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

*Financial Statements as of August 31, 2022 and Supplemental Schedules for the Year Ended August 31, 2022 Together With Independent Auditor's Report*

Bonadio & Co., LLP
Certified Public Accountants

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

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**INDEPENDENT AUDITOR'S REPORT**

December 20, 2022

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

**Opinion**

We have audited the accompanying financial statements of Central Administrative Offices of the Diocese of Buffalo ("the CAO") (a nonprofit organization), which comprise the statement of financial position as of August 31, 2022, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Central Administrative Offices of the Diocese of Buffalo as of August 31, 2022, 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 CAO 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.

**Basis for Opinion**

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

**Responsibilities of Management for the Financial Statements**

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

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**Responsibilities of Management for the Financial Statements (Continued)**
In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the CAO's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

**Report on Summarized Comparative Information**
We have previously audited the CAO's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 18, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**INDEPENDENT AUDITOR'S REPORT**
(Continued)

**Report on Supplementary 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.

Bonadio & Co., LLP

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

**STATEMENT OF FINANCIAL POSITION**
**AS OF AUGUST 31, 2022**
**(With Comparative Totals for 2021)**

| | 2022 | 2021 |
|---|---|---|
| **ASSETS** | | |
| CASH AND CASH EQUIVALENTS | $ 8,675,134 | $ 6,528,993 |
| ACCOUNTS RECEIVABLE – Net | 629,082 | 2,191,210 |
| PLEDGES RECEIVABLE – Net | 390,355 | 299,490 |
| INVESTMENTS: | | |
| Split-interest agreements | 940,366 | 1,099,018 |
| Designated for potential uninsured losses | 12,080,016 | 12,752,192 |
| Designated for seminarian assistance | 5,497,400 | 6,269,933 |
| Undesignated investments | 9,405,920 | 10,595,154 |
| Total | 27,923,702 | 30,716,297 |
| PROPERTY, BUILDINGS, AND EQUIPMENT – Net | 7,540,431 | 8,086,855 |
| OTHER ASSETS | 356,733 | 272,547 |
| TOTAL | $ 45,515,437 | $ 48,095,392 |

(Continued)

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

**STATEMENT OF FINANCIAL POSITION**
**AS OF AUGUST 31, 2022**
**(With Comparative Totals for 2021)**

| | 2022 | 2021 |
|---|---|---|
| **LIABILITIES AND NET ASSETS** | | |
| ACCOUNTS PAYABLE AND ACCRUED EXPENSES | $ 4,683,383 | $ 4,193,308 |
| PROVISION FOR FACILITY RESTRUCTURING COSTS | 2,100,000 | 2,100,000 |
| PROVISION FOR POTENTIAL UNINSURED LOSSES | 10,600,000 | 10,900,000 |
| PROVISION FOR MISCONDUCT CLAIMS | 1,098,635 | 1,098,635 |
| ASSET RETIREMENT OBLIGATION | 1,388,886 | 1,322,749 |
| LIABILITY FOR SPLIT-INTEREST AGREEMENTS | 90,672 | 98,136 |
| Total liabilities | 19,961,576 | 19,712,828 |
| NET ASSETS: | | |
| Without Donor Restrictions: | | |
| Undesignated | 22,855,848 | 26,162,385 |
| Designated for elementary education | 1,581,709 | 1,018,171 |
| Total | 24,437,557 | 27,180,556 |
| With Donor Restrictions | 1,116,304 | 1,202,008 |
| Total net assets | 25,553,861 | 28,382,564 |
| TOTAL | $ 45,515,437 | $ 48,095,392 |

*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, 2022
## (With Comparative Totals for 2021)

