

**ROMAN CATHOLIC DIOCESE
OF SYRACUSE, NEW YORK**

FINANCIAL STATEMENTS

June 30, 2021 and 2020

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Dermody, Burke & Brown, CPAs, LLC

INDEPENDENT AUDITORS' REPORT

FINANCE COUNCIL ROMAN CATHOLIC DIOCESE OF SYRACUSE, NEW YORK

Report on the Financial Statements

We have audited the accompanying financial statements of the **ROMAN CATHOLIC DIOCESE OF SYRACUSE, NEW YORK** (the "Diocese"), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Roman Catholic Diocese of Syracuse, New York as of June 30, 2021 and 2020, 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.

Substantial Doubt about the Organization's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming the Roman Catholic Diocese of Syracuse, New York will continue as a going concern. As described in Note 3 to the financial statements, the Diocese has been the subject of material claims associated with the Child Victims Act. As a result of the significant number and dollar value of claims, the Diocese believes that these conditions raise substantial doubt about its ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding those matters are also described in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying information on pages 31 to 36 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 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 taken as a whole.

Dermody, Burke & Brown

DERMODY, BURKE & BROWN, CPAs, LLC

Syracuse, New York

November 9, 2021

ROMAN CATHOLIC DIOCESE OF SYRACUSE, NEW YORK

AUDITED FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION

June 30, 2021 and 2020

ASSETS

	2021	2020
Cash	\$ 922,343	\$ 2,332,201
Accounts Receivable, Net	2,827,016	1,901,682
Mortgages and Notes Receivable, Net	2,140,187	2,190,186
Prepaid Expenses and Other Assets	382,061	659,414
Investments:		
Collateral Held by Others	13,958,224	14,209,661
Designated for Specific Use	3,354,387	3,393,662
Investment in Non-Affiliated Entity	195,376	195,376
Designated for Self-Insurance Program	17,546,057	10,629,870
Total Investments	35,054,044	28,428,569
Land, Buildings and Equipment, Net of Accumulated Depreciation	2,342,149	2,568,884
TOTAL ASSETS	\$ 43,667,800	\$ 38,080,936

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable and Accrued Expenses	\$ 1,860,672	\$ 1,062,725
Accrued Insurance Reserves	5,503,729	5,854,261
Deferred Income	602,945	502,938
Due to Affiliated Organizations	861,824	830,201
Liability for Custodial Accounts	334,229	625,692
Paycheck Protection Program Refundable Advance	0	1,256,123
Notes Payable	6,233,241	6,446,962
Pension Obligation	20,809,591	21,403,512
Total Liabilities	36,206,231	37,982,414

NET ASSETS

Without Donor Restrictions	6,817,002	(580,492)
With Donor Restrictions	644,567	679,014
Total Net Assets	7,461,569	98,522

TOTAL LIABILITIES AND NET ASSETS	\$ 43,667,800	\$ 38,080,936
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See notes to financial statements.

ROMAN CATHOLIC DIOCESE OF SYRACUSE, NEW YORK

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2021 and 2020

	2021	2020
REVENUE AND SUPPORT		
Contributions	\$ 798,619	\$ 746,265
Hope Appeal Grant from Foundation	3,642,225	3,758,271
Fees and Other Services	97,830	108,018
	4,538,674	4,612,554
PROGRAM SERVICES		
Faith Formation	203,830	203,020
Tuition Assistance	625,000	650,000
Catholic School Office Support, Net of Revenue of \$454,482 and \$545,832, Respectively	303,140	322,263
Community Service	858,288	870,891
Pastoral	449,839	456,588
Evangelization	194,309	198,278
Hospital Ministry	173,374	173,632
Family and Respect for Life	335,846	338,142
Campus Ministry	377,302	396,857
Youth Ministry	351,117	315,931
Retreat House	50,000	50,000
Communications	285,105	286,066
Vicar for Parishes	115,082	110,967
Marriage Tribunal	136,836	159,099
Other	79,606	80,820
	4,538,674	4,612,554
Change in Net Assets Without Donor Restrictions from Program Services	0	0
OPERATIONS		
Syracuse Catholic Insurance Fund, Net	4,078,198	3,291,601
Catholic School Fund, Net	131,426	(188,652)
Plant Fund, Net	(578,578)	(579,870)
Central Administration Support Services, Net	(450,031)	(567,572)
	3,181,015	1,955,507
CABRINI TEAM HEALTH RELEASED FROM RESTRICTIONS	264,035	3,109
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS BEFORE NON-OPERATING ACTIVITY	\$ 3,445,050	\$ 1,958,616

See notes to financial statements.

ROMAN CATHOLIC DIOCESE OF SYRACUSE, NEW YORK

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2021 and 2020

	2021	2020
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS BEFORE NON-OPERATING ACTIVITY	\$ 3,445,050	\$ 1,958,616
NON-OPERATING ACTIVITY		
Investment Fund, Net	6,607,416	715,265
Lay Pension Plan Contributions	(750,000)	(600,000)
Capital Contributions	(67,648)	(67,648)
Depreciation	(251,067)	(232,165)
Bad Debt Recoveries (Expense)	90,134	(128,721)
Paycheck Protection Program Funding	1,256,123	0
Total Non-Operating Activity	6,884,958	(313,269)
Change in Net Assets Without Donor Restrictions before Pension Obligation Adjustment and Other Adjustments	10,330,008	1,645,347
Pension Obligation Adjustment	593,921	(2,842,210)
Attorney General Inquiry	0	(35,369)
Child Victims Act / Reorganization Expense	(3,146,789)	(1,523,250)
IRCP Loan Interest	(150,058)	(250,472)
Total Change in Net Assets Without Donor Restrictions	7,627,082	(3,005,954)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	0	682,123
CabrinI Team Health Released from Restrictions	(264,035)	(3,109)
Total Change in Net Assets With Donor Restrictions	(264,035)	679,014
Total Change in Net Assets	7,363,047	(2,326,940)
Net Assets, Beginning of Year	98,522	2,414,977
Transfer from Clerical Fund	0	24,386
Transfer to Gift Annuity	0	(13,901)
Net Assets, End of Year	\$ 7,461,569	\$ 98,522

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2021 with Comparative Totals
for Year Ended June 30, 2020

