



June 17, 2024

Dear Brothers and Sisters in Christ:

I am pleased to continue the practice of sharing with you the annual financial statements of the Central Administrative Offices of the Roman Catholic Diocese of Erie for the year ended December 31, 2023. These statements have been independently audited by our certified public accountants and as specified in Canon Law, reviewed by the members of the Diocesan Finance Council.

This annual report is just one element of the accountability and transparency which the Diocese strives to practice on a continuing basis. In constructing our operating budget and monitoring our expenditures, I would assure you that our diocesan staff is committed to the prudent management of the financial resources which you have entrusted to us.

The facts and figures contained in this report represent more than an indication that what we do with our finances is right and proper in terms of accounting standards. The report also serves as concrete evidence of your generous support--primarily through the Catholic Services Appeal--of our Gospel mission and your concern for the needs of others. The vital ministries and programs that are carried out here at the Diocesan level including Catholic education, Catholic Charities, clergy and religious personnel services, vocations, and communications most certainly are dependent upon your generosity.

The annual report indicates that our current financial position is stable. The return on investment in 2023 increased by 11% vs a 20% reduction in 2022. Increases in insurance, and interest costs on the Diocese of Erie's Survivors Reparation Fund resulted in additional expense in 2023. Note that at the end of February 2024 this line of credit was repaid.

Asking God's blessings on you and with deep appreciation for your continued support of the Diocese of Erie, I remain.

Sincerely yours in Christ,
+ Lawrence T. Persico
The Most Reverend Lawrence T. Persico, JCL
Bishop of Erie

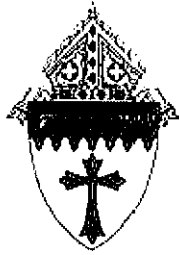
**Roman Catholic Diocese of Erie
Central Administrative Offices**

2023 Financial Report Highlights

- The financial statements of the Central Administrative Offices (CAO) of the Roman Catholic Diocese of Erie have once again been independently audited. The report of the independent auditor—MPB, LLP—stated that as of December 31, 2023, those statements presented fairly the financial position of the CAO and the changes in its net assets and cash flows for the year then ended.
- Those audited statements include only the services and programs which are provided through the Central Administrative Offices. The CAO serves parishes, schools, and other diocesan entities by providing program, financial and administrative support. However, its audited statements do not include the separate activities of the parishes, schools, cemeteries, or other distinct operating entities such as The Catholic Foundation of Northwest Pennsylvania, The Catholic Deposit & Loan Fund, or Catholic Charities of the Diocese of Erie, Inc. and its affiliates.
- For 2023, the CAO reported a increase in net assets of \$4.1 million. The increase to our net assets were due to a gain on investments \$4.0 million.
- For the year, operating revenue increased slightly to \$21.8 million.
- Total expenses were up about \$1,834,000 from the prior year. This increase was due to an increase in health & property insurance claims of (\$576,000), interest expense of (\$588,000) and clergy services (\$778,000).

- Expenses for all ministries and programs of the CAO are included in the annual operating budget which is approved by the Diocesan Finance Council. Actual vs. budgeted expenses are then monitored monthly throughout the year.
- Total assets increased by \$3.4 million to \$63.1 million. The primary reason for the increase were net realized/unrealized gains on investments for the year.
- There was a decrease in liabilities of \$.70 million to \$42.9 million. \$1.9 million was related to a favorable pension adjustment which was offset by a \$1.0 million increase in the investment value held by others.
- A subsequent event related to the payment of the Diocese outstanding balance due on the line of credit at the end of February 2024 is disclosed in the Notes. This payment is expected to positively impact the Diocese's future financial performance by reducing interest expenses and enhancing financial flexibility.
- The Diocesan Finance Council meets throughout the year on a quarterly basis. It serves as the primary advisory body to the Bishop of Erie in the area of financial administration. In addition to approving the annual budget and reviewing the annual accounting report, canon law requires that the Council be consulted on acts of extraordinary financial administration such as the purchase or sale of real estate, the borrowing of large amounts, and major new construction projects.
- The Office of Financial Services has the responsibility of supporting and assisting the bishop in the stewardship of the temporal resources needed to carry out the mission of the Diocese. It fulfills this responsibility by seeing that the resources of the Central Administrative Offices as well as those of the parishes, schools, and diocesan-affiliated entities are administered in a prudent manner and in accord with church law. It also includes onsite evaluations of the financial practices of parishes and elementary schools in order to ensure that their assets are properly safeguarded, that proper internal controls are in place, and that there is compliance with diocesan policies.
- Should you have any questions concerning the financial report, please contact the Office of Financial Services at 814-824-1180 or Finance@eriercd.org. I also invite you to visit our website for additional information at www.eriercd.org/finance.asp

James A. Hubert
Chief Financial Officer



DIOCESE of ERIE

Sharing the Catholic faith in northwest Pennsylvania

Central Administrative Offices of the Roman Catholic Diocese of Erie

AUDITED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023



McGill, Power, Bell & Associates, LLP
Certified Public Accountants • Business & Financial Advisers

**CENTRAL ADMINISTRATIVE OFFICES OF THE
ROMAN CATHOLIC DIOCESE OF ERIE
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INDEPENDENT AUDITOR'S REPORT

To the Most Reverend Lawrence T. Persico, JCL
Roman Catholic Diocese of Erie
Central Administrative Offices
Erie, Pennsylvania

Opinion

We have audited the accompanying financial statements of the Central Administrative Offices of the Roman Catholic Diocese of Erie (Diocese), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Diocese as of December 31, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 audit. 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.

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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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.

Report on Summarized Comparative Information

We have previously audited the Diocese's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 24, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived as amended.

McGill, Power, Bell & Associates, LLP

McGill, Power, Bell & Associates, LLP
Erie, Pennsylvania
April 17, 2024

AUDITED FINANCIAL STATEMENTS

**CENTRAL ADMINISTRATIVE OFFICES OF THE
ROMAN CATHOLIC DIOCESE OF ERIE
STATEMENT OF FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2023 (WITH COMPARATIVE TOTALS FOR 2022)**

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and Cash Equivalents (Note A)	\$ 8,001,355	\$ 9,922,926
Cash and Cash Equivalents Held for Others (Note A)	557,419	566,462
TOTAL CASH AND CASH EQUIVALENTS	8,558,774	10,489,388
Accounts, Notes and Loans Receivable, Net (Notes A and B)	4,639,751	4,867,941
Prepaid Insurance and Other Expenses	638,193	538,035
Investments at Fair Value (Note M)	38,797,865	34,754,164
Investments Held for Related Affiliates (Note F)	7,588,028	6,590,472
Other Investments, at Cost	264,668	264,668
Property and Equipment, Net (Notes A and D)	2,584,385	2,207,515
TOTAL ASSETS	\$ 63,071,664	\$ 59,712,183
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 2,042,537	\$ 1,632,451
Line of Credit (Note E)	20,603,617	20,603,617
Insurance Claims Payable and Accrued (Note A)	1,500,189	1,681,121
Deferred Revenues (Note A)	996,732	1,102,202
Funds Held for Others	557,419	566,462
Funds Held for Related Affiliates (Note F)	7,588,028	6,590,472
Pension and Postretirement Benefits Liability (Note K)	9,623,181	11,471,346
TOTAL LIABILITIES	42,911,703	43,647,671
NET ASSETS		
Without Donor Restrictions (Notes A and H)		
Operations and Program Support	(18,399,919)	(17,487,416)
Designated	16,294,812	16,797,660
Designated - Priests' Retirement Deficiency	(11,717,539)	(13,501,247)
Funds Functioning as Endowments	17,357,814	15,027,350
TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS	3,535,168	836,347
With Donor Restrictions (Notes A and H)	16,624,793	15,228,165
TOTAL NET ASSETS	20,159,961	16,064,512
TOTAL LIABILITIES AND NET ASSETS	\$ 63,071,664	\$ 59,712,183

See notes to financial statements.