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| REVENUES: | | | | | | |
| Fund for the Faith | $ 1,133,641 | $ 384,019 | $ 1,517,660 | $ 1,340,013 | $ 299,490 | $ 1,639,503 |
| Contributions and bequests | 68,263 | 3,500 | 71,763 | 52,425 | 3,700 | 56,125 |
| Diocesan assessments | 10,416,752 | – | 10,416,752 | 8,919,759 | – | 8,919,759 |
| Education ministry assessment | 563,537 | – | 563,537 | 236,650 | – | 236,650 |
| Priest retirement assessment | 2,003,396 | – | 2,003,396 | 2,264,646 | – | 2,264,646 |
| Realized investment income | 683,474 | – | 683,474 | 820,467 | – | 820,467 |
| Net assets released from restrictions | 302,990 | (302,990) | – | 330,318 | (330,318) | – |
| Total | 15,172,053 | 84,529 | 15,256,582 | 13,964,278 | (27,128) | 13,937,150 |
| EXPENSES, net of related revenues: | | | | | | |
| Pastoral | 1,226,264 | – | 1,226,264 | 742,104 | – | 742,104 |
| Religious personnel | 2,590,660 | – | 2,590,660 | 2,512,483 | – | 2,512,483 |
| High schools support | 437,372 | – | 437,372 | 365,411 | – | 365,411 |
| Other educational apostolates | 867,529 | – | 867,529 | 718,984 | – | 718,984 |
| Family and youth services | 240,711 | – | 240,711 | 433,159 | – | 433,159 |
| Central support ministry | 8,782,306 | – | 8,782,306 | 8,041,692 | – | 8,041,692 |
| Total | 14,144,842 | – | 14,144,842 | 12,813,833 | – | 12,813,833 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES BEFORE OTHER CHANGES IN NET ASSETS | 1,027,211 | 84,529 | 1,111,740 | 1,150,445 | (27,128) | 1,123,317 |
| INSURANCE ACTIVITY – Net | (354,648) | – | (354,648) | (547,338) | – | (547,338) |
| INCOME FROM OTHER ACTIVITIES – Net | 324,203 | – | 324,203 | 1,440,971 | – | 1,440,971 |
| SPLIT-INTEREST AGREEMENT ACTIVITY – Net | – | (170,233) | (170,233) | – | 197,948 | 197,948 |
| CATHOLIC PARTNERSHIP HEALTH PLAN | (79,010) | – | (79,010) | 258,094 | – | 258,094 |
| UNREALIZED GAIN (LOSS) ON INVESTMENTS | (3,660,755) | – | (3,660,755) | 3,150,186 | – | 3,150,186 |
| CHANGE IN NET ASSETS | (2,742,999) | (85,704) | (2,828,703) | 5,452,358 | 170,820 | 5,623,178 |
| NET ASSETS – Beginning of year | 27,180,556 | 1,202,008 | 28,382,564 | 21,728,198 | 1,031,188 | 22,759,386 |
| NET ASSETS – End of year | $ 24,437,557 | $ 1,116,304 | $ 25,553,861 | $ 27,180,556 | $ 1,202,008 | $ 28,382,564 |

