2 - Cash and Equivalents

Cash and equivalents at June 30, 2022, consisted of the following:

FNCB Bank	\$ 6,345,909
Community Bank	421,104
Citibank	(4,346)
PNC Bank	5,097,850
Fidelity Bank	2,313,076
Mid Penn Bank	385,552
Key Bank	13,891
Comerica Bank	2,760,651
Merrill Lynch	42
Fidelity Bank trust account	25,665
Diocese of Scranton Institute	77,287
First National Bank of Omaha	16,500
Petty cash	3,341
Total cash and restricted cash shown in the Statement of Cash Flows	17,456,522
Less: Cash subject to program restrictions	7,650,398
Total cash and equivalents	<u>\$ 9,806,124</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:

	<u>2022</u>	<u>2021</u>
Contributions receivable in:		
Less than one year	\$ 240,279	\$ 346,796
One year to five years	<u>200,109</u>	<u>200,000</u>
Total contributions receivable, net	<u>\$ 440,388</u>	<u>\$ 546,796</u>

#### Note 4 - Investments

Investments at June 30, 2022 and 2021 are summarized as follows:

	2022		2021	
	Cost	Fair Value (Carrying Value)	Cost	Fair Value (Carrying Value)
Without donor restrictions				
U.S. Obligations	\$ 2,527,946	\$ 2,445,751	\$ 6,685,692	\$ 6,536,399
Corporate Bonds	2,550,372	2,347,110	8,064,337	8,150,478
Mutual Funds	10,307,627	9,145,613	36,054,105	47,711,512
	<u>15,385,945</u>	<u>13,938,474</u>	<u>50,804,134</u>	<u>62,398,389</u>
With donor restrictions				
Cash	364,182	364,182	364,182	364,182
U.S. Obligations	309,192	285,382	244,542	301,020
Corporate Bonds	296,723	273,873	304,928	375,352
Mutual Funds	2,265,008	2,090,588	2,203,325	2,712,190
	<u>3,235,105</u>	<u>3,014,025</u>	<u>3,116,977</u>	<u>3,752,744</u>
Total investments	<u>\$ 18,621,050</u>	<u>\$ 16,952,499</u>	<u>\$ 53,921,111</u>	<u>\$ 66,151,133</u>

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

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

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Investment income, net of fees of \$93,814	\$ 2,251,259	\$ 243,591	\$ 2,494,850
Net realized gains	3,424,248	49,320	3,473,568
Net unrealized losses	(9,037,746)	(856,847)	(9,894,593)
Total investment return	<u>\$ (3,362,239)</u>	<u>\$ (563,936)</u>	<u>\$ (3,926,175)</u>

  

	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 5 - Land, Buildings and Equipment

Land, buildings and equipment consisted of the following at June 30, 2022 and 2021:

	2022	2021	Depreciable Lives
Land, buildings and improvements	\$ 10,460,799	\$ 10,206,573	20-40 Years
Equipment	3,723,833	3,721,556	3-10 Years
Construction in progress	43,900	101,090	
	14,228,532	14,029,219	
Less: Accumulated depreciation	8,598,232	8,290,896	
Total	<u>\$ 5,630,300</u>	<u>\$ 5,738,323</u>	

Depreciation expense amounted to \$350,701 and \$367,035 for the years ended June 30, 2022 and 2021. Construction in progress at June 30, 2022 includes improvements at the Chancery building and Villa St. Joseph. Projects are estimated to be completed in Spring 2023 with total estimated costs of \$583,000.