**CENTRAL ADMINISTRATIVE OFFICES OF THE
ROMAN CATHOLIC DIOCESE OF ERIE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023 (WITH COMPARATIVE TOTALS FOR 2022)**

	<u>Without Donor Restrictions</u>			Total Without Donor Restrictions
	Operations and Program Support	Designated	Funds Functioning as Endowments	
REVENUE, GAINS AND OTHER SUPPORT				
Catholic Services Appeal - Designated for Operations	\$ -	\$ 4,200,366	\$ -	\$ 4,200,366
Catholic Services Appeal - Used in Operations	4,200,366	(4,200,366)	-	-
Diocesan Assessments	1,687,000	3,559,099	-	5,246,099
Insurance Programs Revenue	-	8,697,525	-	8,697,525
Program Service Fees	393,696	400,286	-	793,982
Department Revenues	542,404	-	-	542,404
Interest and Dividend Income (Loss), Net	15,616	302,588	359,073	677,277
Contributions and Bequests	940,935	27,035	100,142	1,068,112
Contributed Services	36,022	-	-	36,022
Other Revenue	4,087	-	-	4,087
Net Assets Released From Restrictions	1,330,225	115,401	-	1,445,626
TOTAL REVENUE, GAINS AND OTHER SUPPORT	<u>9,150,351</u>	<u>13,101,934</u>	<u>459,215</u>	<u>22,711,500</u>
EXPENSES AND LOSSES				
Pastoral Services	1,384,002	-	-	1,384,002
Clergy Services	733,666	1,372,001	17,389	2,123,056
Vocation	587,444	-	-	587,444
Educational Services	1,895,178	2,454,998	499,871	4,850,047
Communications	674,078	9,427	-	683,505
Catholic Charities	1,088,119	-	-	1,088,119
Tribunal Office	199,788	-	-	199,788
Catholic Foundation Allocations	350,000	-	-	350,000
Financial Services	999,476	-	-	999,476
Facilities Management	870,070	-	1,340	871,410
Insurance Programs	-	10,314,209	-	10,314,209
Interest Expense	1,128,219	356	-	1,128,575
Legal Expenses	351,687	-	-	351,687
Other Expenses	180,629	12,000	8,638	201,267
TOTAL EXPENSES	<u>10,442,356</u>	<u>14,162,991</u>	<u>527,238</u>	<u>25,132,585</u>
CHANGE IN NET ASSETS BEFORE INVESTMENT GAINS (LOSSES) AND NET UNRECOGNIZED PENSION COSTS	<u>(1,292,005)</u>	<u>(1,061,057)</u>	<u>(68,023)</u>	<u>(2,421,085)</u>

<u>With Donor Restrictions</u>	<u>Totals 2023</u>	<u>Totals 2022</u>
\$ -	\$ 4,200,366	\$ 4,198,243
-	-	-
-	5,246,099	5,218,335
-	8,697,525	8,820,653
-	793,982	815,861
-	542,404	551,028
333,218	1,010,495	755,386
167,340	1,235,452	1,205,390
-	36,022	35,298
-	4,087	22,705
<u>(1,445,626)</u>	<u>-</u>	<u>-</u>
<u>(945,068)</u>	<u>21,766,432</u>	<u>21,622,899</u>
-	1,384,002	1,202,886
-	2,123,056	1,344,582
-	587,444	694,547
-	4,850,047	4,904,034
-	683,505	692,399
-	1,088,119	1,044,560
-	199,788	196,067
-	350,000	349,996
-	999,476	837,220
-	871,410	1,148,228
-	10,314,209	9,737,948
-	1,128,575	540,735
-	351,687	404,208
-	201,267	201,466
<u>-</u>	<u>25,132,585</u>	<u>23,298,876</u>
<u>(945,068)</u>	<u>(3,366,153)</u>	<u>(1,675,977)</u>

See notes to financial statements.

With Donor Restrictions	Totals 2023	Totals 2022
2,341,696	5,446,722	(8,024,029)
-	2,014,880	989,498
<u>2,341,696</u>	<u>7,461,602</u>	<u>(7,034,531)</u>
1,396,628	4,095,449	(8,710,508)
-	-	-
<u>15,228,165</u>	<u>16,064,512</u>	<u>24,775,020</u>
<u>\$ 16,624,793</u>	<u>\$ 20,159,961</u>	<u>\$ 16,064,512</u>

See notes to financial statements.

**CENTRAL ADMINISTRATIVE OFFICES OF THE
ROMAN CATHOLIC DIOCESE OF ERIE
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023 (WITH COMPARATIVE TOTALS FOR 2022)**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 4,095,449	\$ (8,710,508)
Items not Requiring (Providing) Cash		
Depreciation	265,167	256,031
Net Realized and Unrealized Gains (Losses) on Investments	(5,446,722)	8,024,029
Changes in Pension and Post Retirement Benefits Liability	(1,848,165)	(1,201,461)
Contributions of Property	(502,000)	-
Changes in		
Assessment and Catholic Services Appeal Accounts Receivable, Other Receivables and Loans	201,876	199,911
Prepaid Insurance and Other Expenses	(100,158)	(2,714)
Accounts Payable and Accrued Expenses, Including Insurance Claims	229,154	248,068
Deferred Revenues	(105,470)	(23,778)
Funds Held for Others	(9,043)	73,825
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(3,219,912)</u>	<u>(1,136,597)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(295,037)	(377,966)
Proceeds from the Sale of Property and Equipment	155,000	-
Purchase of Investments	(17,110,778)	(20,325,850)
Proceeds from Disposition of Investments	17,516,243	23,065,895
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>265,428</u>	<u>2,362,079</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Note Receivable - Parish and School - Net Principal Repayments (Loans Made)	26,314	60,953
Net Additions (Withdrawals) from Investments Held for Others	997,556	(1,641,875)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>1,023,870</u>	<u>(1,580,922)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(1,930,614)</u>	<u>(355,440)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>10,489,388</u>	<u>10,844,828</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 8,558,774</u>	<u>\$ 10,489,388</u>
SUPPLEMENTAL CASH FLOWS INFORMATION		
Cash Paid for Interest	\$ 1,128,575	\$ 540,735

See notes to financial statements.

**CENTRAL ADMINISTRATIVE OFFICES OF THE
ROMAN CATHOLIC DIOCESE OF ERIE
NOTES TO FINANCIAL STATEMENTS**

**NOTE A NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES**

Nature of Operations

The Central Administrative Offices (CAO) of the Roman Catholic Diocese of Erie (the Diocese) is a not-for-profit organization whose mission and principal activities are to oversee the parishes, schools and other entities of the Diocese under the supervision of the Bishop's office and staff. The Diocese encompasses thirteen counties in Northwest Pennsylvania. The operations of the Diocese support the programs and activities of these parishes, schools and other entities. Additionally, the Diocese administers the parishes and other affiliates participation in the Diocese's self-insured group health and property/casualty insurance programs.

The financial statements do not include the separate activities of the Diocesan parishes, schools, cemeteries, service agencies, nursing homes, Catholic Charities of the Diocese of Erie, Inc., the Catholic Foundation of the Diocese of Erie, the Catholic Deposit and Loan Fund of Northwest Pennsylvania, Inc., or any institution owned and operated by religious orders of men or women. The aforementioned activities are distinct operating entities, maintain separate accounts, and perform their own services and programs.

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, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Diocese considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2023 and 2022, cash equivalents consisted primarily of money market accounts with brokers.

At December 31, 2023, the Diocese cash accounts exceeded federally insured limits by approximately \$3,412,000.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and all debt securities are carried at fair value. Other investments are valued at the lower of cost (or fair value at the time of donation, if acquired by contribution) or fair value.

Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

**CENTRAL ADMINISTRATIVE OFFICES OF THE
 ROMAN CATHOLIC DIOCESE OF ERIE
 NOTES TO FINANCIAL STATEMENTS**

The Diocese maintains pooled investment accounts for its endowments and other organizations' investments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated to the individual endowments based on fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.

Accounts, Notes and Loans Receivable

Accounts receivable are stated at the amount of consideration from parishes and other Diocesan organizations, of which the Diocese has an unconditional right to receive. The Diocese provides allowance for credit loss accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the organization.

Allowance for Credit Losses

The Diocese operates as a management organization, and its accounts receivable are primarily derived from the assessments obtained from its related party organizations. The Diocese recognizes an expected allowance for credit losses, which is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist.

The allowance estimate is derived from a review of the Diocese's historical losses on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Diocese. The Diocese believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses, as the Diocese's portfolio segments have remained consistent since the Diocese's inception.

The Diocese writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the Diocese's accounting policy election. The total amount of write-offs was immaterial to the financial statements as a whole for the years ended December 31, 2023 and 2022.

Accounts receivable, net was \$2,607,622, \$2,549,056, and \$2,636,414 at December 31, 2023 and 2022 and January 1, 2022, respectively.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Building	40 years
Building Improvements	15 years
Vehicles, Office Equipment and Furniture	5 - 7 years

**CENTRAL ADMINISTRATIVE OFFICES OF THE
ROMAN CATHOLIC DIOCESE OF ERIE
NOTES TO FINANCIAL STATEMENTS**

Long-Lived Asset Impairment

The Diocese evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended December 31, 2023 and 2022.

Guarantees

The Diocese is a guarantor of a loan to an institution which falls under its jurisdiction. The guarantee term is approximately 9 years. Should the Diocese be obligated to perform under the guarantee arrangement, the Diocese may seek reimbursement from the affiliate of amounts expended under the guarantee.

At December 31, 2023 and 2022, the total outstanding balance on the guaranteed loan was approximately \$4.6 million and \$5.1 million, respectively. To the best of the Diocese's knowledge, payments on the obligation have been made by the institution in accordance with the loan agreement. There were no known defaults or delinquencies. Therefore, the Diocese did not record a liability under guarantee agreements at December 31, 2023 and 2022, respectively.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. The Diocesan Finance Council has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowments.

Net assets with donor restrictions are subject to donor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

**CENTRAL ADMINISTRATIVE OFFICES OF THE
ROMAN CATHOLIC DIOCESE OF ERIE
NOTES TO FINANCIAL STATEMENTS**

Contributions

Contributions are provided to the Diocese either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Diocese overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor 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. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts having donor stipulations which are satisfied in the period the gift is received are reported as revenue and net assets without donor restrictions.

**CENTRAL ADMINISTRATIVE OFFICES OF THE
ROMAN CATHOLIC DIOCESE OF ERIE
NOTES TO FINANCIAL STATEMENTS**

Self-Insurance

The Financial Services Office of the Diocese manages insurance programs on behalf of parishes and other institutions within the Diocese through a combination of self-insurance retentions, participation in a liability risk retention group with other Dioceses, and the purchase of excess insurance coverage above the self-insured limits.

As of December 31, 2023 and 2022, the Diocese was self-insured on property claims up to \$350,000. The Diocese was also self-insured for theft/employee dishonesty claims up to \$200,000 per occurrence, and for third-party liability claims up to \$350,000 per occurrence, with an aggregate loss limit of \$750,000.

Losses are recorded as expense when incurred. The Diocese records a liability as of December 31 for claims outstanding and payable, including losses incurred but not reported. Such liabilities are necessarily based on estimates and, while the Diocese believes the amount is adequate, the ultimate liability may be in excess of or less than the amounts provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed, and any adjustments are reflected in the financial statements. The recorded liability for outstanding claims is \$1,032,677 and \$1,169,955 as of December 31, 2023 and 2022, respectively.

The Diocese is also self-insured in providing group health insurance for its priests and the lay employees of the parishes, schools and Diocese. These risks are subject to stop loss insurance purchased by the Diocese from Highmark Casualty Insurance Company. The insurance has a specific deductible of \$170,000 per covered person and a maximum aggregate annual deductible of \$8.6 million. Claims are administered by Highmark Blue Cross/Blue Shield. The recorded liability for outstanding claims is \$467,512 and \$511,166 as of December 31, 2023 and 2022, respectively.

Contributed Nonfinancial Assets

Contributions of nonfinancial assets consist of contributions of services provided and in-kind contributions. The services provided are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. Contribution revenue recognized from contributed services consisted of management functions performed by members of the clergy within various religious communities in the Diocese. These services are recorded as revenues and are charged to the appropriate program benefited. Contributed revenue and expenses recognized from contributed services and in-kind contributions consisted of:

	2023	2022
Contributed Services		
Management	\$ 36,022	\$ 35,298
Total Contributed Services	\$ 36,022	\$ 35,298
 In-Kind Contributions		
Land	\$ 502,000	\$ -
Total In-Kind Contributions	\$ 502,000	\$ -

**CENTRAL ADMINISTRATIVE OFFICES OF THE
ROMAN CATHOLIC DIOCESE OF ERIE
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Deferred Revenues

Revenue from fees for insurance assessments is deferred and recognized over the periods to which the fees relate.

Income Taxes

The Diocese is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in Note L. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general, and fundraising categories based on the nature of activities, time of employees involved, and other methods.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Diocesan financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Reclassifications

Certain reclassifications have been made to the 2022 financial statements to conform to the 2023 financial statement presentation. These reclassifications had no effect on the change in net assets.

Change in Accounting Principle

In June 2016, the FASB issued guidance (FASB ASC 326), which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing a Diocese's exposure to credit risk and the measurement of credit losses. Financial assets held by the Diocese that are subject to the guidance in FASB ASC 326 were trade accounts receivable.

The Diocese adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

**CENTRAL ADMINISTRATIVE OFFICES OF THE
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NOTES TO FINANCIAL STATEMENTS**

NOTE B ACCOUNTS, NOTES AND LOANS RECEIVABLE

Receivables at December 31 consisted of the following:

	<u>2023</u>	<u>2022</u>
Assessments and Diocesan Appeal	\$ 2,607,622	\$ 2,549,056
Loans and Notes - Deposit and Loan Fund	29,407	70,486
Note Receivable - Parish and School	4,106,259	4,132,573
Other Receivables and Loans	<u>473,036</u>	<u>588,391</u>
	7,216,324	7,340,506
Less: Allowance for Credit Losses	<u>(2,576,573)</u>	<u>(2,472,565)</u>
	<u>\$ 4,639,751</u>	<u>\$ 4,867,941</u>

Assessments relate primarily to parishes and other Diocesan affiliates for insurance, priests' retirement, schools and Diocesan programs and operations. Due to the history of collectability, most of the Diocesan receivables are considered to be long term.

NOTE C INTEREST IN ASSETS HELD AT THE CATHOLIC FOUNDATION OF NORTHWEST PENNSYLVANIA

The Diocese transferred assets to the Catholic Foundation of Northwest Pennsylvania (Foundation) and retained beneficial interest in those assets. The original amount transferred was \$750,000. The Diocese is to receive an annual distribution determined annually by the Foundation's board of directors, and undistributed earnings will be retained. The Diocese has granted variance power to the Foundation. The fair value of the retained beneficial interest, included in the statements of financial position within investments held at fair value, was \$772,058 and \$653,333 at December 31, 2023 and 2022, respectively.

