

***Central Administrative Offices
of the Diocese of Buffalo
(Debtor in Possession)***

*Financial Statements as of August 31, 2020 and
Supplemental Schedules for the Year Ended
August 31, 2020 Together With
Independent Auditor's Report*

**CENTRAL ADMINISTRATIVE OFFICES
OF THE DIOCESE OF BUFFALO
(Debtor in Possession)**

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INDEPENDENT AUDITOR'S REPORT

December 18, 2020

To the Audit Committee of the
Central Administrative Offices of the Diocese of Buffalo:

Report on the Financial Statements

We have audited the accompanying financial statements of the Central Administrative Offices of the Diocese of Buffalo ("the CAO") which comprise the statement of financial position as of August 31, 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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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INDEPENDENT AUDITOR'S REPORT

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Central Administrative Offices of the Diocese of Buffalo as of August 31, 2020, and the changes in its net assets, and its cash flows for the year 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 CAO will continue as a going concern. As described in Note 2, the Central Administrative Offices of the Diocese of Buffalo has been the subject of material claims associated with alleged inappropriate conduct on the part of its employees. As a result of the significant number and dollar value of claims, the CAO 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 2. 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 Summarized Comparative Information

We have previously audited the CAO's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 16, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**CENTRAL ADMINISTRATIVE OFFICES
OF THE DIOCESE OF BUFFALO
(Debtor in Possession)**

**STATEMENT OF FINANCIAL POSITION
AS OF AUGUST 31, 2020
(With Comparative Totals for 2019)**

	2020	2019
ASSETS		
CASH AND CASH EQUIVALENTS	\$ 5,888,736	\$ 3,965,155
ACCOUNTS RECEIVABLE – Net	876,728	1,263,083
PLEDGES RECEIVABLE – Net	326,618	535,492
PROPERTY HELD FOR SALE	–	739,723
INVESTMENTS:		
Split-interest agreements	1,012,570	899,273
Designated for potential uninsured losses	11,713,225	11,304,350
Designated for seminarian assistance	5,084,338	4,797,186
Undesignated investments	<u>8,479,887</u>	<u>11,382,851</u>
Total	<u>26,290,020</u>	<u>28,383,660</u>
PROPERTY, BUILDINGS, AND EQUIPMENT – Net	8,814,435	9,507,385
OTHER ASSETS	<u>301,730</u>	<u>472,591</u>
TOTAL	<u>\$ 42,498,267</u>	<u>\$ 44,867,089</u>

(Continued)

**CENTRAL ADMINISTRATIVE OFFICES
OF THE DIOCESE OF BUFFALO
(Debtor in Possession)**

**STATEMENT OF FINANCIAL POSITION
AS OF AUGUST 31, 2020
(With Comparative Totals for 2019)**

LIABILITIES AND NET ASSETS	2020	2019
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	\$ 4,175,500	\$ 3,521,645
PROVISION FOR FACILITY RESTRUCTURING COSTS	2,100,000	2,100,000
PROVISION FOR POTENTIAL UNINSURED LOSSES	10,900,000	12,200,000
PROVISION FOR MISCONDUCT CLAIMS	1,098,635	1,323,635
ASSET RETIREMENT OBLIGATION	1,259,761	1,199,772
LIABILITY FOR SPLIT-INTEREST AGREEMENTS	204,985	156,989
Total liabilities	<u>19,738,881</u>	<u>20,502,041</u>
NET ASSETS:		
Without Donor Restrictions:		
Undesignated	20,948,539	23,600,372
Designated for elementary education	779,659	(442,923)
Total	21,728,198	23,157,449
With Donor Restrictions	<u>1,031,188</u>	<u>1,207,599</u>
Total net assets	<u>22,759,386</u>	<u>24,365,048</u>
TOTAL	<u>\$ 42,498,267</u>	<u>\$ 44,867,089</u>

See notes to financial statements.

(Concluded)

**CENTRAL ADMINISTRATIVE OFFICES
OF THE DIOCESE OF BUFFALO
(Debtor in Possession)**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED AUGUST 31, 2020
(With Comparative Totals for 2019)**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES:						
Fund for the Faith	\$ 1,111,074	\$ 326,618	\$ 1,437,692	\$ 1,614,075	\$ 535,492	\$ 2,149,567
Contributions and bequests	102,035	2,900	104,935	116,243	18,471	134,714
Diocesan assessments	5,606,621	–	5,606,621	4,758,286	–	4,758,286
Education ministry assessment	3,727,440	–	3,727,440	3,616,455	–	3,616,455
Priest retirement assessment	2,687,045	–	2,687,045	1,822,104	–	1,822,104
Realized investment gains	919,182	–	919,182	663,921	–	663,921
Net assets released from restrictions	538,392	(538,392)	–	1,212,471	(1,212,471)	–
Total	14,691,789	(208,874)	14,482,915	13,803,555	(658,508)	13,145,047
EXPENSES, net of related revenues:						
Pastoral	1,239,333	–	1,239,333	1,862,987	–	1,862,987
Religious personnel development	4,032,869	–	4,032,869	4,877,320	–	4,877,320
High schools support	505,797	–	505,797	413,448	–	413,448
Other educational apostolates	1,177,165	–	1,177,165	1,631,589	–	1,631,589
Elementary school funding plan	2,504,858	–	2,504,858	4,115,149	–	4,115,149
Family and youth services	600,396	–	600,396	562,874	–	562,874
Central support ministry	6,596,390	–	6,596,390	4,722,506	–	4,722,506
Total	16,656,808	–	16,656,808	18,185,873	–	18,185,873
(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENSES BEFORE OTHER CHANGES IN NET ASSETS	(1,965,019)	(208,874)	(2,173,893)	(4,382,318)	(658,508)	(5,040,826)
INSURANCE ACTIVITY – Net	370,136	–	370,136	(401,904)	–	(401,904)
(LOSS) INCOME FROM OTHER ACTIVITIES – Net	(45,975)	–	(45,975)	2,877,296	–	2,877,296
SPLIT-INTEREST AGREEMENT ACTIVITY – Net	–	32,463	32,463	–	2,503	2,503
CATHOLIC PARTNERSHIP HEALTH PLAN	287,332	–	287,332	597,543	–	597,543
UNREALIZED LOSS ON INVESTMENTS	(66,023)	–	(66,023)	(1,175,245)	–	(1,175,245)
INDEPENDENT RECONCILIATION COMPENSATION PROGRAM	(9,702)	–	(9,702)	(1,705,776)	–	(1,705,776)
CHANGE IN NET ASSETS	(1,429,251)	(176,411)	(1,605,662)	(4,190,404)	(656,005)	(4,846,409)
NET ASSETS – Beginning of year	23,157,449	1,207,599	24,365,048	27,347,853	1,863,604	29,211,457
NET ASSETS – End of year	\$ 21,728,198	\$ 1,031,188	\$ 22,759,386	\$ 23,157,449	\$ 1,207,599	\$ 24,365,048