*See notes to financial statements.*

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

**STATEMENT OF FUNCTIONAL EXPENSES**
**FOR THE YEAR ENDED AUGUST 31, 2022**
**(With Comparative Totals for 2021)**

| | Pastoral | Religious Personnel | High Schools Support | Other Educational Apostolates | Family and Youth Services | Central Support Ministry | Total Operating | Insurance Activity - Net | Income From Other Activities Net | Split-Interest Agreement Activity - Net | Catholic Partnership Health Plan | 2022 Total | 2021 Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Salaries/Wages | $ 1,029,481 | $ 912,310 | $ - | $ 773,113 | $ 219,199 | $ 3,035,846 | $ 5,969,949 | $ 282,201 | $ 123,709 | $ - | $ - | $ 6,375,859 | $ 5,624,166 |
| Fringe Benefits | 278,936 | 1,104,506 | - | 304,100 | 74,018 | 1,044,679 | 2,806,239 | 103,778 | 99,354 | - | - | 3,009,371 | 2,980,819 |
| Program | 80,096 | 544,315 | 339,109 | 88,212 | - | 315,308 | 1,367,040 | - | - | 25,191 | 1,779,061 | 3,171,292 | 3,002,210 |
| Advertising/Promotion | 19,607 | 9,189 | - | 2,502 | 118 | 66,433 | 97,849 | 932 | 23 | - | - | 98,804 | 66,512 |
| Travel/Conferences | 64,790 | 30,880 | - | 13,039 | 1,981 | 41,539 | 152,229 | 4,147 | 6,627 | - | - | 163,003 | 122,967 |
| General Operations | 84,754 | 254,050 | - | 80,338 | 10,926 | 470,495 | 900,563 | 30,306 | 756,929 | 1,530 | - | 1,689,328 | 1,507,912 |
| Occupancy/Space Rent | 211,424 | 332,764 | - | 147,022 | 69,617 | 646,310 | 1,407,137 | 23,741 | 82,714 | - | - | 1,513,592 | 1,254,778 |
| Management Fees | 116,255 | 42,384 | - | 862 | - | 4,543,011 | 4,702,512 | 1,396,876 | 750 | 1,998 | - | 6,102,136 | 5,652,134 |
| Insurance | 67,799 | 188,531 | 97,881 | 20,977 | 3,500 | 171,516 | 550,204 | 6,171,612 | 2,125 | - | - | 6,723,941 | 6,073,605 |
| Depreciation | 56,167 | 236,960 | 382 | 137,325 | 53,801 | 274,834 | 759,469 | - | 46,029 | - | - | 805,498 | 1,105,599 |
| Total Expenses | **2,009,309** | **3,655,889** | **437,372** | **1,567,490** | **433,160** | **10,609,971** | **18,713,191** | **8,013,593** | **1,118,260** | **28,719** | **1,779,061** | **29,652,824** | **27,390,702** |
| Less Related Revenues | (783,045) | (1,065,229) | - | (699,961) | (192,449) | (1,827,665) | (4,568,349) | (7,658,945) | (1,442,463) | 141,514 | (1,700,051) | (15,228,294) | (15,926,544) |
| **Expenses Net of Related Revenues** | **$ 1,226,264** | **$ 2,590,660** | **$ 437,372** | **$ 867,529** | **$ 240,711** | **$ 8,782,306** | **$ 14,144,842** | **$ 354,648** | **$ (324,203)** | **$ 170,233** | **$ 79,010** | **$ 14,424,530** | **$ 11,464,158** |

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

## STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED AUGUST 31, 2022
## (With Comparative Totals for 2021)

| | 2022 | 2021 |
|---|---|---|
| CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Change in net assets | $ (2,828,703) | $ 5,623,178 |
| Adjustments to reconcile change in net assets to net cash (used in)/provided by operating activities: | | |
| Decrease in provision for uncollectible accounts | (8,463) | (1,096,573) |
| Asset retirement obligation – accretion | 66,137 | 62,988 |
| Unrealized depreciation/(appreciation) on fair value of investments | 3,660,755 | (3,150,186) |
| Realized investment gains | (683,474) | (820,467) |
| Decrease in provision for potential uninsured losses | (300,000) | – |
| Depreciation and amortization | 739,360 | 750,821 |
| Loss on disposal of property, buildings, and equipment | – | 291,790 |
| Changes in assets and liabilities: | | |
| Decrease/(increase) in accounts and pledges receivable | 1,479,726 | (190,781) |
| (Increase)/decrease in other assets | (84,186) | 29,183 |
| Increase in accounts payable and accrued expenses | 490,075 | 19,208 |
| Decrease in split-interest agreement liability | (7,464) | (106,849) |
| Total adjustments | 5,360,929 | (3,114,293) |
| Net cash provided by operating activities | 2,532,226 | 2,508,885 |
| CASH FLOW FROM INVESTING ACTIVITIES: | | |
| Purchase of property, buildings, and equipment | (192,936) | (316,431) |
| Purchases of investments, net | (184,686) | (455,624) |
| Net cash used in investing activities | (377,622) | (772,055) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 2,154,604 | 1,736,830 |
| CASH AND CASH EQUIVALENTS – Beginning of year | 6,528,993 | 5,888,736 |
| CASH AND CASH EQUIVALENTS – End of year | $ 8,675,134 | $ 6,528,993 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: | | |
| Interest paid during the year | $ 3,470 | $ 3,674 |

*See notes to financial statements.*

## 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 (GAAP).

***Recent Accounting Pronouncements*** – During the year ended August 31, 2022, the CAO adopted ASU 2020-07 *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which changed the presentation and disclosures regarding contributed nonfinancial assets. The adoption of this guidance had no effect on total net assets or change 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.