	Salaries and Wages	Payroll Taxes and Benefits	Occupancy Costs	Office Expenses
Program Services:				
Faith Formation	\$ 170,024	\$ 22,172	\$ 0	\$ 6,635
Tuition Assistance	0	0	0	0
Catholic School Office Support	501,930	41,764	7,908	14,497
Community Service	204,514	65,022	11,014	4,579
Pastoral	190,758	54,937	0	11,898
Evangelization	120,440	30,964	0	7,245
Hospital Ministry	135,201	38,173	0	0
Family and Respect for Life	191,919	44,227	0	2,193
Campus Ministry	189,456	35,795	47,597	12,180
Youth Ministry	205,003	44,950	0	9,121
Retreat House	0	0	0	0
Communications	103,932	31,275	1,000	4,351
Vicar for Parishes	72,884	35,261	0	2,725
Marriage Tribunal	105,062	31,134	0	436
Other	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
Total Program Services	2,191,123	475,674	67,519	75,860
Management and General:				
Plant Fund	319,903	56,741	675,825	15,176
Depreciation	0	0	0	0
Central Administration				
Supportive Services	1,402,167	313,759	87,890	261,689
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Total Management and General	1,722,070	370,500	763,715	276,865
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TOTAL FUNCTIONAL EXPENSES	\$ 3,913,193	\$ 846,174	\$ 831,234	\$ 352,725

ROMAN CATHOLIC DIOCESE OF SYRACUSE, NEW YORK

Program Expenses	Advertising	Administrative Expenses	Depreciation Expense	Total	
				2021	2020
\$ 2,079	\$ 0	\$ 2,920	\$ 0	\$ 203,830	\$ 203,020
625,000	0	0	0	625,000	650,000
121,398	16,220	115,798	0	819,515	938,814
571,623	0	1,536	0	858,288	870,891
165,101	0	27,145	0	449,839	456,588
31,381	1,155	3,124	0	194,309	198,278
0	0	0	0	173,374	173,632
97,297	0	210	0	335,846	338,142
82,904	0	9,370	0	377,302	396,857
88,948	0	3,095	0	351,117	315,931
50,000	0	0	0	50,000	50,000
90,273	52,038	2,236	0	285,105	286,066
1,411	0	2,801	0	115,082	110,967
204	0	0	0	136,836	159,099
64,606	0	15,000	0	79,606	80,820
<u>1,992,225</u>	<u>69,413</u>	<u>183,235</u>	<u>0</u>	<u>5,055,049</u>	<u>5,229,105</u>
1,510	0	125,873	0	1,195,028	1,024,117
0	0	0	251,067	251,067	232,165
<u>72,329</u>	<u>0</u>	<u>327,010</u>	<u>0</u>	<u>2,464,844</u>	<u>2,559,826</u>
<u>73,839</u>	<u>0</u>	<u>452,883</u>	<u>251,067</u>	<u>3,910,939</u>	<u>3,816,108</u>
<u>\$ 2,066,064</u>	<u>\$ 69,413</u>	<u>\$ 636,118</u>	<u>\$ 251,067</u>	<u>\$ 8,965,988</u>	<u>\$ 9,045,213</u>

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020

	Salaries and Wages	Payroll Taxes and Benefits	Occupancy Costs	Office Expenses
Program Services:				
Faith Formation	\$ 164,977	\$ 21,447	\$ 230	\$ 7,916
Tuition Assistance	0	0	0	0
Catholic School Office Support	559,271	60,501	7,436	73,887
Community Service	212,564	63,459	12,515	5,694
Pastoral	176,673	56,213	0	14,125
Evangelization	116,721	30,437	0	5,348
Hospital Ministry	136,356	37,276	0	0
Family and Respect for Life	182,119	42,276	0	3,057
Campus Ministry	195,444	40,106	46,013	12,119
Youth Ministry	197,825	44,087	0	4,189
Retreat House	0	0	0	0
Communications	101,639	23,818	1,000	3,100
Vicar for Parishes	67,159	35,267	0	3,450
Marriage Tribunal	128,599	28,640	0	1,842
Other	0	180	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
Total Program Services	2,239,347	483,707	67,194	134,727
Management and General:				
Plant Fund	347,264	59,466	483,864	12,916
Depreciation	0	0	0	0
Central Administration				
Supportive Services	<hr/> 1,381,822	<hr/> 324,461	<hr/> 57,183	<hr/> 313,517
	<hr/>	<hr/>	<hr/>	<hr/>
Total Management and General	1,729,086	383,927	541,047	326,433
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FUNCTIONAL EXPENSES	\$ 3,968,433	\$ 867,634	\$ 608,241	\$ 461,160

ROMAN CATHOLIC DIOCESE OF SYRACUSE, NEW YORK

Program Expenses	Advertising	Administrative Expenses	Depreciation Expense	Total Expenses
\$ 3,135	\$ 0	\$ 5,315	\$ 0	\$ 203,020
650,000	0	0	0	650,000
105,322	15,477	116,920	0	938,814
572,534	0	4,125	0	870,891
183,022	0	26,555	0	456,588
32,302	1,730	11,740	0	198,278
0	0	0	0	173,632
109,716	0	974	0	338,142
93,474	0	9,701	0	396,857
67,177	0	2,653	0	315,931
50,000	0	0	0	50,000
84,407	69,793	2,309	0	286,066
2,148	0	2,943	0	110,967
0	0	18	0	159,099
65,640	0	15,000	0	80,820
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2,018,877	87,000	198,253	0	5,229,105
864	0	119,743	0	1,024,117
0	0	0	232,165	232,165
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148,208	0	334,635	0	2,559,826
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149,072	0	454,378	232,165	3,816,108
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>\$ 2,167,949</u>	<u>\$ 87,000</u>	<u>\$ 652,631</u>	<u>\$ 232,165</u>	<u>\$ 9,045,213</u>

See notes to financial statements.