**CENTRAL ADMINISTRATIVE OFFICES
OF THE DIOCESE OF BUFFALO
(Debtor in Possession)**

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2020**

	Religious		High Schools	Other	Cath. Elementary	Family &	Central	Total Operating	Insurance	Income	Split-Interest	Catholic	Independent	2020 Final Total	2019 Final Total
	Pastoral	Personnel	Support & Scholarships	Educational		Youth	Support		From Other	Activity - Net	Agreement	Partnership	Reconciliation		
	Development		Apostolates	School Fund Plan	Services	Ministry				Activities	Activity - Net	Health Plan	Program		
Salaries/Wages	\$ 933,257	\$ 964,396	\$ -	\$ 850,546	\$ -	\$ 429,347	\$ 2,687,501	\$ 5,865,047	\$ 295,597	\$ 110,579	\$ -	\$ -	\$ -	\$ 6,271,223	\$ 7,252,167
Fringe Benefits	346,921	1,861,379	-	322,368	22,000	164,482	1,143,701	3,860,851	116,305	70,434	-	-	-	4,047,590	4,474,592
Program	96,259	665,362	343,907	142,776	2,448,710	75,693	128,850	3,901,557	268	203,993	122,150	2,382,533	665	6,611,166	9,700,773
Advertising/Promotion	99,624	12,203	-	3,591	34,148	3,831	45,735	199,132	-	-	-	-	-	199,132	339,223
Travel/Conferences	47,382	49,210	-	16,038	-	64,773	42,909	220,312	5,262	4,712	-	-	-	230,286	305,714
General Operations	51,683	210,732	-	70,681	-	51,057	497,844	881,997	96,567	731,670	1,871	-	-	1,712,105	1,861,617
Occupancy/Space Rent	242,790	348,559	81,012	168,923	-	87,115	567,867	1,496,266	23,505	125,689	-	-	-	1,645,460	2,185,879
Management Fees	23,049	26,575	-	19,446	-	731	3,002,755	3,072,556	1,655,797	750	2,181	-	9,037	4,740,321	3,009,570
Insurance	59,910	142,231	80,496	19,381	-	9,086	159,059	470,163	4,703,112	2,155	-	-	-	5,175,430	6,262,054
Depreciation	45,619	242,507	382	201,001	-	58,940	331,154	879,603	-	59,185	-	-	-	938,788	904,744
Total Expenses	1,946,494	4,523,154	505,797	1,814,751	2,504,858	945,055	8,607,375	20,847,484	6,896,413	1,309,167	126,202	2,382,533	9,702	31,571,501	36,296,333
Less related revenues	(707,161)	(490,285)	-	(637,586)	-	(344,659)	(2,010,985)	(4,190,676)	(7,266,550)	(1,263,192)	(158,666)	(2,669,862)	-	(15,548,946)	(19,480,122)
Expenses net of related revenues	\$ 1,239,333	\$ 4,032,869	\$ 505,797	\$ 1,177,165	\$ 2,504,858	\$ 600,396	\$ 6,596,390	\$ 16,656,808	\$ (370,137)	\$ 45,975	\$ (32,464)	\$ (287,329)	\$ 9,702	\$ 16,022,555	\$ 16,816,211

**CENTRAL ADMINISTRATIVE OFFICES
OF THE DIOCESE OF BUFFALO
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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2020**

(With Comparative Totals for 2019)

	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (1,605,662)	\$ (4,846,409)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Asset retirement obligation – accretion	59,989	57,132
Unrealized depreciation on fair value of investments	66,023	1,175,245
Realized investment gains	(919,182)	(663,921)
(Decrease) increase in provision for potential uninsured losses	(1,300,000)	100,000
Decrease in provision for Independent Reconciliation Compensation Program	–	(18,000,000)
(Decrease) increase in provision for misconduct claims	(225,000)	1,323,635
Depreciation and amortization	878,799	847,611
Increase in provision for uncollectible accounts	139,811	391,421
Loss (gain) on sales of property, buildings, and equipment	18,041	(2,597,251)
Changes in assets and liabilities:		
Decrease in accounts and pledges receivable	455,418	346,764
Decrease (increase) in other assets	170,861	(111,376)
Increase (decrease) in accounts payable and accrued expenses	783,674	(297,550)
Increase (decrease) in split-interest agreement liability	47,996	(55,674)
Total adjustments	<u>176,430</u>	<u>(17,483,964)</u>
Net cash used in operating activities	<u>(1,429,232)</u>	<u>(22,330,373)</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Proceeds from sales of property, buildings, and equipment	702,000	2,597,251
Purchase of property, buildings, and equipment	(295,986)	(366,935)
Proceeds from sale of investments	2,946,799	17,675,585
Net cash provided by investing activities	<u>3,352,813</u>	<u>19,905,901</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from lines of credit	–	2,000,000
Repayment of lines of credit	–	(2,000,000)
Net cash used in financing activities	<u>–</u>	<u>–</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,923,581	(2,424,472)
CASH AND CASH EQUIVALENTS – Beginning of year	3,965,155	6,389,627
CASH AND CASH EQUIVALENTS – End of year	<u>\$ 5,888,736</u>	<u>\$ 3,965,155</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid during the year	<u>\$ 3,524</u>	<u>\$ 24,134</u>
Property, buildings, and equipment additions in accounts payable at end of year	<u>\$ 1,400</u>	<u>\$ 131,219</u>

See notes to financial statements.