***Diocesan Assessments*** – The CAO assesses parishes an annual amount based primarily on historical parish offertory. Assessments are collected for services provided to the parishes for information technology, audit, building and property consultation, Diocesan missions, and other mutually agreed upon charges. Assessments are due on a monthly basis, with the balance at year-end representing uncollected amounts. The CAO recognizes assessment revenue in the period in which it satisfies its performance obligations by transferring services to the parishes. The CAO's performance obligation relative to assessments is a bundled obligation to provide services mutually agreed upon by both parties. Payments for assessments are recognized at the amount in which it expects to be entitled. An allowance for possible uncollectible amounts is maintained for current and prior years' assessments.

***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.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

***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, 2022 and 2021.

***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.

***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.

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.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***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 9.

***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.

***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 GAAP 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.

## 2. GOING CONCERN UNCERTAINTY (continued)

As a result of the passage of the CVA, through the date that these financial statements were available to be issued, 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 in the accompanying financial statements 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 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. On October 25, 2022 the Diocese of Buffalo and the New York State Attorney General reached an agreement to settle the lawsuit. There will be no monetary fine, however the Diocese agreed to hire a full-time Child Protection Policy Coordinator and submit to an annual compliance audit to be conducted by an external independent auditor approved by the Attorney General's office. Neither of the two former church leaders have been accused of any financial impropriety. They are, however, required to refrain from serving as a director, trustee, officer, or equivalent fiduciary position with any charitable entity registered in the State of New York. Based upon this settlement, no amounts have been recognized in the financial statements.

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 will enable the CAO 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. 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, 2022 and 2021:

| | **2022** | **2021** |
|---|---|---|
| Cash and cash equivalents | $ 8,675,134 | $ 6,528,993 |
| Accounts receivable - net | 629,082 | 2,191,210 |
| Pledges receivable - net | 390,355 | 299,490 |
| Undesignated investments | 9,405,920 | 10,595,154 |
| Financial assets available to meet cash needs for general expenditures within one year | $ 19,100,491 | $ 19,614,847 |

## 3. LIQUIDITY AND AVAILABILITY OF RESOURCES (continued)

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

The components of accounts receivable as of August 31, 2022 and 2021 were as follows:

| | 2022 | 2021 |
|---|---|---|
| School assessments | $ – | $ 185,358 |
| Parish assessments | 209,805 | 551,050 |
| Workers Compensation Program | – | 493,410 |
| Other | 560,849 | 510,441 |
| Employee Retention Credit | – | 600,986 |
| Less: allowance for uncollectible accounts – parish | (141,572) | (150,035) |
| Total | $ 629,082 | $ 2,191,210 |

## 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, 2022 and 2021, are as follows:

| | 2022 | 2021 |
|---|---|---|
| Pledges due: | | |
| In less than one year | $ 443,018 | $ 341,435 |
| Less: allowance for uncollectibility | (52,663) | (41,945) |
| Pledges receivable – net | $ 390,355 | $ 299,490 |

## 6. 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.

## 6. INVESTMENTS (continued)

The following schedule for the years ended August 31, 2022 and 2021 summarizes the investment activity without donor restrictions in the statements of activities and changes in net assets:

| | 2022 | 2021 |
|---|---|---|
| Dividends and interest | $224,640 | $ 217,852 |
| Investment management fees | (38,927) | (32,786) |
| Net realized gain | 497,761 | 635,401 |
| Realized investment income | $683,474 | $ 820,467 |