#### 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, 2022 and 2021 of \$236,604 and \$282,377, respectively, 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, 2022 and 2021 are as follows:

	Net Assets	
	2022	2021
Saint Pius X Seminary/St. John Vianney	\$ 2,551,134	\$ 2,354,882
Villa St. Joseph	655,028	174,847
Diocese of Scranton Scholarship Foundation	212,007	162,136
Msgr. Paul F. Terracciano Tuition Trust Fund	5,519	5,313
Reverend Niebrzydowski Tuition Fund	10,600	10,389
Msgr. Jordan Tuition Fund	21,225	20,803
Christie D. Shull Fund	2,507,831	2,491,870
Campaign for Human Development Program	12,646	12,646
Beneficial interest in charitable trust	236,604	282,377
Restricted for program and educational expenditures	151,200	847,505
Total	<u>\$ 6,363,794</u>	<u>\$ 6,362,768</u>

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

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

	Net Assets	
	2022	2021
Diocesan Annual Appeal Program costs	\$ 4,252,894	\$ 3,965,513
Campaign for Human Development Program costs	10,587	7,499
National Collections - collections remitted	783,083	321,457
Beatrice M. Eck Endowment Fund Scholarship	95,000	29,000
Villa St. Joseph Capital improvements	7,983	11,415
Seminary/St. John Vianney Fund improvements	28,362	28,466
Diocese of Scranton Scholarship Foundation Scholarships and program costs	712,107	570,571
Total restrictions released	<u>\$ 5,890,016</u>	<u>\$ 4,933,921</u>

Net assets with donor restrictions not subject to appropriation or expenditure as of June 30, 2022 and 2021 are as follows:

	Net Assets	
	2022	2021
<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.	2,759,917	2,742,773
<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>\$ 3,124,099</u>	<u>\$ 3,106,955</u>

## Note 8 - Contributions Payable

Contributions payable amounted to \$1,296,533 and \$1,140,223 at June 30, 2022 and 2021, respectively. The balance of the payable at June 30, 2022 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.

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.

	<u>Pension Benefits</u>		<u>Postretirement Medical Benefits</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Obligations and funded status at June 30:				
Fair value of plan assets	\$ 13,705,358	\$ 16,030,099	\$ -	\$ -
Projected benefit obligations	<u>19,667,697</u>	<u>23,583,991</u>	<u>8,150,832</u>	<u>10,120,732</u>
Funded status at end of years	<u>\$ (5,962,339)</u>	<u>\$ (7,553,892)</u>	<u>\$ (8,150,832)</u>	<u>\$(10,120,732)</u>
Amounts recognized in the Statements of Financial Position consist of:				
Liability for benefits	<u>\$ (5,962,339)</u>	<u>\$ (7,553,892)</u>	<u>\$ (8,150,832)</u>	<u>\$(10,120,732)</u>
Net amount recognized	<u>\$ (5,962,339)</u>	<u>\$ (7,553,892)</u>	<u>\$ (8,150,832)</u>	<u>\$(10,120,732)</u>



Note 9 - Retirement Plans - (Continued)

The accumulated benefit obligation for both defined benefit pension plans was \$19,667,697 and \$23,583,991 at June 30, 2022 and 2021, respectively. Both plans had accumulated benefit obligations in excess of plan assets at June 30, 2022 and 2021.

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

	Pension Benefits		Postretirement Medical Benefits	
	2022	2021	2022	2021
Net (gain) loss	\$ 2,759,921	\$(3,245,078)	\$ 218,550	\$ 146,691
Prior service cost	(97,004)	(97,004)	-	-
Change in assumptions	(3,278,674)	(560,891)	(2,023,112)	(657,522)
	(615,757)	(3,902,973)	(1,804,562)	(510,831)
Net periodic benefit cost	510,973	983,270	233,683	305,727
Total	\$ (104,784)	\$ (2,919,703)	\$ (1,570,879)	\$ (205,104)

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 \$530,825 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 \$418,705 and there is no prior service cost.

	Pension Benefits		Postretirement Medical Benefits	
	2022	2021	2022	2021
<u>Assumptions</u>				
Weighted-average assumptions used in computing ending obligations:				
Discount rate	4.75%	3.25%	4.75%	3.25%
Rate of compensation increase	N/A	N/A	-	-
Weighted-average assumptions used in computing net cost:				
Discount rate	4.75%	3.25%	4.75%	3.25%
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>2022</u>	<u>2021</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, 2022 and 2021.