**CENTRAL ADMINISTRATIVE OFFICES
OF THE DIOCESE OF BUFFALO
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**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED AUGUST 31, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Basis of Presentation – The Diocese of Buffalo, N.Y. (the “Diocese”) was established in 1847 to serve the Catholic community in Western New York. The Diocese includes the Central Administrative Office (“the CAO”) unit which consists of the Bishop’s office and supporting staff, who minister to parishes and other institutions in the eight counties of Western New York State. The CAO does not include the assets, liabilities, or activities of individual parishes, various agencies such as secondary and elementary schools, cemeteries or social services agencies.

Basis of Accounting – The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle – In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, in order to clarify and improve the scope and the accounting guidance for contributions received and contributions made. ASU 2018-08 clarifies the determination of whether a grant or contract is a contribution or an exchange transaction subject to other guidance. The Diocese adopted ASU 2018-08 on September 1, 2019, using a modified prospective application. There was no effect on total net assets or changes in net assets.

Cash and Cash Equivalents – The CAO considers all highly liquid debt instruments with a maturity of three months or less when acquired to be cash equivalents. Cash is held in bank demand deposit accounts which may, at times, exceed federally insured limits. The CAO believes it is not exposed to any significant credit risk with respect to cash and cash equivalents and has not experienced any losses in such accounts.

Designated Investments and Designated Net Assets – Investments designated for potential uninsured losses and seminarian assistance are adjusted for interest and dividend income and realized and unrealized investment gains or losses. Investment income activity is reported in the statement of activities and changes in net assets. Designated net assets for elementary education are the excess (deficiency) of assessments and parish contributions over elementary school support.

Property, Buildings, and Equipment – Acquisitions with an initial cost of \$1,000 or more are capitalized at cost when purchased or at fair value at the date of gift when donated. Certain real estate for which no values are available has been recorded at nominal amounts. Depreciation is calculated on the straight-line method based on estimated useful lives of 30 years for buildings, 10 years for building improvements and furniture and fixtures, and 4 years for equipment.

The CAO regularly assesses all of its long-lived assets for impairment and recognizes a loss when the carrying value of an asset exceeds its fair value. The CAO determined that no impairment loss needs to be recognized for applicable assets for the years ended August 31, 2020 and 2019.

Investments – Investments are measured at fair value in the statement of financial position. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included as a component of general activity unless the income or loss is restricted by donor or law.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurement – Fair value is defined 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.

Generally accepted accounting principles in the United States (GAAP) establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the CAO. Unobservable inputs are inputs that reflect the CAO's assumptions about the assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances.

The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 – Valuations are based on quoted prices in active markets for identical assets or liabilities that the CAO has the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these instruments does not entail a significant degree of judgment.
- Level 2 – Valuations are based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.
- Level 3 – Valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

Investment Risks – Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the near term could materially affect the amounts reported in the accompanying financial statements.

Provision for Potential Uninsured Losses – The provision for potential uninsured losses is an estimate of the amount necessary to settle outstanding claims, including claims incurred but not reported, based on the facts in each case and the CAO's experience with similar cases. The estimate is reviewed and updated regularly by management, and any resulting adjustments are reflected in current activities.

Provision for Misconduct Claims - The provision for misconduct claims was established by funds received from the sale of the Bishop's residence. These funds are specifically designated for misconduct claims. Management acknowledges that this estimate is the minimum amount to be paid out. As discussed in Note 2, any amounts in excess of this cannot be estimated at this time.

Deferred Revenue – Deferred revenue is recognized when cash advances exceed revenues earned against such advances. Deferred revenue is included in accounts payable and accrued expenses in the accompanying statement of financial position and is disclosed in Note 10.

Financial Reporting – The CAO classifies its operations into the following net asset categories:

- **Net Assets Without Donor Restrictions** – Net assets without donor restrictions include operating net assets which are not subject to donor-imposed stipulations and are available to support the CAO's general operating activities. Net assets without donor restrictions may also include amounts designated by management for specific purposes.
- **Net Assets With Donor Restrictions** – Net assets with donor restrictions represent resources which are limited by donor-imposed stipulations that either expire by the passage of time or are removed by specific action of the CAO. When a donor restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions and are reported in the statement of activities and changes in net assets, as 'released from restrictions.' Donor-restricted contributions received in the same year in which the restrictions are met are recorded as an increase in support without donor restrictions at the time of receipt.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses – The costs of providing the various programs and other activities of the CAO have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefiting. Expenses such as payroll and benefits are allocated based on actual time spent within that program, which is substantiated by employee timesheets and corresponding records. Other expenses such as professional services; marketing; advertising; educational; and travel are charged directly to their related programs. Overhead expenses, including facility expenses such as building insurance; utilities; repairs and maintenance; cleaning; security; and building supplies, are allocated to the programs based on utilized square footage.

Income Taxes – The CAO is exempt from federal income tax under provisions of Section 501(c)(3) of the Internal Revenue Code. The CAO has also been classified by the Internal Revenue Service as an entity that is not a private foundation.