The cost and fair value of the CAO's investments at August 31, 2022 and 2021 is summarized as follows:

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | Cost | Fair Value | Cost | Fair Value |
| St. Joseph Investment Fund, Inc. | $18,401,505 | $ 20,341,335 | $ 17,405,747 | $ 23,067,291 |
| Money Market Funds | 7,237,180 | 7,237,180 | 7,228,805 | 7,228,805 |
| Other Investments | 99,196 | 345,187 | 107,133 | 420,201 |
| Total Investments | $25,737,881 | $ 27,923,702 | $ 24,741,685 | $ 30,716,297 |

**Fair Value Disclosures**

The following tables represent the CAO's investments that are measured at fair value on a recurring basis at August 31, 2022 and 2021:

| | 2022 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| St. Joseph Investment Fund, Inc. | $ – | $20,341,335 | $ – | $ 20,341,335 |
| Money Market Funds | – | 7,237,180 | – | 7,237,180 |
| Other Investments: | | | | |
| Interm. Diversified Bond Fund | – | 51,156 | – | 51,156 |
| Core Equity Index Fund | – | 106,788 | – | 106,788 |
| Small Cap Equity Index Fund | – | 45,530 | – | 45,530 |
| International Equity Fund | – | 90,996 | – | 90,996 |
| Opportunistic Bond Fund | – | 50,717 | – | 50,717 |
| Total Other Investments | – | 345,187 | – | 345,187 |
| Total Investments | $ – | $27,923,702 | $ – | $ 27,923,702 |

## 6. INVESTMENTS (continued)

| | 2021 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| St. Joseph Investment Fund, Inc. | $ – | $ 23,067,291 | $ – | $ 23,067,291 |
| Money Market Funds | – | 7,228,805 | – | 7,228,805 |
| Other Investments: | | | | |
| Interm. Diversified Bond Fund | – | 62,036 | – | 62,036 |
| Core Equity Index Fund | – | 128,202 | – | 128,202 |
| Small Cap Equity Index Fund | – | 53,932 | – | 53,932 |
| International Equity Fund | – | 114,274 | – | 114,274 |
| Opportunistic Bond Fund | – | 61,757 | – | 61,757 |
| Total Other Investments | – | 420,201 | – | 420,201 |
| Total Investments | $ – | $ 30,716,297 | $ – | $ 30,716,297 |

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. The 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 3.4% for amounts owed at August 31, 2022 and 2021, respectively. The fair value of split-interest agreement assets is $940,366 and $1,099,018 as of August 31, 2022 and 2021, respectively. The liability for split-interest agreements is $90,672 and $98,136 as of August 31, 2022 and 2021, respectively.

## 7. PROPERTY, BUILDINGS, AND EQUIPMENT

The components of property, buildings, and equipment as of August 31, 2022 and 2021 were as follows:

| | 2022 | 2021 |
|---|---|---|
| Property, administrative offices and residences | $ 25,206,948 | $ 25,099,198 |
| Equipment, furnishings, and autos | 4,649,793 | 4,568,483 |
| Asset retirement costs | 127,172 | 127,172 |
| Less: accumulated depreciation | (22,443,482) | (21,707,998) |
| Total | $ 7,540,431 | $ 8,086,855 |

Accumulated depreciation includes $127,172 of accumulated depreciation on asset retirement costs, for both 2022 and 2021.

## 8. OTHER ASSETS

Other assets as of August 31, 2022 and 2021 consisted of the following:

| | 2022 | 2021 |
|---|---|---|
| Equity in insurance pool | $ 6,566 | $ 6,566 |
| Inventory | 86,180 | 8,518 |
| Prepaid expenses | 263,987 | 257,463 |
| Total | $ 356,733 | $ 272,547 |

Equity in insurance pool relates to the CAO's participation in a liability risk retention pool (see Note 11). 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.