June 30, 2022				
Assets:	Level I	Level II	Level III	Total
U.S. Obligations	\$ 1,132,025	\$ -	\$ -	\$ 1,132,025
Corporate bonds	1,073,967	-	-	1,073,967
Mutual Funds – Equity	9,235,006	-	-	9,235,006
Mutual Funds – Fixed	1,324,367	-	-	1,324,367
Money markets	939,993	-	-	939,993
	<u>\$ 13,705,358</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,705,358</u>

June 30, 2021				
Assets:	Level I	Level II	Level III	Total
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>

The Diocese’s pension plan weighted-average asset allocations at June 30, 2022 and 2021, by asset category, are as follows:

	Pension Benefits	
	2022	2021
Equity securities	67.00%	68.00%
Debt securities	26.00%	29.00%
Other	7.00%	3.00%
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>
2021 (actual)	\$1,319,091	\$ -
2022 (actual)	1,486,769	-
2023 (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>
2021	\$ 1,752,421	\$ 405,592
2022	1,757,941	399,021

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

	<u>Pension Benefits</u>	<u>Other Benefits</u>
2023	\$ 1,829,482	\$ 410,244
2024	1,821,999	447,617
2025	1,766,448	464,443
2026	1,746,891	490,155
2027	1,694,338	500,017
Years 2028-2032	7,574,783	2,617,442

#### 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, 2022 and 2021, the Diocese contributed \$143,462 and \$153,717 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 2022 and 2021) 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, 2022 and 2021 amounted to \$2,824,184 and \$3,005,736, 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 each of the years ended June 30, 2022 and 2021 had budget goals of \$4,500,000, 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 2021 Diocesan Annual Appeal totaled \$4,458,893. The Diocese returned to parishes \$205,567 representing seventy-five percent of the funds raised in excess of the individual parish goals for the 2021 campaign. Also, contributions receivable of \$27,510 were recorded at their net realizable value in connection with the 2021 campaign; these contributions were collected within one year.

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.

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

	2022		2021	
	Budgeted	Actual	Budgeted	Actual
Direct aid to schools and Religious				
Education Grants	\$ 810,000	\$ 765,521	\$ 720,000	\$ 634,482
Communication and Evangelization	810,000	765,522	765,000	674,137
Parish Faith Formation Grants	135,000	127,587	135,000	118,965
Social services	810,000	765,521	810,000	713,792
Clergy formation, education and				
Retirement	810,000	765,521	855,000	753,448
Parish Ministries	765,000	722,992	855,000	753,448
Campaign Cost	360,000	340,230	360,000	317,241
	<u>\$ 4,500,000</u>	<u>\$4,252,894</u>	<u>\$ 4,500,000</u>	<u>\$3,965,513</u>

Interest income earned on Appeal funds amounted to \$1,658 and \$572 for the years ended June 30, 2022 and 2021.

#### Note 13 - 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 14 - 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 is a \$700,000 line of credit with interest at the Daily LIBOR rate plus 3.13%, and borrowings amounted to \$317,122 at June 30, 2022. 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, 2022, \$27,617,832 has been expensed related to the Independent Survivors Compensation Program claims, with no further claims accrued.

## Note 15 - 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 15 - 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, 2022 and 2021.

	June 30, 2022			
Assets:	Level I	Level II	Level III	Total
U.S. Obligations	\$ 2,731,133	\$ -	\$ -	\$ 2,731,133
Corporate Bonds				
Aaa credit rating	-	12,754	-	12,754
Aa2 credit rating	-	87,881	-	87,881
Aa3 credit rating	-	24,260	-	24,260
A1 credit rating	-	193,429	-	193,429
A2 credit rating	-	381,557	-	381,557
A3 credit rating	-	373,018	-	373,018
Baa1 credit rating	-	614,836	-	614,836
Baa2 credit rating	-	661,512	-	661,512
Baa3 credit rating	-	252,294	-	252,294
Ba1 credit rating	-	19,442	-	19,442
Total Corporate Bonds	-	2,620,983	-	2,620,983
Mutual Funds – Fixed	3,403,381	-	-	3,403,381
Mutual Funds – Equity	7,832,820	-	-	7,832,820
Restricted cash	364,182	-	-	364,182
	<u>\$ 14,331,516</u>	<u>\$ 2,620,983</u>	<u>\$ -</u>	<u>\$ 16,952,499</u>