ROMAN CATHOLIC DIOCESE OF SYRACUSE, NEW YORK

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 7,363,047	\$ (2,326,940)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities:		
Depreciation Expense	251,067	232,165
Gain on Investments	(6,138,045)	(341,254)
Loss on Disposal of Equipment	2,904	887
Bad Debt (Recoveries) Expense	(99,529)	107,287
Pension Obligation Adjustment	(593,921)	2,842,210
Due to Clerical Fund	0	24,386
Transfer to Gift Annuity	0	(13,901)
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(825,805)	492,454
Prepaid Expenses and Other Assets	277,353	(231,516)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Expenses	797,947	375,470
Accrued Independent Account Reconciliation Program	0	(60,000)
Accrued Insurance Reserves	(350,532)	(472)
Refundable Advances	100,007	88,647
Due to Affiliated Organizations	31,623	(2,595,481)
Liability for Custodial Accounts	(291,463)	334,218
Paycheck Protection Program Refundable Advance	(1,256,123)	1,256,123
Net Cash Provided By (Used In) Operating Activities	(731,470)	184,283
CASH FLOWS FROM INVESTING ACTIVITIES		
Mortgages and Notes Receivable - Net Change	49,999	252,501
Withdrawal from Investments	0	1,909,360
Investment Activity - Net	(487,430)	(1,814,714)
Building and Equipment Additions	(27,236)	(187,435)
Net Cash Provided By (Used In) Investing Activities	(464,667)	159,712
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Notes Payable	(213,721)	(53,038)
Net Cash Used In Financing Activities	(213,721)	(53,038)
Net Change in Cash	(1,409,858)	290,957
Cash, Beginning of Year	2,332,201	2,041,244
Cash, End of Year	\$ 922,343	\$ 2,332,201

See notes to financial statements.

ROMAN CATHOLIC DIOCESE OF SYRACUSE, NEW YORK

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 1 – NATURE OF OPERATIONS

The Roman Catholic Diocese of Syracuse, New York (the “Diocese”) was originally incorporated under New York Law in 1886 to serve the Catholic Community in Central and South Central New York. The Diocese was reincorporated in 1968 under a Legislative Act of the New York State Senate and Assembly. The Diocese serves approximately 227,000 Catholics residing in the following seven New York State counties: Broome, Chenango, Cortland, Madison, Oneida, Onondaga and Oswego. The primary activity of the Diocese is to provide support to the other independent legal entities of the Diocese in achieving the mission of Evangelization.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting.

Financial Statement Presentation

The financial statements of the Diocese have been prepared in accordance with U.S. generally accepted accounting principles, which require the Diocese to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Diocese. These net assets may be used at the discretion of the Diocese’s management and the finance council.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Diocese or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Diocese had net assets restricted by purpose of \$414,979 and \$679,014 for the years ended June 30, 2021 and 2020, respectively. Donor restricted net assets will be used to support the Catholic Schools in improving education and health outcomes for low-income students.

On an annual basis the Diocese receives grants from the HOPE Appeal campaign conducted by the Foundation of the Roman Catholic Diocese of Syracuse, Inc. These grants are donor restricted and are spent by the Diocese for HOPE Appeal programs only. Any unused HOPE Appeal funds are designated for return to the Foundation of the Roman Catholic Diocese of Syracuse, Inc., therefore there are no net assets held by the Diocese that are associated with HOPE Appeal restricted funds.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Revenue Recognition

Contributions are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor imposed stipulations. Additionally, gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law. Upon the expirations of restrictions on net assets due to time or purpose; that is, the donor-imposed stipulated purpose has been accomplished and/or the stipulated time period has elapsed, such net assets are released from restrictions and reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Dividends, interest, and net gains on investments subject to donor-imposed stipulations that the corpus be maintained in perpetuity are reported as increases in net assets with donor restrictions since the terms of these gifts impose restrictions on the income and net gains.

Parish assessments paid by the parishes are billed by the Diocese and are recognized as revenue when the assessment is billed. Insurance premiums charged to the parishes and other Diocesan entities are billed monthly and are recognized as revenue in the month billed.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Diocese uses the indirect method of reporting net cash flows from operating activities and considers all short-term investments with an original maturity of three months or less to be cash equivalents. There were no cash equivalents included in cash as of June 30, 2021 and 2020.

The Diocese places its operating cash holdings with several financial institutions and thus all cash held in excess of the FDIC insurable limit is subject to the solvency of those particular financial institutions. From time to time throughout the year bank balances exceeded insurance limits and management considered those circumstances to be a normal business risk.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Investments

The Diocese reports investments at fair value. Fair value is determined principally on the basis of quoted market prices. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the net change in net assets. Investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities and obligations and the level of uncertainty related to changes in the value of these investments, it is at least reasonably possible that changes in risk in the near term would materially affect the amounts reported in the statements of financial position and the statements of activities.

Investment designations are as follows:

- Collateral Held by Others – This consists of the maximum amount of investments required to meet bank requirements for debt agreements. The table below outlines the maximum collateral required and collateral pledged. See Note 11.
- Designated for Specific Use – This consists mainly of investments restricted for Hope Appeal Ministries, the elementary schools and various other departments within the Diocese.
- Investment in Non-Affiliated Entity – This consists of an investment in the National Catholic Risk Retention Group, Inc.
- Self-Insurance Program – This consists of investments designated for potential uninsured losses.

Land, Buildings and Equipment

Land, buildings and equipment are capitalized at cost when purchased or at fair value at date of donation. Depreciation on buildings and equipment is calculated using the straight-line method over the estimated useful life of the respective asset. All acquisitions of land, buildings and equipment in excess of \$25,000 and all expenditures for repairs and maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized. Maintenance and repairs are charged to expense when incurred.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Functional Allocation of Expenses

The costs of providing programs have been charged directly and summarized on a functional basis in the statement of functional expenses.

Use of Estimates

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

Tax Exempt Status

No provision for income taxes is required since the Diocese is exempt from federal income tax under provisions of Section 501(c)(3) of the Internal Revenue Code. Accordingly, and under similar requirements of New York State law, no provision has been made for federal or state taxes. Management is not aware of any unrelated business activities that may be subject to unrelated business income tax or any activities that would jeopardize the Diocese's tax exempt status.

Reclassifications

Certain 2020 amounts have been reclassified to conform to the 2021 financial statement presentation. Total assets, liabilities, and net assets are unchanged due to the reclassification.