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

2. GOING CONCERN UNCERTAINTY

Child Victims Act

On February 14, 2019, New York State signed into law the Child Victims Act (CVA). This legislation provided 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
- Beginning on August 14, 2019, permits any victim of child abuse to take civil action, regardless of when the abuse occurred.
- During August 2020, New York State extended the window permitting civil action until August 14, 2021.

As a result of the passage of the CVA, through the date of this report, the CAO 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 specific years, the CAO had a combination of commercial insurance coverage and self-insurance programs. At present, the CAO is not certain as to the amount of commercial coverage available to assist it in meeting its ultimate obligations for these matters.

No material amounts have been recorded for settlement of these matters, as the potential financial impact on the CAO is not presently determinable. However, it is likely that the ultimate resolution of these matters could have a material adverse impact on the CAO’s results of operations, liquidity, and financial position. In addition, it is likely that the ultimate number of actions against the CAO could increase from those presently known.

In September 2018, the New York State Attorney General commenced a civil investigation of the eight Catholic Dioceses of New York State regarding their handling of past sexual abuse allegations. Additionally, the Diocese of Buffalo continues to cooperate with the United States Department of Justice by providing documents and making individuals available for interviews. The potential impact of these matters on the CAO, if any, is not presently determinable.

2. GOING CONCERN UNCERTAINTY (continued)

In November 2020, the New York State attorney general commenced a lawsuit against the CAO and two former church leaders, regarding their handling of past sexual abuse allegations and misused charitable assets. The potential impact of this matter on the CAO, if any, is not presently determinable.

In response to the magnitude of the number of claims, lawsuits, and alleged damages, on February 28, 2020 the CAO 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 CAO believes that this filing best allows the CAO to manage the claims adjudication process in an orderly manner, as well as to ensure the equitable treatment of all claimants. The CAO believes that this process will result in the eventual settlement of the claims and ultimately in the CAO's ability to conduct ongoing business operations consistent with its recent historical practices. The ability of the CAO to remain as a going concern and meet its obligations as they become due is dependent on the outcome of the anticipated bankruptcy proceeding and the settlement of abuse claims and lawsuits filed, and those that may be filed. These factors create substantial doubt about the CAO'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 CAO is unable to continue as a going concern.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

The CAO's financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures were as follows at August 31, 2020 and 2019:

	2020	2019
Cash and cash equivalents	\$ 5,888,736	\$ 3,965,155
Accounts receivable - net	876,728	1,263,083
Pledges receivable - net	326,618	535,492
Undesignated investments	<u>8,479,887</u>	<u>11,382,851</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 15,571,969</u>	<u>\$ 17,146,581</u>

As part of the CAO's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The CAO is supported by donor-restricted contributions. Donor restrictions require resources to be used in a particular manner or in a future period; therefore, the CAO must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year.

4. ACCOUNTS RECEIVABLE

Diocesan Assessments and Other Accounts Receivable – The CAO assesses parishes an annual amount based primarily on historical parish offertory. Assessments are due on a monthly basis with the balance at year-end representing uncollected amounts. An allowance for possible uncollectible amounts is maintained for current and prior years' assessments.

Other accounts receivable consists primarily of amounts due from parishes and other institutions for Diocesan Purchasing Division ("DPD") sales and payroll related expenses for parishes participating in the centralized payroll service.

4. ACCOUNTS RECEIVABLE (continued)

The components of accounts receivable as of August 31, 2020 and 2019 were as follows:

	2020	2019
School assessments	\$ 778,869	\$ 838,375
Parish assessments	923,619	898,768
Other	420,848	632,737
Less: allowance for uncollectible accounts – school	(582,593)	(450,752)
Less: allowance for uncollectible accounts – parish	<u>(664,015)</u>	<u>(656,045)</u>
Total	<u>\$ 876,728</u>	<u>\$ 1,263,083</u>

5. PLEDGES RECEIVABLE

Pledge contributions relate to the annual Fund for the Faith campaign and are due to be received within twelve months of each fiscal year-end. Pledges receivable are reported net of an allowance for uncollectability and as of August 31, 2020 and 2019, are as follows:

	2020	2019
Pledges due:		
In less than one year	\$ 357,507	\$ 535,492
Less: allowance for uncollectibility	<u>(30,889)</u>	<u>—</u>
Pledges receivable – net	<u>\$ 326,618</u>	<u>\$ 535,492</u>

6. PROPERTY HELD FOR SALE

There were no properties held for sale at August 31, 2020. Property held for sale consisted of three properties at August 31, 2019. The properties had combined net book values of \$739,723 at August 31, 2019. Under separate contracts, the Diocese sold each property during the year ending August 31, 2020.

7. INVESTMENTS

Investments of the CAO are held primarily in the St. Joseph Investment Fund (the “SJIF”). The SJIF was organized for the purpose of offering Diocesan organizations a professionally-managed fund in harmony with the teaching and beliefs of the Roman Catholic Church. The investments are managed by sixteen investment management firms and are overseen by the Investment Committee and Board of Directors of the SJIF. Investment income and investment management fees are allocated to SJIF participants based on the percentage of the net asset value of the individual funds to the total investment balance.

The following schedule for the years ended August 31, 2020 and 2019 summarizes the investment activity without donor restrictions in the statements of activities and changes in net assets:

	2020	2019
Dividends and interest	\$ 198,982	\$ 598,280
Investment management fees	(32,898)	(55,530)
Net realized gain	<u>753,098</u>	<u>121,171</u>
Realized investment income	<u>\$ 919,182</u>	<u>\$ 663,921</u>

7. INVESTMENTS (continued)

The cost and fair value of the CAO's investments at August 31, 2020 and 2019 is summarized as follows:

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
St. Joseph Investment Fund, Inc.	\$ 16,272,800	\$ 18,595,514	\$ 25,183,415	\$ 27,485,424
Money Market Funds	7,234,268	7,234,268	—	—
Other Investments	125,475	460,238	118,219	898,236
Total Investments	<u>\$ 23,632,543</u>	<u>\$ 26,290,020</u>	<u>\$ 25,301,634</u>	<u>\$ 28,383,660</u>