	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>

## Note 16 - 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, 2022 and 2021 is as follows:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment Funds	<u>\$ -</u>	<u>\$ 5,898,107</u>	<u>\$ 5,898,107</u>
2021			
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment Funds	<u>\$ -</u>	<u>\$ 6,518,959</u>	<u>\$ 6,518,959</u>

Changes in Endowment Net Assets for the years ended June 30, 2022 and 2021, are as follows:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 6,518,959	\$ 6,518,959
Investment return:			
Investment income	-	173,653	173,653
Realized and unrealized losses		(807,527)	(807,527)
Total investment return	-	(633,874)	(633,874)
Contributions	-	803,528	803,528
Appropriation of endowment assets for expenditure	-	(790,506)	(790,506)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 5,898,107</u>	<u>\$ 5,898,107</u>

Note 16 - Endowments - (Continued)

	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		667,272	667,272
Total investment return	-	773,728	773,728
Contributions	-	526,196	526,196
Appropriation of endowment assets for expenditure	-	(552,336)	(552,336)
Endowment net assets, end of year	\$ -	\$ 6,518,959	\$ 6,518,959

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.

Note 17 - 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 18 - Functional Expenses

Expenses by functional classification for the years ended June 30, 2022 and 2021, respectively, consist of the following:

	2022					
	Pastoral Expenses	Community and Educational Expenses	Self- Insurance Program Expenses	Total Program	General & Administrative	Total
Salaries and benefits	\$3,023,244	\$ 1,044,387	\$ -	\$ 4,067,631	\$ 1,822,277	\$ 5,889,908
Clergy support	1,025,130	-	-	1,025,130	-	1,025,130
Grants and contributions	-	5,726,111	-	5,726,111	783,083	6,509,194
Supplies and program	1,059,554	486,712	-	1,546,266	1,288,350	2,834,616
Occupancy	240,284	174,746	-	415,030	140,346	555,376
Legal and professional fees	363,794	1,187	359,606	724,587	246,476	971,063
Insurance premiums & claims	-	-	13,357,874	13,357,874	-	13,357,874
Depreciation	252,111	70,057	-	322,168	28,533	350,701
Total	<u>\$5,964,117</u>	<u>\$ 7,503,200</u>	<u>\$ 13,717,480</u>	<u>\$ 27,184,797</u>	<u>\$ 4,309,065</u>	<u>\$31,493,862</u>

  

	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	905,097	508,678	-	1,413,775	1,819,949	3,233,724
Occupancy	252,796	183,981	-	436,777	113,849	550,626
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>

## Note 19 - Subsequent Events

In October, 2022, the Diocese filed amended quarterly payroll tax returns for the period from April 1, 2020 to June 30, 2021 to claim Employee Retention Tax Credits in the amount of \$1,743,921. Claims filed for the credit are subject to review and approval by regulatory agencies.

## SUPPLEMENTARY INFORMATION



DIOCESAN ADMINISTRATIVE OFFICES

SCHEDULE 1

OF THE DIOCESE OF SCRANTON

SCHEDULE OF PROGRAM REVENUES

YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Parish Ministry	\$ 121,965	\$ 71,864
The Catholic Light	62,358	42,473
Communications Office	43,233	116,997
Matrimonial Tribunal	3,574	3,964
Catholic Schools Office	205	125
Pastoral Center	<u>2,025</u>	<u>1,746</u>
	<u>\$ 233,360</u>	<u>\$ 237,169</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, 2022 AND 2021