Subsequent Events

Management has evaluated subsequent events through November 9, 2021, which is the date the financial statements were available to be issued.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 3 – GOING CONCERN UNCERTAINTY

On February 14, 2019, New York State signed into law the Child Victims Act (CVA). This legislation provided for the following:

- Extended New York State’s statute of limitations for child abuse claims;
- Allowed for criminal charges against abusers of children until their victims turn 28 years of age, vs. the previous law which provided that right up to age 23;
- Allowed for civil actions against abusers, and institutions where they were abused, until their victims turn 55; and
- Opened a two-year window beginning on August 14, 2019, permitting any victim of child abuse to take civil action, regardless of when the abuse occurred. This window has since been extended to August 14, 2021.

As a result of the passage of the CVA, through the date of this report, the Diocese has been notified or become aware of a significant number of abuse related claims for alleged inappropriate conduct. Aggregate demands for damages from these claims and lawsuits are expected to be material, although presently not determinable. During the timeframe of the alleged abuses, the Diocese had a combination of commercial insurance coverage and self-insurance programs. At present, the Diocese is not certain as to the amount of commercial coverage available to assist it in meeting its ultimate obligations for these matters.

In response to the magnitude of both the number of claims and lawsuits and alleged damages, on June 18, 2020, the Diocese filed a voluntary petition for reorganization under Chapter 11 of the Federal Bankruptcy Code and was authorized to continue managing and operating as a debtor in possession subject to the control and supervision of the Bankruptcy Court. The Diocese believes that this filing best allows the Diocese to manage the claims adjudication process in an orderly manner as well as to ensure the equitable treatment of all claimants. The Diocese believes that this process will result in the eventual settlement of the claims and ultimately in the Diocese’s ability to conduct ongoing business operations consistent with its recent historical practices.

The ability of the Diocese to remain as a going concern and meet its obligations as they become due is dependent on the outcome of the reorganization case. These factors create substantial doubt about the Diocese’s ability to continue as a going concern for the year following the date the financial statements are available to be issued. The financial statements do not include any adjustments that might be necessary if the Diocese is unable to continue as a going concern.

ROMAN CATHOLIC DIOCESE OF SYRACUSE, NEW YORK

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 4 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Diocese’s financial assets as of June 30, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the statements of financial position date.

	2021	2020
Financial Assets:		
Cash	\$ 922,343	\$ 2,332,201
Accounts Receivable, Net	2,827,016	1,901,682
Mortgages and Notes Receivable, Net	2,140,187	2,190,186
Investments	<u>35,054,044</u>	<u>28,428,569</u>
Total Financial Assets	40,943,590	34,852,638
Financial Assets Not Available in One Year:		
Long-Term Portion of Mortgages and Notes Receivable	(2,140,187)	(2,190,186)
Investments:		
Collateral Held by Others	(13,958,224)	(14,209,661)
Designated for Specific Use	(3,354,387)	(3,393,662)
Investment in Non-Affiliated Entity	(195,376)	(195,376)
Designated for Self Insurance Program	<u>(17,546,057)</u>	<u>(10,629,870)</u>
Total Investments	(35,054,044)	(28,428,569)
Due to Affiliated Organizations	(861,824)	(830,201)
Liability for Custodial Accounts	(334,229)	(625,692)
Donor Restricted Net Assets	<u>(644,567)</u>	<u>(679,014)</u>
Total Financial Assets Not Available in One Year	<u>(39,034,851)</u>	<u>(32,753,662)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 1,908,739</u>	<u>\$ 2,098,976</u>

The Diocese’s financial assets held are primarily for budgeted operating expenses and to satisfy bank debt. The Diocese’s defined benefit pension plan is underfunded by \$20,809,591 and \$21,403,512 as of June 30, 2021 and 2020, respectively. As a result, the Diocese may need to provide additional funding in future years. The Diocese has also established reserves to cover claims for its self-insured programs, however, there is still a risk of unpredicted or catastrophic claims which could have a significant financial impact on its financial assets.

ROMAN CATHOLIC DIOCESE OF SYRACUSE, NEW YORK

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 5 – ACCOUNTS RECEIVABLE

Accounts receivable consist mainly of amounts due for insurance premiums and program services provided to participating Diocesan entities. An allowance for uncollectible accounts is maintained, which is based on management's assessment of the collectability of accounts receivable. The allowance for uncollectible accounts was \$101,078 and \$183,078 as of June 30, 2021 and 2020, respectively.

NOTE 6 – MORTGAGES AND NOTES RECEIVABLE

Mortgages and notes receivable consist of loans to Diocesan entities at various interest rates and terms of repayment. An allowance for uncollectible accounts is maintained, which is based on management's assessment of the collectability of mortgages and notes receivable. The allowance for uncollectible accounts was \$620,564 and \$634,781 as of June 30, 2021 and 2020, respectively.

NOTE 7 – INVESTMENTS

The Diocese's investments consist of corporate equity securities, government and corporate bonds, exchange-traded and closed-ended funds, and cash equivalents. These investments are subject to market and credit risks due to changes in market conditions and interest rates. Corporate equity securities are subject to market value changes associated with publicly held equity securities. Governmental and corporate bond values will fluctuate due to interest rate changes. The Diocese utilizes the services of outside money managers for the majority of its investments.

ROMAN CATHOLIC DIOCESE OF SYRACUSE, NEW YORK

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 7 – INVESTMENTS – Continued

The Diocese operates a cooperative investment and deposit program for the mutual benefit of Diocesan organizations, parishes, and related organizations. The Syracuse Diocesan Investment Fund (SDIF) consists mainly of cash equivalents and mutual funds.

Investments by category are summarized below:

	2021	2020
Cash Equivalents	\$ 1,770,408	\$ 3,012,773
Mutual Funds	1,269,870	968,934
Equity Securities	10,096,655	11,788,639
Governmental and Corporate Bonds	7,557,245	6,590,013
Exchange-Traded and Closed-Ended Funds	10,810,103	2,479,172
Other Investments	3,549,763	3,589,038
	<hr/>	<hr/>
Total	<u>\$ 35,054,044</u>	<u>\$ 28,428,569</u>

Net investment activity consists of the following:

	2021	2020
Dividends and Interest	\$ 678,728	\$ 586,204
Realized Gain	1,045,296	1,033,868
Investment and Affiliation Fees	(209,357)	(212,193)
Unrealized Gain (Loss)	5,092,749	(692,614)
	<hr/>	<hr/>
Total	<u>\$ 6,607,416</u>	<u>\$ 715,265</u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 7 – INVESTMENTS – Continued

Fair Value Measurements

Guidance provided by the Financial Accounting Standards Board defines fair value as 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. When measuring fair value, a fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability.