Fair Value Disclosures

The following tables represent the CAO's investments that are measured at fair value on a recurring basis at August 31, 2020 and 2019:

	2020			
	Level 1	Level 2	Level 3	Total
St. Joseph Investment Fund, Inc.	\$ —	\$ 18,595,514	\$ —	\$ 18,595,514
Money Market Funds	—	7,234,268	—	7,234,268
Other Investments:				
Interm. Diversified Bond Fund	—	65,356	—	65,356
Value Equity Fund	—	34,117	—	34,117
Core Equity Index Fund	—	72,168	—	72,168
Growth Fund	—	37,561	—	37,561
Small Cap Equity Index Fund	—	60,562	—	60,562
International Equity Fund	—	125,135	—	125,135
Opportunistic Bond Fund	—	65,339	—	65,339
Other Investments	—	460,238	—	460,238
Total Investments	<u>\$ —</u>	<u>\$ 26,290,020</u>	<u>\$ —</u>	<u>\$ 26,290,020</u>

	2019			
	Level 1	Level 2	Level 3	Total
St. Joseph Investment Fund, Inc.	\$ —	\$ 27,485,424	\$ —	\$ 27,485,424
Other Investments:				
Interm. Diversified Bond Fund	—	119,573	—	119,573
Value Equity Fund	—	112,487	—	112,487
Core Equity Index Fund	—	131,369	—	131,369
Growth Fund	—	155,283	—	155,283
Small Cap Equity Index Fund	—	110,634	—	110,634
International Equity Fund	—	156,092	—	156,092
Opportunistic Bond Fund	—	112,798	—	112,798
Other Investments	—	898,236	—	898,236
Total Investments	<u>\$ —</u>	<u>\$ 28,383,660</u>	<u>\$ —</u>	<u>\$ 28,383,660</u>

7. INVESTMENTS (continued)

The CAO's investment in the SJIF represents an interest in the investment pool held by the SJIF.

The CAO may make additional investments in the SJIF at will, but is under no obligation to do so. Withdrawals can also be made at will, and are executed quarterly.

The CAO invests in Treasury Bills valued at cost, which approximates fair market value.

Other investments include investment funds of Christian Brothers Investment Services, Inc. (CBIS), which provides socially responsible investment services to Catholic organizations. CBIS provides daily net asset value information for shares of its investment funds, but these funds are not traded on public exchanges. CAO values its interest in the CBIS funds based on its understanding of the price at which shares of these funds are purchased or liquidated by other CBIS investors, and on other information provided by CBIS. Therefore, these investments are classified as utilizing level 2 inputs.

Split-Interest Agreements – The CAO has been named the trustee for several irrevocable split-interest agreements. The donors have made a contribution to the CAO in exchange for a promise by the CAO to pay fixed amounts for a specified period of time to the beneficiary(ies). The assets contributed are recognized at fair value when received and a liability is recognized for the amounts due to the beneficiary(ies) at the present value of future cash flows using a discount rate prevalent at the date of the gift. Discount rates range from 1.4% to 6.2% for amounts owed at August 31, 2020 and 2019. The fair value of split-interest agreement assets is \$1,012,570 and \$899,273 as of August 31, 2020 and 2019, respectively. The liability for split-interest agreements is \$204,985 and \$156,989 as of August 31, 2020 and 2019, respectively.

8. PROPERTY, BUILDINGS, AND EQUIPMENT

The components of property, buildings, and equipment as of August 31, 2020 and 2019 were as follows:

	2020	2019
Property, administrative offices and residences	\$ 25,226,348	\$ 26,864,624
Equipment, furnishings, and autos	4,494,730	4,587,946
Asset retirement costs	127,172	127,172
Less: property held for sale	–	(739,723)
Less: accumulated depreciation	<u>(21,033,815)</u>	<u>(21,332,634)</u>
Total	<u>\$ 8,814,435</u>	<u>\$ 9,507,385</u>

Accumulated depreciation includes \$127,172 of accumulated depreciation on asset retirement costs, for both 2020 and 2019.

9. OTHER ASSETS

Other assets as of August 31, 2020 and 2019 consisted of the following:

	2020	2019
Equity in insurance pool	\$ 6,566	\$ 6,566
Inventory	39,216	253,910
Prepaid expenses	<u>255,948</u>	<u>212,115</u>
Total	<u>\$ 301,730</u>	<u>\$ 472,591</u>

Equity in insurance pool relates to the CAO's participation in a liability risk retention pool (see Note 13). The equity is recorded based upon the CAO's pro-rata share of the net assets of the pool as reported by pool management.

Inventory is stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out (FIFO) method.

10. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses as of August 31, 2020 and 2019 consisted of the following:

	2020	2019
Accounts payable	\$ 3,776,641	\$ 1,855,845
Funds held for national collections	471,477	676,299
Deferred revenue	646,716	771,073
Advance collections of insurance premiums	<u>(719,334)</u>	<u>218,428</u>
Total	<u>\$ 4,175,500</u>	<u>\$ 3,521,645</u>

11. LETTERS OF CREDIT, LINES OF CREDIT AND NOTES PAYABLE

The CAO has a workers' compensation letter of credit in the amount of \$4,863,800 which matures on April 1, 2021. No balance was outstanding as of August 31, 2020. This letter of credit required the CAO to pay fees of \$24,657 in 2020 and \$24,724 in 2019. This letter of credit is secured by a pledge agreement designating certain Diocese of Buffalo insurance assets invested in a holding account at M&T Bank.

12. INSURANCE ACTIVITIES

The Insurance Services Department of the CAO 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 levels. A provision for potential uninsured losses is maintained for workers' compensation, general liability, sexual misconduct, and disability. The provision for potential uninsured losses is reviewed annually by management and was \$10,900,000 at August 31, 2020 and \$12,200,000 at August 31, 2019. Parishes and institutions are billed premiums to defray the cost of the program.