NOTE D PROPERTY AND EQUIPMENT

Property and equipment at December 31 consists of:

	<u>2023</u>	<u>2022</u>
Land	\$ 547,633	\$ 200,633
Buildings	3,542,886	3,542,886
Building Improvements	4,425,180	4,191,797
Vehicles, Office Equipment and Furniture	<u>738,471</u>	<u>722,034</u>
	9,254,170	8,657,350
Less: Accumulated Depreciation	<u>(6,669,785)</u>	<u>(6,449,835)</u>
	<u>\$ 2,584,385</u>	<u>\$ 2,207,515</u>

**CENTRAL ADMINISTRATIVE OFFICES OF THE
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NOTES TO FINANCIAL STATEMENTS**

NOTE E NOTE PAYABLE TO BANK

Subsequent to year end, the Diocese satisfied the outstanding balances of its lines of credit. The payment was made on February 23, 2024, utilizing funds created by liquidating a portion of its investment portfolio.

At December 31, 2023, the Diocese had two \$11,250,000 revolving lines of credit with local institutions, which expired in February 2024 and were not renewed. These lines were collateralized by the Diocese's investments and other assets held at the institutions and had interest rates varying with the Secured Overnight Financing Rate (SOFR) plus 1.45%. These lines included letter of credit offsets for self-insurance vehicle coverage with the state of PA and workers compensation claims from prior year self-insured activity. At December 31, 2023 and 2022, there was \$20,603,617 outstanding which was the maximum available for the Diocese on these lines.

**NOTE F FUNDS HELD FOR RELATED AFFILIATES AND OTHER RELATED AFFILIATE
TRANSACTIONS**

The Endowment Care Fund of the Erie Diocesan Cemeteries (Cemeteries) is under the custody of the Roman Catholic Diocese of Erie, which oversees its investments and all financial transactions. These funds are accounted for as liabilities on the statements of financial position of the Diocese, while the Diocese holds the assets and administers the funds.

The balance of funds held for the Cemeteries at December 31, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Erie Diocesan Cemeteries	\$ 7,588,028	\$ 6,590,472

The Diocese is compensated for the investment and accounting services provided to all affiliates. Total support and revenue received from each organization during the years ended December 31, 2023 and 2022 are as follows, and are included in the program service fees and department revenues on the statements of activities:

	<u>2023</u>	<u>2022</u>
Erie Diocesan Cemeteries	\$ 105,000	\$ 105,000
Catholic Charities	17,200	16,800
Catholic Foundation	36,696	29,656
Catholic Deposit and Loan Fund of NWPA	100,000	95,000
STAR Foundation	61,000	58,000
	<u>\$ 319,896</u>	<u>\$ 304,456</u>

The Diocese also collects contributions from its parishes to be remitted to other charitable organizations. These balances are carried as a liability on the statements of financial position until remitted. Cash and cash equivalents held for others on the statements of financial position consist of these collections and cash received from related affiliates to be invested.

**CENTRAL ADMINISTRATIVE OFFICES OF THE
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In addition to the above, the Diocese engaged in various transactions with related parties which include entities in which key management personnel have significant influence or control, as well as entities under common control with the Diocese. At December 31, 2023 and 2022, the Diocese had accounts payable to related parties of approximately \$227,000 and \$37,000, respectively.

NOTE G DEFERRED COMPENSATION AGREEMENT

The Diocese has an unfunded deferred compensation agreement with its former Chief Financial Officer that provides, upon disability or retirement, 30% of his final salary in equal monthly benefits for life. The present value of total estimated deferred compensation is being accrued using the straight-line method. The individual is currently drawing on this agreement. The total deferred compensation liability was \$284,000 and \$264,000 for years ended December 31, 2023 and 2022, respectively, and is included in accounts payable and accrued expenses on the statements of financial position.

NOTE H NET ASSETS

Net Assets Without Donor Restrictions

Unrestricted net assets at December 31 include the following:

Operations and Program Support – Includes the revenues and expenses associated with the principal functions of the Diocese.

Net assets without restrictions also include the land, buildings and improvements of St. Mark Catholic Center, the priests' retirement home, and the Bishop's residence.

Beginning in 2019, all Catholic Services Appeal monies given to the Diocese were internally designated to be utilized for operation purposes and not to fund any legal or other litigatory expenses. The Diocese's policy is to release these funds from designated to operations in the year expended. The total amount of designated revenues earned and released during 2023 and 2022 was \$4,200,366 and \$4,198,243, respectively.

Designated – These net assets are currently expendable for designated purposes. These include Designated – Priests' Retirement Deficiency.

Funds Functioning as Endowments – Includes long-term investments developed from gifts and the Bishop's designations. Earnings are utilized at the Bishop's discretion.

**CENTRAL ADMINISTRATIVE OFFICES OF THE
ROMAN CATHOLIC DIOCESE OF ERIE
NOTES TO FINANCIAL STATEMENTS**

The net assets without donor restrictions of the Diocese as of December 31 consist of the following:

	<u>2023</u>	<u>2022</u>
OPERATIONS AND PROGRAM SUPPORT	<u>\$ (18,399,919)</u>	<u>\$ (17,487,416)</u>
DESIGNATED		
Self-Insurance - Property and Casualty	4,345,720	4,449,252
Group Health	4,537,167	5,422,508
Unemployment Compensation	1,830,869	1,666,160
Regional Support Programs	212,949	218,532
Catholic School Assistance	3,280,265	2,999,263
Capital Stewardship Campaign	169,330	160,831
Pastoral Services	1,918,512	1,881,114
	<u>16,294,812</u>	<u>16,797,660</u>
DESIGNATED - PRIESTS' RETIREMENT DEFICIENCY	<u>(11,717,539)</u>	<u>(13,501,247)</u>
TOTAL DESIGNATED	<u>4,577,273</u>	<u>3,296,413</u>
FUNDS FUNCTIONING AS ENDOWMENTS		
Tuition Assistance - Elementary	1,205,288	1,085,511
Charitable Endowment Fund	2,969,443	2,617,448
Religious Education Endowment Fund	5,633,995	4,875,779
Bishop's Discretionary Fund	3,460,632	2,825,088
Priests' Retirement Home Endowment Fund	1,583,467	1,397,589
Clergy Continuing Education Fund	690,372	623,069
Mission Endowment Fund	890,540	785,941
Ministry Support Funds	924,077	816,925
	<u>17,357,814</u>	<u>15,027,350</u>
	<u>\$ 3,535,168</u>	<u>\$ 836,347</u>

**CENTRAL ADMINISTRATIVE OFFICES OF THE
ROMAN CATHOLIC DIOCESE OF ERIE
NOTES TO FINANCIAL STATEMENTS**

Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31 are restricted for the following purposes or periods:

	<u>2023</u>	<u>2022</u>
Subject to Expenditure for Specified Purpose		
Priestly Formation and Ministry Development	\$ 6,755,013	\$ 5,834,646
Charitable Programs - Other	1,253,231	1,497,899
Educational Assistance Programs	338,188	465,485
Evangelization	19,266	22,721
Communication Programs	70,971	157,331
Clergy Health and Retirement	334,296	263,956
	<u>8,770,965</u>	<u>8,242,038</u>
Subject to Diocese Endowment Spending Policy and Appropriation		
Priestly Formation and Ministry Development	7,823,828	6,958,328
Mass Intentions and Parish Needs	30,000	27,799
	<u>7,853,828</u>	<u>6,986,127</u>
	<u>\$ 16,624,793</u>	<u>\$ 15,228,165</u>

Net Assets Released From Restrictions

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

	<u>2023</u>	<u>2022</u>
Priestly Formation and Ministry Development	\$ 763,761	\$ 691,223
Charitable Programs - Other	340,892	66,996
Educational Assistance Programs	154,518	34,624
Evangelization	3,455	-
Communication Programs	92,000	100,000
Clergy Health and Retirement	91,000	100,000
	<u>\$ 1,445,626</u>	<u>\$ 992,843</u>

**CENTRAL ADMINISTRATIVE OFFICES OF THE
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NOTES TO FINANCIAL STATEMENTS**

NOTE I ENDOWMENT

The Diocesan endowment consists of approximately thirteen individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The current relevant law for the investment and distribution of restricted endowment and trust funds in the Commonwealth of Pennsylvania is PA Act 141 (Act 141). Act 141 requires an organization to adopt and follow a "total return" investment policy to seek the best total return on the principal whether from capital appreciation, earnings, or both. If Act 141 is applicable and elected by an organization, the board is required to make an annual "spending" election of between 2% and 7% of the value of endowment assets. For purposes of this provision, the value of the trust principal is the fair market value of the trust assets averaged over the past three or more years. In addition to the use of Act 141 for donor-restricted endowment funds, the Bishop and Diocesan Finance Council use Act 141 as a framework for its unrestricted board-designated endowment funds.