The three levels of the fair value hierarchy are described below:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

ROMAN CATHOLIC DIOCESE OF SYRACUSE, NEW YORK

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 7 – INVESTMENTS – Continued

Fair Value Measurements – Continued

Fair values of assets measured utilizing the levels of the fair value hierarchy as of June 30, 2021 and 2020:

Fair Value Measurements as of June 30, 2021

	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	\$ 1,770,408	\$ 0	\$ 0	\$ 1,770,408
Mutual Funds	1,269,870	0	0	1,269,870
Equity Securities	10,096,655	0	0	10,096,655
Governmental and Corporate Bonds	7,557,245	0	0	7,557,245
Exchange Traded Funds and Close Ended Funds	10,810,103	0	0	10,810,103
Syracuse Diocesan Investment Funds	0	3,253,113	0	3,253,113
Other Investments	0	0	296,650	296,650
	<u>0</u>	<u>0</u>	<u>296,650</u>	<u>296,650</u>
Total Investments	<u>\$ 31,504,281</u>	<u>\$ 3,253,113</u>	<u>\$ 296,650</u>	<u>\$ 35,054,044</u>

Fair Value Measurements as of June 30, 2020

	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	\$ 3,012,773	\$ 0	\$ 0	\$ 3,012,773
Mutual Funds	968,934	0	0	968,934
Equity Securities	11,788,639	0	0	11,788,639
Governmental and Corporate Bonds	6,590,013	0	0	6,590,013
Exchange Traded Funds and Close Ended Funds	2,479,172	0	0	2,479,172
Syracuse Diocesan Investment Funds	0	3,315,104	0	3,315,104
Other Investments	0	0	273,934	273,934
	<u>0</u>	<u>0</u>	<u>273,934</u>	<u>273,934</u>
Total Investments	<u>\$ 24,839,531</u>	<u>\$ 3,315,104</u>	<u>\$ 273,934</u>	<u>\$ 28,428,569</u>

The Level 3 investments had net investment activity of \$22,716 and \$(33,782) for the years ended June 30, 2021 and 2020, respectively.

ROMAN CATHOLIC DIOCESE OF SYRACUSE, NEW YORK

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 8 – LAND, BUILDINGS AND EQUIPMENT

The summary of land, buildings and equipment is as follows:

	2021	2020
Land	\$ 755,100	\$ 755,100
Furniture and Fixtures	235,994	235,994
Buildings and Improvements	5,837,411	5,837,411
Equipment	563,090	561,795
Automobiles	<u>203,517</u>	<u>195,117</u>
Total Land, Buildings and Equipment	7,595,112	7,585,417
Less: Accumulated Depreciation	<u>5,252,963</u>	<u>5,016,533</u>
Net Land, Buildings and Equipment	<u>\$ 2,342,149</u>	<u>\$ 2,568,884</u>

Depreciation expense for the years ended June 30, 2021 and 2020 totaled \$251,067 and \$232,165, respectively.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 9 – SELF INSURANCE PROGRAM AND CONTINGENCIES

The Diocese provides health, dental, property, casualty, workers compensation and auto insurance for the Diocese, parishes, diocesan schools, and other related organizations (“Participants”) under self-insured programs. The Diocese receives insurance premiums from the Participants and, in turn, pays claims for the self-insured portion, pays premiums for conventional excess umbrella coverage, and pays the programs’ administrative costs.

Health and dental claims are administered by a third-party. The Diocese has a stop loss policy for individual claims in excess of \$300,000 per year.

Property claims are subject to a \$300,000 self-insured retention per occurrence, which represents the Diocese’s maximum self-insured portion per occurrence. The casualty program provides liability coverage subject to a self-insured retention of \$250,000 per claim. Workers’ compensation coverage is subject to a \$650,000 self-insured retention per occurrence claim with excess coverage thereafter. The Diocese uses a third-party administrator to process workers’ compensation claims. Auto coverage has a \$250,000 self-insured retention per occurrence.

The Diocese has conventional excess umbrella coverage beyond the aforementioned self-insured retention limits. The maximum umbrella policy limit for property is \$100 million, auto is \$40 million and liability is \$39.5 million.

The Diocese has a workers’ compensation letter-of-credit in the amount of \$5,300,000 which matures on February 28, 2022. The terms of the letter-of-credit require that the Diocese maintain a minimum cash and unrestricted investments balance equal to 120 percent. The Diocese met this requirement for the year ended June 30, 2021. No balances were outstanding on the letter-of-credit as of June 30, 2021 and 2020.

Accrued reserve liabilities of \$5,503,729 and \$5,854,261 at June 30, 2021 and 2020, respectively, have been established to cover claims in the various self-insured programs. Reserve estimates for reported claims are determined by evaluation of individual reported claims by the Plan Administrator. Procedures for establishing the resulting liabilities are periodically reviewed and updated. Any adjustments resulting therefrom are reflected in current operations.

ROMAN CATHOLIC DIOCESE OF SYRACUSE, NEW YORK

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 10 – PAYCHECK PROTECTION PROGRAM FUNDING

On April 17, 2020, the Diocese was granted a \$1,256,123 loan under the Paycheck Protection Program “PPP” administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Diocese recorded the loan as a refundable advance at June 30, 2020. The Diocese recognized grant revenue of \$1,256,123 at June 30, 2021 in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed.

NOTE 11 – NOTES PAYABLE

Notes Payable consisted of the following as of June 30:

	2021	2020
Note Payable to Bank with monthly principal payments of \$10,833 commencing on April 1, 2020. Interest is at a variable rate equal to the LIBOR Rate plus the applicable LIBOR Rate Margin. The note is secured by unencumbered marketable investment property and matures March 1, 2030.	\$ 3,087,500	\$ 3,217,500
Note Payable to Bank with monthly payments of \$16,254 commencing on April 1, 2020, including interest at 3.44% to be reset on March 1, 2027 to be one and one half percent (1.5%) in excess of the three (3) year Federal Home Loan Bank of New York (FHLB) Fixed-Rate Advance Indicator as published by the FHLB on the third year anniversary of the first payment of principal and interest. The note is secured by unencumbered marketable investment property and matures March 1, 2030.	<u>3,145,741</u>	<u>3,229,462</u>
Total Notes Payable	6,233,241	6,446,962
Less: Current Portion	<u>(218,284)</u>	<u>(215,303)</u>
Total Long-Term Notes Payable	<u>\$ 6,014,957</u>	<u>\$ 6,231,659</u>

ROMAN CATHOLIC DIOCESE OF SYRACUSE, NEW YORK

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 11 – NOTES PAYABLE – Continued

Notes payable mature as follows:

2022	\$ 218,284
2023	221,369
2024	224,562
2025	227,867
2026	231,283
Thereafter	<u>5,109,876</u>
Total	<u><u>\$ 6,233,241</u></u>

At June 30, 2021, notes payable are collateralized by investments of \$7,333,224. Cash paid for interest on the debt was \$150,058 and \$239,715 for the years ended June 30, 2021 and 2020, respectively.