	Matrimonial Tribunal		Parish Ministry		Communications Office		The Catholic Light	
	2022	2021	2022	2021	2022	2021	2022	2021
Salaries and benefits:								
Compensation - clergy and religious	\$ 29,312	\$ 22,141	\$ 11,387	\$ 9,167	\$ -	\$ -	\$ -	\$ -
Benefits - clergy and religious	1,000	1,000	350	450	-	-	-	-
Salaries and wages - lay persons	92,469	91,011	430,719	421,192	208,374	211,926	134,677	129,917
Benefits - lay persons	55,038	58,639	158,298	178,657	46,708	55,982	69,927	74,120
Total salaries and benefits	177,819	172,791	600,754	609,466	255,082	267,908	204,604	204,037
Supplies, office and program expense	5,915	4,040	196,819	148,436	1,110	3,123	2,498	2,221
Telephone, postage and printing	5,395	5,106	10,397	7,808	1,737	1,660	62,958	103,250
Conferences, meetings and travel	2,473	425	20,993	9,589	5,617	4,380	-	-
Legal and professional fees	16,386	11,603	33,875	-	42,383	7,724	45,613	42,573
Advertising	-	-	-	-	-	-	-	-
Publishing	-	-	-	-	-	-	82,546	67,439
Dues and subscriptions	1,293	1,709	5,344	1,875	4,342	3,839	841	840
Other	-	-	-	-	-	-	-	-
Insurance	286	704	286	661	4,165	9,674	1,899	4,383
Building occupancy and maintenance expense	-	-	-	-	1,217	1,217	-	-
Depreciation expense	-	-	4,423	4,423	6,504	7,831	2,941	2,941
Utilities	-	-	-	-	1,332	1,422	-	-
Priests' medical expense	-	-	-	-	-	-	-	-
Clergy medical assistance and maintenance	-	-	-	-	-	-	-	-
Seminary and clergy education	-	-	-	-	-	-	-	-
Pennsylvania Catholic Conference dues	-	-	-	-	-	-	-	-
United States Catholic Conference dues	-	-	-	-	-	-	-	-
Other dues	-	-	-	-	-	-	-	-
	<u>\$ 209,567</u>	<u>\$ 196,378</u>	<u>\$ 872,891</u>	<u>\$ 782,258</u>	<u>\$ 323,489</u>	<u>\$ 308,778</u>	<u>\$ 403,900</u>	<u>\$ 427,684</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, 2022 AND 2021

	<u>Vicar for Priests</u>		<u>Episcopal Vicars</u>		<u>Clergy and Religious</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Salaries and benefits:						
Compensation - clergy and religious	\$ 100,238	\$ 88,685	\$ 42,493	\$ 36,667	\$ 165,088	\$ 164,812
Benefits - clergy and religious	36,163	34,933	1,000	1,000	627,088	611,705
Salaries and wages - lay persons	95,944	97,766	-	-	-	-
Benefits - lay persons	18,292	19,224	-	-	-	-
Total salaries and benefits	<u>250,637</u>	<u>240,608</u>	<u>43,493</u>	<u>37,667</u>	<u>792,176</u>	<u>776,517</u>
Supplies, office and program expense	9,215	6,216	-	-	107,546	81,685
Telephone, postage and printing	6,334	5,333	629	577	1,846	1,788
Conferences, meetings and travel	11,517	3,553	80	246	6,313	11,655
Legal and professional fees	-	-	-	-	27,967	24,830
Advertising	-	-	-	-	-	-
Publishing	-	-	-	-	-	-
Dues and subscriptions	405	405	-	-	-	-
Other	-	-	-	-	50	105
Insurance	286	1,322	-	-	2,101	4,848
Building occupancy and maintenance expense	-	-	-	-	58,856	47,715
Depreciation expense	1,236	1,235	-	-	2,027	4,173
Utilities	-	-	-	-	-	-
Priests' medical expense	-	-	-	-	671,832	556,168
Clergy medical assistance and maintenance	-	-	-	-	11,698	38,443
Seminary and clergy education	-	-	-	-	341,600	304,166
Pennsylvania Catholic Conference dues	-	-	-	-	-	-
United States Catholic Conference dues	-	-	-	-	-	-
Other dues	-	-	-	-	-	-
	<u>\$ 279,630</u>	<u>\$ 258,672</u>	<u>\$ 44,202</u>	<u>\$ 38,490</u>	<u>\$ 2,024,012</u>	<u>\$ 1,852,093</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, 2022 AND 2021