A summary of the insurance activities for the years ended August 31, 2020 and 2019 is as follows:

	2020	2019
Premium revenue	\$ 7,023,745	\$ 6,939,606
Realized investment gain	<u>357,511</u>	<u>293,280</u>
Total revenue	<u>7,381,256</u>	<u>7,232,886</u>
Claim expenses and administrative costs	4,497,655	5,515,227
Commercial insurance premiums	<u>2,513,465</u>	<u>2,119,563</u>
Total expenses	<u>7,011,120</u>	<u>7,634,790</u>
Net insurance activity	<u>\$ 370,136</u>	<u>\$ (401,904)</u>

13. CATHOLIC PARTNERSHIP HEALTH PLAN

The CAO, parishes, and other Diocesan entities participate in a voluntary self-insured health coverage program for lay employees. A provision for incurred but not reported claims has been made each plan year. The CAO paid premiums to the program of \$1,089,875 and \$1,278,905 for the years ended August 31, 2020 and 2019, respectively. A summary of the program for the years ended August 31, 2020 and 2019 is as follows:

	2020	2019
Premium revenue	<u>\$ 2,669,862</u>	<u>\$ 2,965,427</u>
Medical and prescription claims	1,978,117	1,947,788
Stop loss premiums	225,230	222,458
Claim administration fees	<u>179,183</u>	<u>197,638</u>
Total expenses	<u>2,382,530</u>	<u>2,367,884</u>
Net Catholic Partnership Health Plan activity	<u><u>\$ 287,332</u></u>	<u><u>\$ 597,543</u></u>

14. ACCOUNTING FOR CONDITIONAL ASSET RETIREMENT OBLIGATIONS

The CAO records all known asset retirement obligations for which the fair value of the environmental remediation liability can be reasonably estimated. The CAO has identified and recorded asbestos asset retirement obligations.

The following amounts are reflected in the statements of financial position as of August 31, 2020 and 2019 related to these obligations:

	2020	2019
Asset retirement obligation - beginning of year	\$ 1,199,772	\$ 1,142,640
Accretion expense during year	<u>59,989</u>	<u>57,132</u>
Asset retirement obligation - end of year	<u><u>\$ 1,259,761</u></u>	<u><u>\$ 1,199,772</u></u>

The CAO is not aware of any other conditional asset retirement obligations as of August 31, 2020.

15. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of August 31, 2020 and 2019 consisted of the following:

	2020	2019
Fund for the Faith	\$ 326,618	\$ 535,492
Split-Interest Agreements	<u>704,570</u>	<u>672,107</u>
	<u><u>\$ 1,031,188</u></u>	<u><u>\$ 1,207,599</u></u>

Net assets with donor restrictions were released from restrictions during the years ended August 31, 2020 and 2019 as follows:

	2020	2019
Fund for the Faith	\$ 535,492	\$ 1,194,000
Contributions	<u>2,900</u>	<u>18,471</u>
	<u><u>\$ 538,392</u></u>	<u><u>\$ 1,212,471</u></u>

16. OTHER ACTIVITIES

Other activities for the years ended August 31, 2020 and 2019, consisted of the following:

	2020	2019
(Loss) gain on property, buildings and equipment sales	\$ (18,041)	\$ 2,597,251
Rental and other net income	195,315	250,670
Diocesan Purchasing Division net (loss) profit	<u>(223,249)</u>	<u>29,375</u>
	<u>\$ (45,975)</u>	<u>\$ 2,877,296</u>

The CAO leases property under the terms of a non-cancelable lease agreement to a tenant for \$369,803 per year through December 31, 2019 and \$378,180 per year through December 31, 2025.

The Diocesan Purchasing Division (“DPD”) was established to support the purchasing needs of parishes and nonprofit institutions of the Diocese. DPD also operates the Catholic Union Store which is a retail specialty store located in the Catholic Center. A substantial portion of the DPD’s transactions are with affiliated parishes and other religious organizations. Sales to the Diocesan institutions amounted to \$958,572 and \$1,121,154 for the years ended August 31, 2020 and 2019, respectively. The combined DPD and store sales and other income were \$972,516 and \$1,153,497 for the years ended August 31, 2020 and 2019, respectively. The amount receivable related to Diocesan institutions was \$64,795 and \$91,112 for the years ended August 31, 2020 and 2019, respectively, and are included as part of other accounts receivable (see Note 4).

17. RETIREMENT BENEFIT PLANS

Defined Benefit Pension Plans

The CAO contributes to two multi-employer defined benefit pension plans: the Diocese of Buffalo, New York Retirement Plan (Lay Plan), and the Retirement Plan for Secular Priests of the Diocese of Buffalo, New York (Priest Plan), in conjunction with other Diocesan organizations. The CAO does not directly manage these multi-employer plans, which are managed by a board of trustees. A majority of the CAO’s employees are participants in one of these multi-employer plans as of August 31, 2020 and 2019, subject to eligibility requirements.

Each of these plans is organized as a nonselecting noncontributory multi-employer church retirement plan, and therefore the plans are not subject to certain reporting requirements of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

In May 2015, the Board of Trustees of the Lay Plan approved a recommendation to freeze the Lay Plan as of January 1, 2016. Upon freezing the Lay Plan, a participant’s annual accrued benefit at the normal retirement date will remain the same as it was as of December 31, 2015, except for those participants not yet fully vested. Vesting service will continue to be credited for service completed in 2016 and later years. Contributions to the plan will continue at a reduced rate until the plan is fully funded. The CAO has commenced a buyout plan for participants in the Lay Plan, and any effect on the funded status of the Lay Plan is not presently determinable.