In accordance with Act 141, the Diocese considers the following factors in making a determination to spend or accumulate donor-restricted and board-designated endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Diocese and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Diocese
7. Investment policies of the Diocese

**CENTRAL ADMINISTRATIVE OFFICES OF THE
ROMAN CATHOLIC DIOCESE OF ERIE
NOTES TO FINANCIAL STATEMENTS**

Endowment by Net Asset Class

The composition of net assets by type of endowment fund at December 31, 2023 and 2022 was:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	\$ -	\$ 14,101,311	\$ 14,101,311
Diocesan-Designated Endowment Funds	17,357,814	-	17,357,814
Total Endowment Funds	\$ 17,357,814	\$ 14,101,311	\$ 31,459,125
	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	\$ -	\$ 12,314,809	\$ 12,314,809
Diocesan-Designated Endowment Funds	15,027,350	-	15,027,350
Total Endowment Funds	\$ 15,027,350	\$ 12,314,809	\$ 27,342,159

**CENTRAL ADMINISTRATIVE OFFICES OF THE
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NOTES TO FINANCIAL STATEMENTS**

Endowment Reconciliation

Changes in endowment net assets for the years ended December 31 were:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning of Year	\$ 15,027,350	\$ 12,314,809	\$ 27,342,159
Investment Return			
Investment Income, Net of Fees	359,073	333,218	692,291
Net Appreciation (Depreciation)	2,703,245	2,213,611	4,916,856
Total Investment Return	3,062,318	2,546,829	5,609,147
Contributions	100,142	22,785	122,927
Appropriation of Endowment Assets for Expenditure	(527,238)	(783,112)	(1,310,350)
Transfers	(304,758)	-	(304,758)
Endowment Net Assets, End of Year	\$ 17,357,814	\$ 14,101,311	\$ 31,459,125
	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning of Year	\$ 19,434,397	\$ 16,239,307	\$ 35,673,704
Investment Return			
Investment Income, Net of Fees	317,854	266,353	584,207
Net Appreciation (Depreciation)	(3,751,902)	(3,164,708)	(6,916,610)
Total Investment Return	(3,434,048)	(2,898,355)	(6,332,403)
Contributions	134,582	60,522	195,104
Appropriation of Endowment Assets for Expenditure	(822,619)	(1,086,665)	(1,909,284)
Transfers	(284,962)	-	(284,962)
Endowment Net Assets, End of Year	\$ 15,027,350	\$ 12,314,809	\$ 27,342,159

**CENTRAL ADMINISTRATIVE OFFICES OF THE
ROMAN CATHOLIC DIOCESE OF ERIE
NOTES TO FINANCIAL STATEMENTS**

Funds with Deficiencies

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Diocese is required to retain as a fund of perpetual duration pursuant to donor stipulation. There were no such deficiencies as of December 31, 2023 and 2022.

Return Objectives and Risk Parameters

The Diocese has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Diocese must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under the Diocesan policies, the primary objective of the endowment assets is the long-term growth of principal with generation of income, without an undue exposure to risk. Assets are invested in a manner that is intended to achieve results that meet or exceed appropriate market indices, which are monitored by the Diocesan Finance Council throughout the year. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Diocese relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Diocese targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Diocese has a policy (the spending policy) of appropriating for expenditures each year. The effective spending policy rate was 5% for the years ended December 31, 2023 and 2022. In establishing this policy, the Diocese considered the long-term expected return on its endowment. Accordingly, over the long term, the Diocese expects the current spending policy to allow its endowment to grow. This is consistent with the Diocesan objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

**CENTRAL ADMINISTRATIVE OFFICES OF THE
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NOTE J LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2023 and 2022, comprise the following:

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 8,001,355	\$ 9,922,926
Accounts Receivable Due in Next 12 Months	912,009	968,484
Payout on Donor-Restricted Endowments for Use Over Next 12 Months	1,594,225	1,574,130
Payout on Quazi-Endowments for Use Over Next 12 Months	808,794	794,969
Investments not Encumbered by Donor or Board Restrictions	<u>5,079,926</u>	<u>4,763,317</u>
Total Financial Assets	<u>\$ 16,396,309</u>	<u>\$ 18,023,826</u>

The Diocese's endowment funds consist of donor-restricted endowments and funds designated by the Diocesan Finance Council as endowments. Donor-restricted endowment funds are not available for general expenditure. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use.

The board-designated endowment of \$17,357,814 is subject to an annual spending rate of 2 to 7 percent as described in Note I. Although the Diocese does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Diocesan Finance Council's annual budget approval and appropriation), these amounts could be made available if necessary.

The Diocese manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Diocese evaluates its future cash flows and monitors its liquidity and reserves regularly.

NOTE K PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

Lay Employees 401(k) Retirement Plan

The Diocese has a defined contribution plan covering certain employees of parishes, schools, offices, and agencies of the Diocese. The Diocese provides a contribution of 6% of compensation for all employees of the Diocese who are participants in the plan. The total plan expenses for these plans were \$140,055 and \$148,746 for 2023 and 2022, respectively.

**CENTRAL ADMINISTRATIVE OFFICES OF THE
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Defined Benefit Plan and Priest Postretirement Benefits

The Diocese has a noncontributory defined benefit pension plan covering all Diocesan priests who meet the eligibility requirements. The Diocesan funding policy is to make the minimum annual contribution that is required by applicable regulations, plus such amounts as the Diocese may determine to be appropriate from time to time.

The Diocese has a noncontributory defined benefit postretirement health care plan covering retired priests who meet the eligibility requirements. The Diocese funds benefits on a “pay-as-you-go” basis. It is an unfunded plan.

The Diocese uses a December 31 measurement date for the plans. Information about the plans’ funded status follows:

	Pension Benefits		Other Benefits	
	2023	2022	2023	2022
Projected Benefit Obligation	\$ (15,239,547)	\$ (15,781,903)	\$ (2,830,334)	\$ (2,969,393)
Fair Value of Plan Assets	8,446,700	7,279,950	-	-
Funded Status	<u>\$ (6,792,847)</u>	<u>\$ (8,501,953)</u>	<u>\$ (2,830,334)</u>	<u>\$ (2,969,393)</u>

Liabilities recognized in the statements of financial position:

	Pension Benefits		Other Benefits	
	2023	2022	2023	2022
Liabilities	<u>\$ (6,792,847)</u>	<u>\$ (8,501,953)</u>	<u>\$ (2,830,334)</u>	<u>\$ (2,969,393)</u>

As of August 1, 2023, the monthly pension benefit payments increased from \$1,575 to \$1,600.

Amounts recognized in change in net assets not yet recognized as components of net periodic benefit cost consist of:

	Pension Benefits		Other Benefits	
	2023	2022	2023	2022
Net Loss (Gain)	\$ (1,729,446)	\$ (305,244)	\$ (218,779)	\$ (658,636)
Plan Amendment Increased				
Benefit Payments	200,593	246,220	-	-
Prior Service Cost	(267,248)	(271,838)	-	-
Total Loss (Gain)	<u>\$ (1,796,101)</u>	<u>\$ (330,862)</u>	<u>\$ (218,779)</u>	<u>\$ (658,636)</u>

The accumulated benefit obligation for the defined benefit pension plan and the post-retirement health care plan was \$18,069,881 and \$18,751,296 at December 31, 2023 and 2022, respectively.

