



OFFICE OF THE BISHOP DIOCESE OF BUFFALO

Dear Friends and Members of Our Diocesan Family,

In this latest report of the finances of the Diocese of Buffalo - and the first which I present as your new bishop - we wish to detail our stewardship of the resources that the generosity of so many have made possible over the past year.

Without question, this past year has been a year like no other in recent memory. The extreme financial distress caused by the prolonged Covid-19 pandemic has threatened not only the livelihoods of families and businesses, but also challenged our parishes and ministries in ways that have required us to find new ways of supporting one another and assessing how best to continue the vital ministries that so many depend upon across Western New York. Building on the work begun last year by Apostolic Administrator Bishop Edward B. Scharfenberger, known as "The Road to Renewal," the current circumstances have accelerated our need to define both a structure and operating model that will ensure the long-term viability of Catholic faith and impact throughout our region. This work, which represents the collaboration of parish leaders, school administrators, clergy and laity alike, represents a key priority for us in the coming year.

At the same, we must be honest about the challenges we face given our efforts to reorganize the finances and operations of the Diocese under Chapter 11 of the U.S. Bankruptcy Code. The decision to pursue this path is based on our commitment to providing financial restitution for the largest number of those who have brought claims against the Diocese as a result of past sexual abuse by members of the clergy. By avoiding costly and protracted litigation of each case - expected to number some 400 - we have the opportunity to reach a settlement with the established Creditors Committee - and with full transparency - that we pray will provide some level of closure and the possibility of healing for those who have been harmed by unconscionable acts of betrayal and abuse. This approach of reorganization also enables us to continue the work of ministry that accomplishes so much good for those who depend on the Church and at a time when the need is so great.

More than numbers on a balance sheet, this financial report represents the generosity of the Catholic Faithful as an expression of their lively and active faith in the Gospel of Jesus Christ and embrace of the Lord's mandate to feed the hungry, clothe the naked, give care, comfort and healing to the sick and distressed - to be Christ to others. As such, it is my commitment as your pastor and shepherd to promote a culture of true stewardship and accountability, and to reassess our priorities to ensure that they reflect and support the work of evangelization, first and foremost, as well as the ministries that are so essential to the spiritual and physical needs of individuals and families of our Diocese.



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DIOCESE OF BUFFALO**

On behalf of all who minister and are part of the work of renewal, I express our deep and abiding gratitude for the generosity of all who abide with us and remain faithful to our common mission to evidence the presence of God and the work of His Holy Spirit in our midst.

Sincerely in Christ,

Most Reverend Michael W. Fisher
Bishop of Buffalo



Highlights of the 2020 Audited Financial Statement of the Diocese of Buffalo

The following pages present, in their entirety, the audited financial statements for the Central Administrative Offices (Catholic Center) of the Diocese of Buffalo for the period ended August 31, 2020. The financial statements were audited by the accounting firm Bonadio & Co. LLP. The statements reflect functions performed by the Central offices and do not include any other functions performed by the parishes, schools or any other diocesan related group. In the opinion of the auditors, the financial statements present fairly, in all material respects the financial position of the Central Administrative Offices in accordance with generally accepted accounting principles.

The statements are prepared as a “Debtor in Possession Status,” reflecting the fact that the Diocese is operating under Chapter 11 of the Federal bankruptcy Code and continues to function under the supervision of the Bankruptcy Court. The decision to file for Chapter 11 reorganization was a difficult decision, but was made by the Diocese as it believes it is the fairest way to address the claimants in an orderly manner, as well as allow the Diocese to continue its critical Catholic mission, now and in the future. The outcome of the Chapter 11 proceeding is undeterminable at this time and, as a result the auditors rendered a “going concern” opinion. This is detailed further in the footnotes of the audited financial statements.

The financial statements reflect a further decline in total net assets of approximately \$1.6 million from the prior year, reflecting a loss from operations and change in net assets of that amount. This loss is an improvement of over \$3.2 million from the prior year, largely the result of a slight increase in revenue, combined with a reduction in expenses (staff reductions, etc.) and better investment performance. This improvement reflects the effort of management to prudently manage expense in the challenging environment of operating under Chapter 11 and further exacerbated by the difficulties created by the COVID-19 pandemic.

Despite the challenges, the Diocese continued to support numerous ministries through its Fund for the Faith program, despite the reduction in personnel at the Catholic Center.

While the outcome of the Chapter 11 process and the other governmental investigations/litigation are impossible to determine, the Diocese is committed to navigating through these legal processes in a way that will lead to a more stable and sustainable Diocese financial condition. Please feel free to contact the Diocesan Financial Office at 716-847-5500 for any questions about the audited financial statements.

Sincerely,
James J. Beardi
Chair
Diocesan Finance Council