The risks of participating in a multi-employer plan are different from a single employer plan in the following aspects: (1) assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers; (2) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers; (3) if an employer chooses to stop participating in a multi-employer plan, the company may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability. If a plan were to terminate, if participants voluntarily withdrew, or if there was a mass withdrawal, CAO may also be required to make additional payments to the plan for its proportionate share of underfunded liabilities.

17. RETIREMENT BENEFIT PLANS (continued)

The following table presents information on the plans and the CAO's participation in the plans (000):

Plan	Plan Employer Identification and Plan Number	Plan Funded Status as of December 31, 2019		Contributions for the Year ended August 31:		Total Plan Contributions for the Year ended December 31:		Contributions Greater than 5% of Total
		Assets	Accumulated Benefit Obligation	2020	2019	2019	2018	
Lay Plan	16-0743984-002	<u>\$171,302</u>	<u>\$211,975</u>	<u>\$450</u>	<u>\$408</u>	<u>\$5,479</u>	<u>\$5,892</u>	Yes
Priest Plan	16-0743984-001	<u>\$44,788</u>	<u>\$37,982</u>	<u>\$218</u>	<u>\$244</u>	<u>\$0</u>	<u>\$230</u>	Yes*

* The CAO's contributions for the years ended August 31, 2020 and 2019 listed in the table above also include amounts paid for the multi-employer health and welfare plan noted below. The CAO made contributions greater than 5% of the total contributions to the Lay Pension Plan and the Retirement Plan for Secular Priests of the Diocese of Buffalo, New York.

The plans' accumulated benefit obligations are determined annually by the plans' actuary. Significant actuarial assumptions utilized for the Lay Plan include a discount rate of 6.0% and an expected rate of investment return of 6.0%. Significant actuarial assumptions utilized for the Priest Plan include a discount rate of 6.0%, an expected rate of investment return of 6.0%, and an annual cost of living benefit increase of 1.5%. Plan assets for both plans are invested in two distinct investment trusts.

Funded status information is not available as of August 31, 2020 and 2019 as actuarial valuations were not performed as of that date due to the significant cost of such retroactive calculations. The CAO's portion of the unfunded status of the Lay Plan at January 1, 2018, as determined by the Plan's actuary approximated \$3,000,000. The plans' certified zone status is not available since the plans are not subject to ERISA reporting requirements.

As of January 1, 2016 the CAO participates in a multiple-employer defined contribution plan. The CAO contributes to eligible employee accounts based on a point system determined by age and years of service. Total contributions to the plan were \$231,000 and \$280,000 for the years ended August 31, 2020 and 2019, respectively.

Other Post-Retirement Benefit Plans

In addition to the multi-employer benefit pension plans described above, the CAO also participates in a multi-employer health and welfare plan that provides other post-retirement benefits including health, dental and auto insurance for retired priests. The expected post-retirement obligation is \$26,175,000 as of January 1, 2019. Benefits are funded by contributions from parishes and participating employers in the Diocese. A long-term remediation plan has been developed and the plan assets were \$7,590,588 and \$5,794,637 as of August 31, 2020 and 2019, respectively. The CAO contributions noted above funded the health and welfare plan.

18. CONTINGENCIES

The Diocese is guarantor of loans to parishes and other institutions which approximated \$1,850,000 for 8 loans and \$2,754,000 for 10 loans as of August 31, 2020 and 2019, respectively. The CAO annually reviews the financial projections of the parishes and other institutions to determine if the loan obligations are able to be fulfilled. Based upon management's most recent review, the CAO has determined that no liability is necessary for these loans as of August 31, 2020. The loans are provided by 3 lending institutions in 2020 and principally supported the construction and remodeling of parish facilities.

18. CONTINGENCIES (continued)

A provision for parish and institution facility restructuring costs has been established related to the Journey in Faith and Grace strategic plan. An analysis of the ability of parishes and institutions to meet their financial obligations through the restructure process has been completed by management. A reserve of \$2.1 million at August 31, 2020 and 2019, has been established for certain parishes and institutions that may need financial assistance.

Outside of the matters discussed in Note 2, 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 CAO 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 CAO. Management will continue to monitor these matters and adjust insurance reserves as appropriate.

19. RELATED PARTIES

Substantial portions of the CAO's activities involve transactions with parishes and other religious organizations. The following significant related-party transactions occurred during the years ended August 31, 2020 and 2019:

In 2020 and 2019, the CAO supported Christ the King Seminary (the "Seminary") in East Aurora through an annual operating subsidy of \$209,238 for 2020 and \$250,000 for 2019, and through tuition and support payments for men from the Diocese who are studying for the priesthood. Total subsidy and support was \$829,307 and \$1,303,021 for fiscal years ended August 31, 2020 and 2019, respectively.

The CAO administers a payroll service through a third-party payroll provider for various parishes and the Seminary. Accounts receivable related to the payroll service were \$15,880 and \$20,716 as of August 31, 2020 and 2019, respectively (see Note 4).

The Diocesan Computer Services Department of the CAO provides technical support to the Diocesan Cemeteries, the Foundation and Christ the King Seminary. Total income for these services amounted to \$62,400 and \$60,900 in the fiscal years 2020 and 2019, respectively.

In 2020 and 2019, the CAO contributed \$8,560 and \$9,500 respectively to the Foundation for various missions.

In fiscal year 2020, the Foundation contributed \$16,182 to the Department of Education, \$8,462 to the St. Joseph Cathedral, \$12,775 to Lifelong Faith Formation, \$7,765 to the Office of Pro Life (Mother Teresa Home), \$4,000 to the University of Buffalo Newman Center, and \$2,000 to Buffalo State Newman Center.

In fiscal year 2019, the Foundation contributed \$36,350 to the Department of Education, \$18,462 to the St. Joseph Cathedral, \$12,575 to Lifelong Faith Formation, \$7,940 to the Office of Pro Life (Mother Teresa Home), \$6,000 to the University of Buffalo Newman Center, \$3,900 to Buffalo State Newman Center, and \$2,787 to the Diocese of Buffalo.