NOTE 12 – LEASES

The Diocese leases vehicles and copy machines under operating leases expiring in various years through December 2024. Future minimum lease payments as of June 30, 2021 are:

2022	\$ 62,329
2023	31,318
2024	20,657
2025	<u>2,261</u>
Total	<u><u>\$ 116,565</u></u>

Total lease expense amounted to \$112,580 and \$123,614 for the years ended June 30, 2021 and 2020, respectively.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 13 – MULTI-EMPLOYER RETIREMENT BENEFIT PLANS

Defined Benefit Pension Plan (Lay Plan)

The Diocese contributes to the Roman Catholic Diocese of Syracuse Pension Plan which is a multi-employer defined benefit plan. This plan provides retirement income to the lay employees of the Diocese, Parishes, Cemeteries and Schools affiliated with the Diocese. The plan is non-contributory and covers lay employees who meet certain minimum service requirements. The plan is a “church plan” which exempts it from certain requirements enumerated by ERISA and the Department of Labor. Participation in the plan for new employees has been frozen as of July 1, 2011. New employees are eligible to participate in a Diocesan sponsored 403(b) plan.

Participating organizations have a responsibility to contribute to the plan amounts as may be required to meet minimum funding standards. As a means of reducing the underfunded status of the plan, the Diocese paid \$750,000 and \$600,000 in contributions for the years ended June 30, 2021 and 2020, respectively. The Trustees of the Plan have the option to terminate the Plan at any time and pay out all participants in the Plan at the then current funded rate.

Plan Summary

A summary of the actuarial information used in determining the underfunded status of the plan is described below:

- Active and retired participants in the plan at the end of 2021 and 2020 totaled 1,061 and 1,080, respectively.
- In conjunction with various third party administrators, the Diocese assists in administering the plan.
- Benefits are based on years of service and the employee’s compensation during their years of employment.
- The Roman Catholic Diocese of Syracuse, New York contributes annually a prorated share of the total liability as determined by the actuary.
- Total contribution for all eligible employees totaled \$1,694,208 and \$1,116,880 in 2021 and 2020, respectively.
- 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.
- Benefit payments totaled \$2,666,689 and \$2,512,361 in 2021 and 2020, respectively.

ROMAN CATHOLIC DIOCESE OF SYRACUSE, NEW YORK

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 13 – MULTI-EMPLOYER RETIREMENT BENEFIT PLANS –

Continued

The following sets forth the plan’s funded status as of June 30, 2021 and 2020 from the most recent actuarial study, which was prepared for the June 30, 2021 and 2020 plan years. The changes in the benefit obligation and fair value of plan assets, the funded status of the plan, the components of net periodic pension cost and the assumptions used in the measurement of the Diocese’s benefit obligation are as follows:

	2021	2020
CHANGE IN BENEFIT OBLIGATION		
Projected Benefit Obligation at the Beginning of the Year	\$ 45,430,229	\$ 45,604,541
Service Cost	372,782	384,773
Interest Cost	1,872,743	1,882,357
Actuarial (Gain) Loss	6,494,192	70,919
Benefits Paid	<u>(2,666,689)</u>	<u>(2,512,361)</u>
Projected Benefit Obligation at the End of the Year	<u>\$ 51,503,257</u>	<u>\$ 45,430,229</u>
CHANGE IN PLAN ASSETS		
Fair Value of Plan Assets at the Beginning of the Year	\$ 24,026,717	\$ 27,043,239
Actual Return on Plan Assets	7,639,430	(1,621,041)
Contributions	1,694,208	1,116,880
Benefits Paid	<u>(2,666,689)</u>	<u>(2,512,361)</u>
Fair Value of Plan Assets at the End the Year	<u>\$ 30,693,666</u>	<u>\$ 24,026,717</u>
FUNDED STATUS:		
Underfunded Status of Plan	<u>\$ 20,809,591</u>	<u>\$ 21,403,512</u>

ROMAN CATHOLIC DIOCESE OF SYRACUSE, NEW YORK

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 13 – MULTI-EMPLOYER RETIREMENT BENEFIT PLANS –

Continued

For the fiscal years ending June 30, 2021 and 2020, the net periodic pension cost included the following components:

	2021	2020
Service Cost	\$ 372,782	\$ 384,773
Interest Cost	1,872,743	1,882,357
Expected Return on Assets	(1,612,707)	(1,836,074)
Amortization of Net Loss	<u>535,093</u>	<u>94,966</u>
Net Periodic Pension Cost	<u>\$ 1,167,911</u>	<u>\$ 526,022</u>

The accumulated benefit obligation totaled \$49,976,766 and \$44,240,832 as of June 30, 2021 and 2020, respectively.

The total amount recognized in net periodic cost and unrestricted net assets totaled \$1,100,287 and \$3,959,090 in 2021 and 2020, respectively.

The total change recognized in unrestricted net assets amounted to \$(67,624) and \$3,433,068 in June 30, 2021 and 2020, respectively.

The plan assets are measured at fair value on a recurring basis. Fair value is defined as the price that would be received to sell an asset in an ordinary transaction between market participants at the measurement date. Accounting standards establish a three level hierarchy based upon the prioritization of inputs to measure fair value. All the plan assets have been designated as Level 1. Fair value at this level is determined by quoted prices in active markets for identical assets.