SCHEDULE 2

	Diocesan Annual Appeal		Diocesan Properties Facility Operating Costs		Pastoral Center		Other Programs		Total Pastoral Expenses	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Salaries and benefits:										
Compensation - clergy and religious	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 107,650	\$ 113,640	\$ 456,168	\$ 435,112
Benefits - clergy and religious	-	-	-	-	-	-	26,810	35,760	692,411	684,848
Salaries and wages - lay persons	350,435	297,421	-	-	-	11,353	71,122	39,745	1,383,740	1,300,331
Benefits - lay persons	106,106	111,651	-	-	-	976	36,556	32,174	490,925	531,423
Total salaries and benefits	456,541	409,072	-	-	-	12,329	242,138	221,319	3,023,244	2,951,714
Supplies, office and program expense	68,144	55,544	-	-	7,208	2,211	60,249	43,317	458,704	346,793
Telephone, postage and printing	82,492	47,159	-	-	2,926	254	2,627	2,562	177,341	175,497
Conferences, meetings and travel	5,036	5,427	-	-	857	-	6,692	2,140	59,578	37,415
Legal and professional fees	185,036	172,197	-	-	-	-	12,534	3,804	363,794	262,731
Advertising	-	-	-	-	-	-	4,493	983	4,493	983
Publishing	-	-	-	-	-	-	-	-	82,546	67,439
Dues and subscriptions	3,702	3,545	-	-	-	-	1,886	1,886	17,813	14,099
Other	-	-	-	-	-	-	-	-	50	105
Insurance	572	1,322	24,548	56,647	-	-	572	661	34,715	80,222
Building occupancy and maintenance expense	-	-	142,564	119,820	-	-	1,600	2,400	204,237	171,152
Depreciation expense	284	284	234,696	235,915	-	-	-	-	252,111	256,802
Utilities	-	-	-	-	-	-	-	-	1,332	1,422
Priests' medical expense	-	-	-	-	-	-	-	-	671,832	556,168
Clergy medical assistance and maintenance	-	-	-	-	-	-	-	-	11,698	38,443
Seminary and clergy education	-	-	-	-	-	-	-	-	341,600	304,166
Pennsylvania Catholic Conference dues	-	-	-	-	-	-	125,544	126,407	125,544	126,407
United States Catholic Conference dues	-	-	-	-	-	-	67,385	67,688	67,385	67,688
Other dues	-	-	-	-	-	-	66,100	68,671	66,100	68,671
	<u>\$ 801,807</u>	<u>\$ 694,550</u>	<u>\$ 401,808</u>	<u>\$ 412,382</u>	<u>\$ 10,991</u>	<u>\$ 14,794</u>	<u>\$ 591,820</u>	<u>\$ 541,838</u>	<u>\$ 5,964,117</u>	<u>\$ 5,527,917</u>

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

DIOCESAN ADMINISTRATIVE OFFICES  
OF THE DIOCESE OF SCRANTON  
SCHEDULE OF EDUCATIONAL EXPENSES  
YEARS ENDED JUNE 30, 2022 AND 2021