The CAO provides administrative and accounting services to the SJIF. Administrative fees paid by the SJIF to the CAO amounted to \$125,000 for the years ended August 31, 2020 and 2019.

The CAO assisted the former Diocesan high schools with an aggregate subsidy of \$505,797 and \$413,448 in 2020 and 2019, respectively.

20. COVID-19 PANDEMIC

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19), the effects of which substantially began in March 2020. The overall consequences of COVID-19 on a national, regional and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on the CAO and its future results and financial position is not presently determinable.

21. SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 18, 2020, which is the date the financial statements were available to be issued.

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SUPPLEMENTAL SCHEDULES

**CENTRAL ADMINISTRATIVE OFFICES
OF THE DIOCESE OF BUFFALO
(Debtor in Possession)**

**SCHEDULES OF EXPENSES
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019**

	2020	2019
PASTORAL:		
Subsidy to St. Joseph Cathedral	\$ 306,191	\$ 367,326
National Assessments	(1,565)	305,471
Facility Restructuring expenses	5,681	866
Parish Subsidy	1,920	1,470
Hospital Apostolate	131,901	135,569
Tribunal (net of related revenues of \$20,151 in 2020 and \$19,068 in 2019)	261,868	207,438
Communications (net of related revenues of \$217,031 in 2020 and \$44,887 in 2019)	181,080	227,993
Telecommunications (net of related revenues of \$0 in 2020 and \$0 in 2019)	-	2,711
Daybreak TV Productions (net of related revenues of \$0 in 2020 and \$1,890 in 2019)	63,988	74,006
Western New York Catholic (net of related revenues of \$0 in 2020 and \$328,516 in 2019)	-	84,607
Office of Worship (net of related revenues of \$5,466 in 2020 and \$11,315 in 2019)	39,154	85,058
Office of Catechumenate (net of related revenues of \$0 in 2020 and \$1,639 in 2019)	-	8,513
Office of Cultural Diversity (net of related revenues of \$13,950 in 2020 and \$14,903 in 2019)	107,410	173,193
Evangelization and Parish Life	65,353	92,000
Network of Religious Communities	20,000	23,000
Vicar for Priests	21,333	17,552
Charismatic Renewal	9,291	13,114
Apostolate for the Deaf	18,144	23,802
Council of Priests	2,500	13,465
Other	5,084	5,833
	<u>1,239,333</u>	<u>1,862,987</u>
Total pastoral		

(Continued)

**CENTRAL ADMINISTRATIVE OFFICES
OF THE DIOCESE OF BUFFALO
(Debtor in Possession)**

**SCHEDULES OF EXPENSES
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019**

	2020	2019
RELIGIOUS PERSONNEL DEVELOPMENT:		
Priests' retirement residences and other retired priests' benefits (net of related revenues of \$405,566 in 2020 and \$357,500 in 2019)	\$ 1,925,800	\$ 2,060,515
Priest Personnel Board	54,782	53,389
Christ the King Seminary subsidy	209,238	250,000
Seminarian Education	620,069	1,053,021
Vicariate for Religious	39,427	49,458
Vocations Office	108,597	118,123
St. Mark's Residence	6,090	2,775
Continuing Formation of Priests	95,856	176,118
Priests' Special Medical Care	761,250	853,853
Diaconate Program	175,950	198,265
Counseling Center	21,758	45,430
Catholic Urban Outreach (net of related revenues of \$30,050 in 2020 and \$41,509 in 2019)	<u>14,052</u>	<u>16,373</u>
Total religious personnel development	<u>4,032,869</u>	<u>4,877,320</u>
HIGH SCHOOLS SUPPORT	<u>505,797</u>	<u>413,448</u>
OTHER EDUCATIONAL APOSTOLATES:		
Office of Superintendent of Catholic Education (net of related revenues of \$233,972 in 2020 and \$499,318 in 2019)	826,124	1,051,620
Elementary Schools Subsidy	30,063	60,376
Campus Ministry (net of related revenues of \$443,242 in 2020 and \$663,187 in 2019)	320,978	445,757
Catechetical Mission Centers	<u>—</u>	<u>73,836</u>
Total other educational apostolates	<u>1,177,165</u>	<u>1,631,589</u>
ELEMENTARY SCHOOL FUNDING PLAN	<u>2,504,858</u>	<u>4,115,149</u>

(Continued)

**CENTRAL ADMINISTRATIVE OFFICES
OF THE DIOCESE OF BUFFALO
(Debtor in Possession)**

**SCHEDULES OF EXPENSES
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019**

	2020	2019
FAMILY AND YOUTH SERVICES:		
Youth Department (net of related revenues of \$224,584 in 2020 and \$406,461 in 2019)	\$ 309,464	\$ 353,465
Family Life (net of related revenues of \$26,015 in 2020 and \$56,320 in 2019)	43,684	36,786
Pro Life (net of related revenues of \$208,938 in 2020 and \$244,491 in 2019)	<u>247,248</u>	<u>172,623</u>
Total family and youth services	<u>600,396</u>	<u>562,874</u>
CENTRAL SUPPORT MINISTRY:		
Administrative Offices	2,800,195	2,805,584
Buildings and Properties Department	479,056	502,713
Computer Services Center (net of related revenues of \$75,333 in 2020 and \$71,795 in 2019)	319,429	344,558
Advancement Office (net of related revenues of \$568,506 in 2020 and \$723,014 in 2019)	99,100	94,442
Human Resources	190,644	197,974
Research, Planning and Census	51,889	53,777
Legal and audit	2,652,553	699,324
Interest	<u>3,524</u>	<u>24,134</u>
Total central support ministry	<u>6,596,390</u>	<u>4,722,506</u>
TOTAL EXPENSES	<u>\$ 16,656,808</u>	<u>\$ 18,185,873</u>

See accompanying notes.

(Concluded)