ROMAN CATHOLIC DIOCESE OF SYRACUSE, NEW YORK

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 13 – MULTI-EMPLOYER RETIREMENT BENEFIT PLANS –

Continued

The Diocese's share of plan assets as of June 30, 2021 and 2020 were as follows:

	2021	2020
Investments at Fair Value (Level 1):		
Cash and Money Market Fund	\$ 4,768,177	\$ 670,298
Corporate Fixed Income	12,235,606	1,521,425
Stocks	5,718,485	454,889
Exchange-Traded and Closed-Ended Funds	5,065,894	0
Mutual Funds	1,860,515	6,286,172
Government Securities	1,044,989	15,093,933
	<hr/>	<hr/>
Total	<u>\$ 30,693,666</u>	<u>\$ 24,026,717</u>

Long-term investment objectives are to maintain plan assets that will assist in covering long-term obligations and to generate a return on plan assets sufficient to offset the growth of obligations. A diversified portfolio and various risk management techniques are used to achieve these objectives.

The discount rate used in determining the actuarial present value of the projected benefit obligation was 3.0% and 4.25% for the years ended June 30, 2021 and 2020, respectively. The expected long-term return on plan assets was 7% in both 2021 and 2020. The rate of compensation increase was 2.0% in both 2021 and 2020. The discount rates were selected to reflect the interest rate environment at the respective measurement dates. The expected long-term rate of return assumptions was selected to represent reasonable expectations of future experience.

Plan benefits expected to be paid by the Diocese for the next ten years are as follows:

2022	\$ 2,740,141
2023	2,787,315
2024	2,863,116
2025	2,900,094
2026	2,954,380
2027 - 2030	14,831,321
	<hr/>
Total	<u>\$ 29,076,367</u>

Plan contributions expected to be paid by the Diocese in 2022 amount to \$1,000,000.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 13 – MULTI-EMPLOYER RETIREMENT BENEFIT PLANS –

Continued

Mortality Assumption

The mortality assumption has been revised as of June 30, 2021 to the sex-distinct Amount-Weighted Pri-2012 Mortality Tables for employees, healthy annuitants, and contingent survivors, adjusted for mortality improvements with the Scale MP-2020 mortality improvement scale on a generational basis. This assumption was based on a review of published mortality tables and the demographics and industry of the plan.

The mortality assumption as of June 30, 2020 was the sex-distinct Amount-Weighted Pri-2012 Mortality Tables for employees, healthy annuitants, and contingent survivors, adjusted for mortality improvements with the Scale MP-2019 mortality improvement scale on a generational basis. This assumption reflected newly published mortality tables and a review of the Plan's demographics and industry.

Other Post-Retirement Benefit Plans

The Retirement Plan for Secular Priests of the Roman Catholic Diocese of Syracuse, New York (the Priests Plan) provides pension benefits to retired priests. As of June 30, 2021, the Priests Plan has an underfunded post-retirement pension liability of approximately \$15,000,000 that is recorded on that legal entity. In addition, the Clerical Fund Society of the Roman Catholic Diocese of Syracuse, New York, Inc. (the Clerical Fund) has recorded an underfunded liability of approximately \$11,000,000 related to post-retirement health care benefits for retired priests. It is anticipated that the majority of the \$26,000,000 of underfunded post-retirement liabilities in these two separate legal entities will be funded by The Robert L. McDevitt, K.S.G., K.C.H.S. and Catherine H. McDevitt, L.C.H.S. Foundation, Inc. (the Foundation). One of the stated purposes of the Foundation is to provide for the retirement and welfare of the priests of the Diocese of Syracuse. Distributions from the Foundation to the Priests Plan was \$1,402,680 and \$1,317,507 in 2021 and 2020, respectively. Distributions from the Foundation to the Clerical Fund was \$715,320 and \$892,576 in 2021 and 2020, respectively. The Foundation has the funds available to meet these liabilities as of June 30, 2021. The Diocese would be required to meet these liabilities if the Foundation was unable to meet these liabilities.

ROMAN CATHOLIC DIOCESE OF SYRACUSE, NEW YORK

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Various legal actions are pending against the Diocese. The outcome of these matters is not presently determinable, but in the opinion of management under current New York State law, the Diocese is adequately protected by purchased insurance coverage and by insurance reserves, and any ultimate resolution will not have a material adverse effect on the financial condition of the Diocese. Management will continue to monitor these matters and adjust insurance reserves as appropriate.

On September 6, 2018, the Diocese received a subpoena from the New York State Attorney General. A Memorandum of Understanding already exists with the local District Attorneys of the Diocese and they have been made aware of any allegation of abuse of a minor and have been provided with the names of those accused along with their status and any information they may request. The Diocese will continue to work closely with the local District Attorneys and will cooperate fully with the New York State Attorney General's investigation. The potential financial impact of this matter on the Diocese, if any, is not presently determinable.

The Diocese is a guarantor of the following debt:

- \$250,000 M&T Bank line-of-credit to Bishop Ludden Jr./Sr. High School – no amount outstanding at June 30, 2021.
- \$100,000 M&T Bank line-of-credit to Bishop Grimes Jr./Sr. High School – no amount outstanding at June 30, 2021.

The Diocese has determined that no liability is necessary for the guarantee of debt as of June 30, 2021 and 2020.

NOTE 15 – COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic, which continues to spread throughout the United States. The ultimate extent of the impact of any epidemic, pandemic or other health crisis on the Diocese's operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge. The related financial impact and duration cannot be reasonably quantified at this time.

OTHER FINANCIAL INFORMATION

SCHEDULE OF SYRACUSE CATHOLIC INSURANCE FUND

Year Ended June 30, 2021 with Comparative Totals for Year Ended June 30, 2020

	PSI	Health
REVENUE		
Insurance Premiums	\$ 5,507,920	\$ 17,561,306
Rebates	0	1,242,132
Other Income	0	0
	<hr/>	<hr/>
Total Revenue	5,507,920	18,803,438
EXPENSES		
Administrative and Operational	272,348	1,338,293
Insurance - Outside Carrier	1,585,207	463,049
Insurance - Claims Paid	1,640,136	14,209,474
Insurance - Claims Accrued	(91,586)	119,793
Program Expense - Departments	923,035	657,920
	<hr/>	<hr/>
Total Expenses	4,329,140	16,788,529
CHANGE IN NET ASSETS	1,178,780	2,014,909
Net Assets at Beginning of Year	3,647,295	8,697,669
Attorney General Inquiry	0	0
Child Victims Act	(3,146,789)	0
Independent Reconciliation Compensation Program	(150,058)	0
	<hr/>	<hr/>
Net Assets at End of Year	\$ 1,529,228	\$ 10,712,578
	<hr/> <hr/>	<hr/> <hr/>