## 9. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses as of August 31, 2022 and 2021 consisted of the following:

| | 2022 | 2021 |
|---|---|---|
| Accounts payable | $ 4,822,464 | $ 4,049,984 |
| Funds held for national collections | 362,955 | 340,059 |
| Deferred revenue | 656,028 | 674,699 |
| Advance collections of insurance premiums | (1,158,064) | (871,434) |
| Total | $ 4,683,383 | $ 4,193,308 |

## 10. LETTERS OF CREDIT, LINES OF CREDIT AND NOTES PAYABLE

The CAO has a workers' compensation letter of credit in the amount of $4,863,000, which matures on April 1, 2023. No balance was outstanding as of August 31, 2022. This letter of credit required the CAO to pay fees of $24,857 in 2022 and $24,657 in 2021. 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.

## 11. 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 $10,600,000 at August 31, 2022 and $10,900,00 at August 31, 2021. Parishes and institutions are billed premiums to defray the cost of the program.

## 11. INSURANCE ACTIVITIES (continued)

A summary of the insurance activities for the years ended August 31, 2022 and 2021 is as follows:

| | 2022 | 2021 |
|---|---|---|
| Premium revenue | $ 7,052,487 | $ 6,721,816 |
| Realized investment gain | 243,453 | 267,276 |
| Total revenue | 7,295,940 | 6,989,092 |
| Claim expenses and administrative costs | 4,826,809 | 4,898,702 |
| Commercial insurance premiums | 2,823,779 | 2,637,728 |
| Total expenses | 7,650,588 | 7,536,430 |
| Net insurance activity | $ (354,648) | $ (547,338) |

## 12. 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 $861,174 and $863,018 for the years ended August 31, 2022 and 2021, respectively. A summary of the program for the years ended August 31, 2022 and 2021 is as follows:

| | 2022 | 2021 |
|---|---|---|
| Premium revenue | $ 1,700,051 | $ 2,247,383 |
| Medical and prescription claims | 1,479,165 | 1,628,498 |
| Stop loss premiums | 166,342 | 201,650 |
| Claim administration fees | 133,554 | 159,141 |
| Total expenses | 1,779,061 | 1,989,289 |
| Net Catholic Partnership Health Plan activity | $ (79,010) | $ 258,094 |

## 13. 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, 2022 and 2021 related to these obligations:

| | 2022 | 2021 |
|---|---|---|
| Asset retirement obligation - beginning of year | $ 1,322,749 | $ 1,259,761 |
| Accretion expense during year | 66,137 | 62,988 |
| Asset retirement obligation - end of year | $ 1,388,886 | $ 1,322,749 |

The CAO is not aware of any other conditional asset retirement obligations as of August 31, 2022.

## 14. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of August 31, 2022 and 2021 consisted of the following:

| | 2022 | 2021 |
|---|---|---|
| Fund for the Faith | $ 384,019 | $ 299,490 |
| Split-Interest Agreements | 732,285 | 902,518 |
| | $ 1,116,304 | $ 1,202,008 |

Net assets with donor restrictions were released from restrictions during the years ended August 31, 2022 and 2021 as follows:

| | 2022 | 2021 |
|---|---|---|
| Fund for the Faith | $ 299,490 | $ 326,618 |
| Contributions | 3,500 | 3,700 |
| | $ 302,990 | $ 330,318 |

## 15. OTHER ACTIVITIES

Other activities for the years ended August 31, 2022 and 2021, consisted of the following:

| | 2022 | 2021 |
|---|---|---|
| Rental and other net income | $ 285,338 | $ 409,269 |
| Governmental Assistance Programs | (43,514) | 1,017,028 |
| Diocesan Purchasing Division net profit | 82,379 | 14,674 |
| | $ 324,203 | $ 1,440,971 |

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

The CAO received revenue from programs related to the CARES Act (in response to the COVID-19 pandemic) in the amount of $1,017,028 during the fiscal year ended August 31, 2021. There were no such amounts received during the year ended August 31, 2022.