SCHEDULE 3

	Catholic Schools Office		Educational Grants		Total Educational Expenses	
	2022	2021	2022	2021	2022	2021
Salaries and benefits:						
Compensation - clergy and religious	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Benefits - clergy and religious	-	-	-	-	-	-
Salaries and wages - lay persons	518,229	446,499	-	-	518,229	446,499
Benefits - lay persons	181,809	164,829	-	-	181,809	164,829
Total salaries and benefits	700,038	611,328	-	-	700,038	611,328
Supplies, office and program expense	23,858	8,869	-	-	23,858	8,869
Telephone, postage and printing	4,964	4,194	-	-	4,964	4,194
Conferences, meetings and travel	8,354	1,451	-	-	8,354	1,451
Legal and professional fees	-	500	-	-	-	500
Advertising	31,016	43,142	-	-	31,016	43,142
Dues and subscriptions	1,993	1,300	-	-	1,993	1,300
Depreciation expense	668	668	-	-	668	668
Contributions and program grants	9,718	6,995	443,594	367,434	453,312	374,429
Educational grants:						
Diocesan Catholic Schools	-	-	1,882,643	1,509,346	1,882,643	1,509,346
Catholic University of America	-	-	18,750	18,750	18,750	18,750
Insurance	286	661	-	-	286	661
	<u>\$ 780,895</u>	<u>\$ 679,108</u>	<u>\$ 2,344,987</u>	<u>\$ 1,895,530</u>	<u>\$ 3,125,882</u>	<u>\$ 2,574,638</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, 2022 AND 2021

	<u>Villa St. Joseph</u>		<u>Social Service Grants</u>		<u>Propagation of the Faith</u>		<u>Total Community and Social Service Expenses</u>	
	2022	2021	2022	2021	2022	2021	2022	2021
Salaries and benefits:								
Compensation - clergy and religious	\$ 15,945	\$ 14,949	\$ -	\$ -	\$ 12,493	\$ 13,726	\$ 28,438	\$ 28,675
Benefits - clergy and religious	9,103	8,858	-	-	9,103	8,859	18,206	17,717
Salaries and wages - lay persons	194,292	168,202	-	-	-	-	194,292	168,202
Benefits - lay persons	103,413	103,747	-	-	-	-	103,413	103,747
Total salaries and benefits	322,753	295,756	-	-	21,596	22,585	344,349	318,341
Supplies, office and program expense	29,538	40,062	-	-	119,635	124,830	149,173	164,892
Telephone, postage and printing	5,359	5,370	-	-	-	154	5,359	5,524
Dues and subscriptions	1,696	591	-	-	56	121	1,752	712
Food service	252,690	278,386	-	-	-	-	252,690	278,386
Utilities	78,983	62,817	-	-	-	-	78,983	62,817
Building occupancy and maintenance	80,161	85,001	-	-	-	-	80,161	85,001
Depreciation expense	69,389	76,312	-	-	-	-	69,389	76,312
Insurance	15,316	35,502	-	-	-	-	15,316	35,502
Conferences, meetings and travel	1,108	21	-	-	6,445	187	7,553	208
Legal and professional fees	1,187	4,735	-	-	-	-	1,187	4,735
Social Service Grants:								
Catholic Social Services	-	-	2,985,934	642,827	-	-	2,985,934	642,827
Saint Peter's Cathedral	-	-	162,000	162,000	-	-	162,000	162,000
United Way Campaigns	-	-	30,650	31,125	-	-	30,650	31,125
Commissions for Catholic Missions	-	-	18,750	18,750	-	-	18,750	18,750
Secretariat for Latin America	-	-	-	7,500	-	-	-	7,500
Contributions	-	-	136,538	398,108	37,534	26,325	174,072	424,433
	<u>\$ 858,180</u>	<u>\$ 884,553</u>	<u>\$ 3,333,872</u>	<u>\$ 1,260,310</u>	<u>\$ 185,266</u>	<u>\$ 174,202</u>	<u>\$ 4,377,318</u>	<u>\$ 2,319,065</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, 2022 AND 2021