**CENTRAL ADMINISTRATIVE OFFICES OF THE
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Information for pension plans with an accumulated benefit obligation in excess of plan assets:

	December 31	
	2023	2022
Benefit Obligation	\$ 15,239,547	\$ 15,781,903
Accumulated Benefit Obligation	\$ 15,239,547	\$ 15,781,903
Fair Value of Plan Assets	\$ 8,446,700	\$ 7,279,950

Other significant balances and costs are:

	Pension Benefits		Other Benefits	
	2023	2022	2023	2022
Employer Contributions	\$ 757,710	\$ 729,881	\$ -	\$ -
Benefits Paid	\$ (1,047,682)	\$ (1,081,647)	\$ (120,710)	\$ (124,567)
Net Periodic Benefit Costs	\$ 844,705	\$ 481,799	\$ 194,095	\$ 160,686

Other changes in plan assets and benefit obligations recognized in change in net assets:

	Pension Benefits		Other Benefits	
	2023	2022	2023	2022
Amounts Arising During the Period:				
Service Cost	\$ 90,736	\$ 147,065	\$ 56,797	\$ 74,082
Interest Cost	753,560	440,537	143,633	86,604
Expected Return on Plan Assets	<u>(443,425)</u>	<u>(576,490)</u>	<u>-</u>	<u>-</u>
Net Loss	400,871	11,112	200,430	160,686

Amounts Reclassified as Components
of Net Periodic Benefit Cost of
the Period:

Net (Gain) Loss	176,586	198,849	(6,335)	-
Net Prior Service Cost	267,248	271,838	-	-

The estimated net loss and prior service cost for the defined benefit pension plan that will be amortized into net periodic benefit costs over the next fiscal year are \$48,239 and \$263,217, respectively. The estimated net gain and prior service credit for the other defined benefit postretirement plan that will be amortized into net periodic benefit cost over the next fiscal year is \$23,210 and \$0, respectively.

**CENTRAL ADMINISTRATIVE OFFICES OF THE
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Significant assumptions include:

	Pension Benefits		Other Benefits	
	2023	2022	2023	2022
Weighted-Average Assumptions Used to Determine Benefit Obligations:				
Discount Rate	4.75%	5.00%	4.75%	5.00%
Weighted-Average Assumptions Used to Determine Benefit Costs:				
Discount Rate	5.00%	2.50%	5.00%	2.50%
Expected Return on Plan Assets	6.75%	6.75%	N/A	N/A

For measurement purposes, a 3.00% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2023 and 2022.

The Diocese's expected long-term return on plan assets assumption is based on a periodic review and modeling of the plan's asset allocation and liability structure over a long-term horizon. Expectations of returns for each asset class are the most important of the assumptions used in the review and modeling and are based on comprehensive reviews of historical data and economic/financial market theory. The expected long-term rate of return on assets was selected from within the reasonable range of rates determined by (a) historical real returns, net of inflation, for the asset classes covered by the investment policy, and (b) projections of inflation over the long-term period during which benefits are payable to plan participants. Target allocation ranges are guidelines, not limitations, and occasionally, plan fiduciaries will approve allocations above or below a target range. The Diocese's investment policy included various guidelines and procedures designed to ensure assets are invested in a manner necessary to meet expected future benefits earned by participants. The investment guidelines consider a broad range of economic conditions.

Pension Plan Assets

Where quoted market prices are available in an active market, plan assets are classified within Level 1 of the valuation hierarchy. Level 1 plan assets include equity securities and mutual funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of plan assets with similar characteristics or discounted cash flows. Level 2 plan assets include corporate bonds. In certain cases where Level 1 or Level 2 inputs are not available, plan assets are classified within Level 3 of the hierarchy.

**CENTRAL ADMINISTRATIVE OFFICES OF THE
ROMAN CATHOLIC DIOCESE OF ERIE
NOTES TO FINANCIAL STATEMENTS**

The fair values of the Diocesan pension plan assets at December 31, 2023 and 2022, by asset class are as follows:

Asset Class	2023			
	Total Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
US Treasury Notes	\$ 250,394	\$ 250,394	\$ -	\$ -
Equity Securities				
Information Technology	784,442	784,442	-	-
Financial	369,173	369,173	-	-
Consumer Discretionary	277,154	277,154	-	-
Healthcare	290,084	290,084	-	-
Industrials	209,582	209,582	-	-
Energy	113,735	113,735	-	-
Telecommunication Services	254,628	254,628	-	-
Consumer Staples	178,057	178,057	-	-
Other	223,462	223,462	-	-
Money Market	512,522	512,522	-	-
Corporate Bonds	1,909,651	-	1,909,651	-
Growth Mutual Fund	316,884	316,884	-	-
Investments	<u>\$ 5,689,768</u>	<u>\$ 3,780,117</u>	<u>\$ 1,909,651</u>	<u>\$ -</u>
Common Trust Fund Measured at Net Asset Value (a)	<u>2,756,932</u>			
Total Investments at Fair Value	<u>\$ 8,446,700</u>			

**CENTRAL ADMINISTRATIVE OFFICES OF THE
ROMAN CATHOLIC DIOCESE OF ERIE
NOTES TO FINANCIAL STATEMENTS**

Asset Class	2022			
	Total Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
US Treasury Notes	\$ 165,956	\$ 165,956	\$ -	\$ -
Equity Securities				
Information Technology	625,233	625,233	-	-
Financial	271,061	271,061	-	-
Consumer Discretionary	199,667	199,667	-	-
Healthcare	310,265	310,265	-	-
Industrials	182,433	182,433	-	-
Energy	142,514	142,514	-	-
Telecommunication Services	149,278	149,278	-	-
Consumer Staples	171,670	171,670	-	-
Other	75,538	75,538	-	-
Money Market	333,662	333,662	-	-
Corporate Bonds	1,856,011	-	1,856,011	-
Growth Mutual Fund	272,827	272,827	-	-
Investments	<u>\$ 4,756,115</u>	<u>\$ 2,900,104</u>	<u>\$ 1,856,011</u>	<u>\$ -</u>
Common Trust Fund Measured at Net Asset Value (a)	<u>2,523,835</u>			
Total Investments at Fair Value	<u>\$ 7,279,950</u>			

(a) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in Note K.

Plan assets are held by a bank-administered trust fund, which invests the plan assets in accordance with the provisions of the plan agreements. The plan agreements permit investment in common stocks, corporate bonds and debentures, U.S. Government securities, certain insurance contracts, real estate and other specified investments, based on certain target allocation percentages. The plan does not invest in derivative securities.