ROMAN CATHOLIC DIOCESE OF SYRACUSE, NEW YORK

Unemployment	Disability	2021	Total	2020
\$ 545,932	\$ 427,647	\$ 24,042,805		\$ 23,922,188
0	0	1,242,132		1,255,922
1,546,006	0	1,546,006		383,299
2,091,938	427,647	26,830,943		25,561,409
110,943	385,681	2,107,265		2,218,298
0	0	2,048,256		1,997,688
1,138,452	0	16,988,062		16,744,248
0	0	28,207		(379,211)
0	0	1,580,955		1,688,785
1,249,395	385,681	22,752,745		22,269,808
842,543	41,966	4,078,198		3,291,601
(30,494)	(40,729)	12,273,741		10,791,231
0	0	0		(35,369)
0	0	(3,146,789)		(1,523,250)
0	0	(150,058)		(250,472)
\$ 812,049	\$ 1,237	\$ 13,055,092		\$ 12,273,741

See notes to financial statements.

ROMAN CATHOLIC DIOCESE OF SYRACUSE, NEW YORK

SCHEDULES OF CATHOLIC SCHOOL FUND

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2021 and 2020

	2021	2020
REVENUE		
Other Income	\$ 454,482	\$ 545,832
Total Revenue	454,482	545,832
EXPENSES		
Personnel (S&B)	543,694	619,772
Other Expenses	275,821	319,042
Total Expenses	819,515	938,814
Operating Income (Loss) before Hope Appeal	(365,033)	(392,982)
Hope Appeal	303,140	322,263
OPERATING INCOME (LOSS)	(61,893)	(70,719)
OTHER INCOME (EXPENSES)		
Other Operating CSO Activity	450,642	(114,824)
Cabrini Grant Activity	(257,323)	(3,109)
Total Other Income	193,319	(117,933)
TOTAL (INCOME) LOSS	\$ 131,426	\$ (188,652)

See notes to financial statements.

ROMAN CATHOLIC DIOCESE OF SYRACUSE, NEW YORK

SCHEDULES OF PLANT FUND

Years Ended June 30, 2021 and 2020

	2021	2020
REVENUE		
Assessments	\$ 27,148	\$ 29,114
Service Fees	589,302	415,133
	<hr/>	<hr/>
Total Revenue	616,450	444,247
EXPENSES		
Facilities Management	382,718	409,446
Plant Fund	299,335	123,656
Building Occupancy Cost	512,975	491,015
	<hr/>	<hr/>
Total Expenses	1,195,028	1,024,117
PLANT FUND ACTIVITY BEFORE TRANSFER	(578,578)	(579,870)
Transfer from Investment Fund for Capital Expenses	17,236	146,547
	<hr/>	<hr/>
PLANT FUND ACTIVITY AFTER TRANSFER, NET	<u>\$ (561,342)</u>	<u>\$ (433,323)</u>

The Plant Fund is used to account for the acquisition, construction, and maintenance of the physical plant of the Diocese.

ROMAN CATHOLIC DIOCESE OF SYRACUSE, NEW YORK

SCHEDULES OF CENTRAL ADMINISTRATION SUPPORT SERVICES

Years Ended June 30, 2021 and 2020

	2021	2020
REVENUE		
Fees - Other Services	\$ 63,660	\$ 26,148
Affiliation Fees	1,381,963	1,372,921
Parish Administration Fees	<u>569,190</u>	<u>593,185</u>
Total Revenue	2,014,813	1,992,254
EXPENSES		
Executive Management	570,208	727,378
Development and Fundraising	250,000	250,000
Information Technology	576,107	545,245
Finance	676,822	629,086
Banking Fees	29,575	38,022
Parish Services	44,752	44,946
Chancery Support Services	73,125	103,762
Central Purchasing	113,300	97,061
Archives	62,693	54,923
National Assessments	<u>68,262</u>	<u>69,403</u>
Total Expenses	<u>2,464,844</u>	<u>2,559,826</u>
CENTRAL ADMINISTRATION SUPPORT SERVICES, NET	<u><u>\$ (450,031)</u></u>	<u><u>\$ (567,572)</u></u>

Central administration support services provide support to the programs operated by the Diocese.

ROMAN CATHOLIC DIOCESE OF SYRACUSE, NEW YORK

SCHEDULE OF INVESTMENT FUND

Year Ended June 30, 2021 with Comparative Totals
for Year Ended June 30, 2020

	Investment Pool	Deposit and Loan	Total 2021	Total 2020
REVENUE				
Investment Earnings	\$ 611,554	\$ 67,174	\$ 678,728	\$ 586,204
Realized Gains	1,045,296	0	1,045,296	1,033,868
Unrealized Gains (Losses)	<u>5,092,749</u>	<u>0</u>	<u>5,092,749</u>	<u>(692,614)</u>
Total Revenue	6,749,599	67,174	6,816,773	927,458
EXPENSES				
Investment Fees	84,357	0	84,357	87,193
Affiliation Fees - Support Services	<u>125,000</u>	<u>0</u>	<u>125,000</u>	<u>125,000</u>
Total Expenses	<u>209,357</u>	<u>0</u>	<u>209,357</u>	<u>212,193</u>
CHANGE IN NET ASSETS BEFORE BAD DEBT RECOVERY				
	6,540,242	67,174	6,607,416	715,265
Bad Debt Recovery	<u>0</u>	<u>4,167</u>	<u>4,167</u>	<u>(125,833)</u>
CHANGE IN NET ASSETS	6,540,242	71,341	6,611,583	589,432
Net Assets, Beginning of Year	23,568,598	114,055	23,682,653	23,239,768
Transfer to Plant Fund for Capital Expenses	<u>(17,236)</u>	<u>0</u>	<u>(17,236)</u>	<u>(146,547)</u>
Net Assets, End of Year	<u><u>\$ 30,091,604</u></u>	<u><u>\$ 185,396</u></u>	<u><u>\$ 30,277,000</u></u>	<u><u>\$ 23,682,653</u></u>

See notes to financial statements.