	Chancery Office		Finance Office		Self-Insurance Program - General		Self-Insurance Program - Medical	
	2022	2021	2022	2021	2022	2021	2022	2021
Salaries and benefits:								
Compensation - clergy and religious	\$ 80,180	\$ 71,335	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Benefits - clergy and religious	17,957	17,967	-	-	-	-	-	-
Salaries and wages - lay persons	184,676	176,398	425,595	397,932	-	-	-	-
Benefits - lay persons	73,435	70,230	145,586	149,692	-	-	-	-
Total salaries and benefits	356,248	335,930	571,181	547,624	-	-	-	-
Supplies, office and program expense	102,136	57,704	20,767	25,061	-	-	-	-
Telephone, postage and printing	13,770	13,130	5,214	5,157	-	-	-	-
Conferences, meetings and travel	24,085	7,033	5,280	2,022	-	-	-	-
Legal and professional fees	45,538	69,656	114,063	142,998	359,606	1,316,346	-	-
Advertising	1,660	2,675	-	-	-	-	-	-
Dues and subscriptions	4,355	2,576	874	1,612	-	-	-	-
Depreciation expense	7,395	6,761	285	599	-	-	-	-
Self-insurance premiums	-	-	-	-	2,022,654	1,779,190	-	-
Claims expense	-	-	-	-	1,572,678	810,464	8,036,587	7,855,347
Independent Survivors Compensation Program	-	-	-	-	-	(41,923)	-	-
Administrative fees	-	-	-	-	154,898	44,186	1,571,057	1,562,750
Occupancy expense	-	-	-	-	-	-	-	-
Repairs and maintenance expense	-	-	-	-	-	-	-	-
Insurance	3,428	7,908	286	661	-	-	-	-
	<u>\$ 558,615</u>	<u>\$ 503,373</u>	<u>\$ 717,950</u>	<u>\$ 725,734</u>	<u>\$ 4,109,836</u>	<u>\$ 3,908,263</u>	<u>\$ 9,607,644</u>	<u>\$ 9,418,097</u>

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

DIOCESAN ADMINISTRATIVE OFFICES

OF THE DIOCESE OF SCRANTON

SCHEDULE OF ADMINISTRATIVE EXPENSES - CONTINUED

SCHEDULE 5

YEARS ENDED JUNE 30, 2022 AND 2021

	Facilities Manager		Other Administrative Expenses		Total Administrative Expenses	
	2022	2021	2022	2021	2022	2021
Salaries and benefits:						
Compensation - clergy and religious	\$ -	\$ -	\$ -	\$ -	\$ 80,180	\$ 71,335
Benefits - clergy and religious	-	-	-	-	17,957	17,967
Salaries and wages - lay persons	148,790	125,255	531,930	566,911	1,290,991	1,266,496
Benefits - lay persons	41,154	42,073	172,974	193,897	433,149	455,892
Total salaries and benefits	189,944	167,328	704,904	760,808	1,822,277	1,811,690
Supplies, office and program expense	26	-	60,691	37,970	183,620	120,735
Telephone, postage and printing	772	1,158	11,698	14,505	31,454	33,950
Conferences, meetings and travel	275	849	4,715	4,779	34,355	14,683
Legal and professional fees	50,911	8,026	35,964	57,987	606,082	1,595,013
Advertising	-	-	12,483	11,362	14,143	14,037
Dues and subscriptions	-	425	6,517	1,320	11,746	5,933
Depreciation expense	229	4,831	20,624	21,062	28,533	33,253
Self-insurance premiums	-	-	-	-	2,022,654	1,779,190
Claims expense	-	-	-	-	9,609,265	8,665,811
Independent Survivors Compensation Program	-	-	-	-	-	(41,923)
Administrative fees	-	-	-	-	1,725,955	1,606,936
Occupancy expense	-	-	105,222	86,284	105,222	86,284
Repairs and maintenance expense	-	-	30,074	15,797	30,074	15,797
Insurance	-	-	1,336	3,199	5,050	11,768
	<u>\$ 242,157</u>	<u>\$ 182,617</u>	<u>\$ 994,228</u>	<u>\$ 1,015,073</u>	<u>\$ 16,230,430</u>	<u>\$ 15,753,157</u>

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