**CENTRAL ADMINISTRATIVE OFFICES OF THE
 ROMAN CATHOLIC DIOCESE OF ERIE
 NOTES TO FINANCIAL STATEMENTS**

The following benefit payments (in thousands), which reflect expected future service, as appropriate, are expected to be paid as of December 31, 2023:

	Pension Benefits	Other Benefits
2024	\$ 1,264	\$ 160
2025	1,246	171
2026	1,185	175
2027	1,188	177
2028	1,166	180
2029-2033	5,651	964

**CENTRAL ADMINISTRATIVE OFFICES OF THE
ROMAN CATHOLIC DIOCESE OF ERIE
NOTES TO FINANCIAL STATEMENTS**

NOTE L FUNCTIONAL AND NATURAL EXPENSE CLASSIFICATIONS

Expenses, according to functional classification, incurred during the year ended December 31, 2023 are as follows:

	2023				Total Support Services	Total
	Program Services	Management and General	Fundraising	Support Services		
Salaries and Benefits - Clergy, Religious and Lay	\$ 4,342,782	\$ 1,214,516	\$ 8,685	\$ 1,223,201	\$ 5,565,983	
Insurance Claims and Reinsurance - Property and Casualty	2,181,757	242,417	-	242,417	2,424,174	
Insurance Claims and Reinsurance - Health	6,928,227	769,803	-	769,803	7,698,030	
Insurance Claims and Reinsurance - Unemployment	172,805	19,201	-	19,201	192,006	
Allocations to Related Agencies and Institutions	3,651,599	28,217	-	28,217	3,679,816	
Education, Training and Ministry Support	794,615	118,858	575	119,433	914,048	
Clergy Personnel Development and Support	532,845	14,390	(6)	14,384	547,229	
Facilities and Maintenance	178,202	19,666	157	19,823	198,025	
Occupancy Expense - Utilities, Rent and Insurance	197,704	42,472	386	42,858	240,562	
Interest Expense	-	1,128,575	-	1,128,575	1,128,575	
Depreciation	249,859	15,225	83	15,308	265,167	
External Services and Affiliations	1,300,118	303,629	4,329	307,958	1,608,076	
Legal Expenses	-	351,687	-	351,687	351,687	
Postage, Printing, Supplies and Office Expenses	182,934	25,739	103	25,842	208,776	
Other Costs	-	110,431	-	110,431	110,431	
	<u>\$ 20,713,447</u>	<u>\$ 4,404,826</u>	<u>\$ 14,312</u>	<u>\$ 4,419,138</u>	<u>\$ 25,132,585</u>	

**CENTRAL ADMINISTRATIVE OFFICES OF THE
ROMAN CATHOLIC DIOCESE OF ERIE
NOTES TO FINANCIAL STATEMENTS**

Expenses, according to functional classification, incurred during the year ended December 31, 2022 are as follows:

	2022				
	Program Services	Management and General	Fundraising Support Services	Total Support Services	Total
Salaries and Benefits - Clergy, Religious and Lay	\$ 3,951,379	\$ 1,234,762	\$ 7,683	\$ 1,242,445	\$ 5,193,824
Insurance Claims and Reinsurance - Property and Casualty	2,011,067	223,452	-	223,452	2,234,519
Insurance Claims and Reinsurance - Health	6,936,192	770,688	-	770,688	7,706,880
Insurance Claims and Reinsurance - Unemployment	(183,106)	(20,345)	-	(20,345)	(203,451)
Allocations to Related Agencies and Institutions	3,656,841	30,828	-	30,828	3,687,669
Education, Training and Ministry Support	700,261	105,945	615	106,560	806,821
Clergy Personnel Development and Support	397,445	17,237	-	17,237	414,682
Facilities and Maintenance	145,926	52,671	107	52,778	198,704
Occupancy Expense - Utilities, Rent and Insurance	169,931	39,860	293	40,153	210,084
Interest Expense	-	552,694	-	552,694	552,694
Depreciation	240,150	15,802	79	15,881	256,031
External Services and Affiliations	1,234,499	263,935	2,365	266,300	1,500,799
Legal Expenses	-	404,208	-	404,208	404,208
Postage, Printing, Supplies and Office Expenses	183,834	27,521	113	27,634	211,468
Other Costs	-	123,944	-	123,944	123,944
	<u>\$ 19,444,419</u>	<u>\$ 3,843,202</u>	<u>\$ 11,255</u>	<u>\$ 3,854,457</u>	<u>\$ 23,298,876</u>

**CENTRAL ADMINISTRATIVE OFFICES OF THE
ROMAN CATHOLIC DIOCESE OF ERIE
NOTES TO FINANCIAL STATEMENTS**

NOTE M DISCLOSURES ABOUT FAIR VALUE OF ASSETS AND LIABILITIES

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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

**CENTRAL ADMINISTRATIVE OFFICES OF THE
ROMAN CATHOLIC DIOCESE OF ERIE
NOTES TO FINANCIAL STATEMENTS**

Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2023 and 2022:

	2023			
	Total Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets at Fair Value:				
U.S. Treasury Notes	\$ 284,821	\$ 284,821	\$ -	\$ -
Equity Securities				
Industrials	3,522,007	3,522,007	-	-
Consumer Discretionary	2,318,776	2,318,776	-	-
Consumer Staples	1,026,044	1,026,044	-	-
Energy	606,163	606,163	-	-
Financial	2,888,737	2,888,737	-	-
Information Technology	5,185,898	5,185,898	-	-
Healthcare	1,721,274	1,721,274	-	-
Materials	598,596	598,596	-	-
Telecommunication	1,588,611	1,588,611	-	-
Real Estate	493,842	493,842	-	-
Utilities	438,914	438,914	-	-
Other	2,871,081	73,361	2,797,720	-
Mutual Funds				
Growth and Value	7,891,561	7,891,561	-	-
Index	174,912	174,912	-	-
Total Return	3,134,534	3,134,534	-	-
Income	4,987,839	4,987,839	-	-
Corporate Bonds	5,170,497	-	5,170,497	-
Municipal Bonds	113,796	-	113,796	-
Government Agency Bonds	595,932	-	595,932	-
	45,613,835	36,935,890	8,677,945	-
Interest in Assets Held at the Catholic Foundation of NWPA	772,058	-	-	772,058
Total Investments at Fair Value	\$ 46,385,893	\$ 36,935,890	\$ 8,677,945	\$ 772,058
Liabilities at Fair Value:				
Annuity Obligations	\$ 522,208	\$ -	\$ -	\$ 522,208

**CENTRAL ADMINISTRATIVE OFFICES OF THE
ROMAN CATHOLIC DIOCESE OF ERIE
NOTES TO FINANCIAL STATEMENTS**

	2022			
	Fair Value Measurements Using			
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets at Fair Value:				
U.S. Treasury Notes	\$ 300,085	\$ 300,085	\$ -	\$ -
Equity Securities				
Industrials	2,730,537	2,730,537	-	-
Consumer Discretionary	1,841,799	1,841,799	-	-
Consumer Staples	997,536	997,536	-	-
Energy	708,936	708,936	-	-
Financial	2,338,176	2,338,176	-	-
Information Technology	4,298,369	4,298,369	-	-
Healthcare	1,796,031	1,796,031	-	-
Materials	426,749	426,749	-	-
Telecommunication	1,145,773	1,145,773	-	-
Real Estate	220,225	220,225	-	-
Utilities	277,189	277,189	-	-
Other	2,307,574	109,104	2,198,470	-
Mutual Funds				
Growth and Value	6,778,310	6,778,310	-	-
Index	133,975	133,975	-	-
Total Return	3,174,220	3,174,220	-	-
Income	6,147,090	6,147,090	-	-
Corporate Bonds	4,420,658	-	4,420,658	-
Municipal Bonds	111,784	-	111,784	-
Government Agency Bonds	536,287	-	536,287	-
	40,691,303	33,424,104	7,267,199	-
Interest in Assets Held at the Catholic Foundation of NWPA	653,333	-	-	653,333
Total Investments at Fair Value	\$ 41,344,636	\$ 33,424,104	\$ 7,267,199	\$ 653,333
Liabilities at Fair Value:				
Annuity Obligations	\$ 490,633	\$ -	\$ -	\$ 490,633

**CENTRAL ADMINISTRATIVE OFFICES OF THE
ROMAN CATHOLIC DIOCESE OF ERIE
NOTES TO FINANCIAL STATEMENTS**

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2023. For liabilities currently classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Interest in Assets Held at the Catholic Foundation of NWPA

This amount represents an undivided interest in pooled asset accounts at the Foundation. Pooled assets at the Foundation represent a blend of equity, fixed income, and mutual fund securities. Fair value is determined by the Foundation based upon the Diocese's share of the pooled investments and are classified within Level 3 of the valuation hierarchy based on the lowest level input that is significant to the fair value measurement.

Annuity Obligations

The carrying value approximates fair value, which is estimated based on the borrowing rates currently available to the Diocese for bank loans with similar terms and maturities.

NOTE N SIGNIFICANT ESTIMATES AND CONCENTRATIONS

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Deferred Compensation Agreement

As described in Note G, the amount of annual expense accrued for deferred compensation is based on an estimate of the total amounts payable under the contract over the estimated life expectancy of the beneficiary.

Pension and Other Postretirement Benefit Obligations

The Diocese has a noncontributory defined benefit pension and postretirement health care plan whereby it agrees to provide certain postretirement benefits to eligible employees. The benefit obligation is the actuarial present value of all benefits attributed to service rendered prior to the valuation date based on the projected unit credit cost method. It is reasonably possible that events could occur that would change the estimated amount of this liability materially in the near term.

**CENTRAL ADMINISTRATIVE OFFICES OF THE
ROMAN CATHOLIC DIOCESE OF ERIE
NOTES TO FINANCIAL STATEMENTS**

Investments

The Diocese invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

Investigation and Litigation

The Diocese is subject to claims and lawsuits that arose primarily in the ordinary course of business. With the exception of the items noted below, it is the opinion of management the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, results of operations and cash flows of the Diocese. Events could occur that would change this estimate materially in the near term.

In September 2016, the Diocese was served with a Pennsylvania grand jury subpoena by the Pennsylvania Deputy Attorney General, seeking information related to the sexual abuse of children by clergy or employees of the Diocese from the year 1947 to current. The Diocese continues to cooperate fully with this investigation, and counsel continues to review potential for insurance coverage claims regarding this matter. On February 15, 2019, the Diocese initiated the Diocese of Erie's Survivors' Reparation Fund (the "Fund"), a voluntary program offering compensation to survivors of sexual abuse whose claims are barred by the relevant statute of limitations. The Fund was administered by independent counsel that are leading practitioners in the field of victim compensation funds. The deadline for submitting claims to the Fund was August 15, 2019, and 171 claims were submitted for evaluation. The Fund ended in April 2021 and issued determinations on 140 claims and awarded approximately \$16,600,000.

On October 9, 2018, the Diocese was served with a federal grand jury subpoena by the United States Attorney's Office for the Eastern District of Pennsylvania. The Diocese has retained counsel for this matter. The subpoena seeks information related to the sexual abuse of children by current or former clergy or employees of the Diocese dating from 2001 to the present. Additionally, the subpoena seeks to identify current and former clergy or employees of the Diocese who reportedly or allegedly produced, transported, shipped, received, distributed, or possessed a photograph or other visual depiction of a minor or who reportedly or allegedly induced, enticed, coerced, or transported any minor across any state or international border. The government's investigation is ongoing, and the Diocese intends to continue to cooperate fully with this investigation. The Diocese is unable to predict the outcome of the government's ongoing investigation, or the possible loss or range of loss, if any, which could be associated with the resolution of any possible criminal charges or civil claims that may be brought against the Diocese related to this investigation. Should such charges or claims be brought, the Diocese could face significant fines, damage awards, or regulatory consequences which could have a material adverse effect on the Diocese's business, financial position, and results of operations.

The Diocese continues to incur legal fees and ongoing support costs related to new and existing abuse claims, these expenses are recorded within legal expenses on the statement of activities.

**CENTRAL ADMINISTRATIVE OFFICES OF THE
ROMAN CATHOLIC DIOCESE OF ERIE
NOTES TO FINANCIAL STATEMENTS**

NOTE O REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue Recognition Policy

Substantially all of the Diocese's revenues and support are derived from the Catholic Services Appeal (CSA) and assessments received from the parishes for programs and activities administered by the CAO. Revenue is also received from the parishes and other affiliates as a result of their participation in self-insured group health and property/casualty insurance programs administered by the Diocese.

Transaction Price

Revenue is recognized when services are provided to the Diocese's parishes or other affiliates, in an amount that reflects the consideration that it expects to be entitled to in exchange for those services. The amount and timing of revenue recognition varies based on the nature of the services provided and the terms and conditions of the agreements with the parishes or other affiliates. There are no finance components with these services, and consideration received is fixed.

Contract Balances

Contract assets or receivables will be recognized if the services have been performed for the parish, school or affiliate, but they have not yet paid. When the timing of the Diocese's provision of services are different from the timing of the payments made, the Diocese recognizes a contract asset (performance precedes contractual due date). A receivable will be recognized when the services are performed and the customer has not yet paid.

Amounts received from parishes, schools or affiliates under agreements with the Diocese are recorded as a contract liability or deferred revenue until the contract terms are fulfilled. Deferred revenues at December 31, 2023 and 2022 were \$996,732 and \$1,102,202, respectively, and consisted entirely of amounts received for insurance assessments.

**CENTRAL ADMINISTRATIVE OFFICES OF THE
ROMAN CATHOLIC DIOCESE OF ERIE
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Other sources of revenue are invoiced per the terms of contractual agreements (if any).

Accounts receivable at December 31, 2023 and 2022 consists of the following:

	<u>2023</u>	<u>2022</u>
Assessment Receivables	\$ 1,945,827	\$ 1,850,090
Assessment Allowance	<u>(1,655,111)</u>	<u>(1,602,505)</u>
Net Assessments Receivable	290,716	247,585
CSA Receivables	661,795	698,966
CSA Allowance	<u>(482,462)</u>	<u>(443,060)</u>
Net CSA Receivable	179,333	255,906
Other Receivables	4,608,702	4,791,450
Other Allowance	<u>(439,000)</u>	<u>(427,000)</u>
Net Other Receivable	4,169,702	4,364,450
Total Accounts Receivable	7,216,324	7,340,506
Total Allowance	<u>(2,576,573)</u>	<u>(2,472,565)</u>
Net Total Accounts Receivable	<u>\$ 4,639,751</u>	<u>\$ 4,867,941</u>

Other accounts receivable relates primarily to receivables and loans to parishes, schools and other affiliates. See Note B for further detail.

Performance Obligations and Revenue Recognition

Catholic Services Appeal (CSA) Revenues

The Diocese's performance obligation for the CSA is to provide the parishes, schools and affiliated entities various programmatic and administrative services through the Central Administrative Offices. The performance obligation is to provide the services. Revenue is recognized monthly as the services are provided over time.

Diocesan Assessment (Assessment) Revenues

The Diocese's performance obligation for the Assessments is to provide the parishes, schools and affiliated entities assistance with administrating their appropriated financial responsibilities for the operations of the Diocese, Priest Retirement and Benefits, and Catholic School Support. The performance obligation is to provide the services. Revenue is recognized monthly as the services are provided over time.

**CENTRAL ADMINISTRATIVE OFFICES OF THE
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Insurance Program Revenues

The Diocese's performance obligation for Insurance Program Revenues is to provide the parishes, schools and affiliated entities assistance with administrating their financial responsibilities for the self-insured group health and property/casualty insurance. The performance obligation is to provide the services. As these services are provided, deferred revenues are reduced, and revenues are recognized. Revenues related to these services crossing fiscal years is recognized over time on a pro-rated basis based on number of months in each contract period.

Other Revenue Sources

The Diocese's other revenue sources consist of program services, departmental revenues, and other miscellaneous revenues. These other revenue sources are recognized monthly over the period in which the applicable performance obligations are satisfied.

The Diocese has elected the practical expedient in ASC-606-10-50-14 to not disclose the information about remaining performance obligations that have original expected durations of one year or less.

Disaggregation of Revenue

Substantially all of the Diocese's material revenue sources sales are recognized over time and are disaggregated on the face of the statements of activities.

NOTE P SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 17, 2024, which is the date the financial statements were available to be issued.

As described in Note E, the Diocese subsequently paid the outstanding balance due on the line of credits at the end of February 2024. This payment is expected to positively impact the Diocese's future financial performance by reducing interest expense and enhancing financial flexibility.