The Diocesan Purchasing Division ("DPD") was established to support the purchasing needs of parishes and nonprofit institutions of the Diocese. A substantial portion of the DPD's transactions are with affiliated parishes and other religious organizations. Sales to the Diocesan institutions amounted to $963,063 and $774,069 for the years ended August 31, 2022 and 2021, respectively. The combined DPD sales and other income were $980,221 and $815,075 for the years ended August 31, 2022 and 2021, respectively. The amounts receivable related to Diocesan institutions were $79,471 and $55,482 for the years ended August 31, 2022 and 2021, respectively, and are included as part of other accounts receivable (see Note 4).

## 16. 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, 2022 and 2021, subject to eligibility requirements.

Each of these plans is organized as a nonelecting 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. During the year ended August 31, 2021 the CAO commenced a buyout plan for participants in the Lay Plan. As a result of the program, the plan's funded status resulted in approximately a $12,000,000 deficit reduction.

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, the CAO may also be required to make additional payments to the plan for its proportionate share of underfunded liabilities.

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

| | | Plan Funded Status as of December 31, 2021 | | Contributions for the Year ended August 31: | | Total Plan Contributions for the Year ended December 31: | | Contributions Greater than 5% of Total |
|---|---|---|---|---|---|---|---|---|
| Plan | Plan Employer Identification and Plan Number | Assets | Accumulated Benefit Obligation | 2022 | 2021 | 2021 | 2020 | |
| Lay Plan | 16-0743984-002 | $148,306 | $160,191 | $450 | $450 | $5,674 | $5,810 | Yes |
| Priest Plan | 16-0743984-001 | $49,465 | $37,525 | $168 | $194 | $0 | $211 | Yes* |

* The CAO's contributions for the years ended August 31, 2022 and 2021 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 Plan and the Priest Plan.

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% and an expected rate of investment return of 6%. Significant actuarial assumptions utilized for the Priest Plan include a discount rate of 6%, an expected rate of investment return of 6%, and an annual cost of living benefit increase of 4%. Plan assets for both plans are invested in two distinct investment trusts.

Funded status information is not available for the Priest Plan as of August 31, 2022 and 2021, 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, 2021, as determined by the Plan's actuary approximated $2,200,000. The plans' certified zone status is not available since the plans are not subject to ERISA reporting requirements.

## 16. RETIREMENT BENEFIT PLANS (continued)

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 approximately $205,000 and $218,000 for the years ended August 31, 2022 and 2021, 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 $16,900,000 as of January 1, 2021. 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 $9,262,036 and $10,457,270 as of August 31, 2022 and 2021, respectively. The CAO contributions noted above funded the health and welfare plan.

## 17. CONTINGENCIES

The Diocese is guarantor of loans to parishes and other institutions which approximated $449,000 for 6 loans and $1,100,000 for 8 loans as of August 31, 2022 and 2021, 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, 2022. The loans are provided by 3 lending institutions in 2022 and principally supported the construction and remodeling of parish facilities.

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, 2022 and at August 31, 2021 was 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.

## 18. 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, 2022 and 2021:

The CAO administers a payroll service through a third-party payroll provider for various parishes and organizations. Accounts receivable related to the payroll service were $14,657 and $12,458 as of August 31, 2022 and 2021, 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 $47,723 and $58,335 in the fiscal years ended August 31, 2022 and 2021, respectively.

In fiscal years ended August 31, 2022 and 2021, the CAO contributed $25,750 and $14,855 respectively to the Foundation for various missions.

## 18. RELATED PARTIES (continued)

In fiscal year ended August 31, 2022, the Foundation contributed $6,490 to the Department of Education, $62,276 to the St. Joseph Cathedral, $12,575 to Lifelong Faith Formation, $43,682 to the Office of Pro Life (Mother Teresa Home), $54,334 to the University of Buffalo Newman Center, $52,334 to Buffalo State Newman Center, $18,833 to the University of Fredonia Newman Center, $10,242 to the Chancery, and $342,033 to Formation of Priest, Diaconate and Lay Ecclesial.

In fiscal year ended August 31, 2021, the Foundation contributed $6,662 to the Department of Education, $115,295 to the St. Joseph Cathedral, $12,600 to Lifelong Faith Formation, $76,566 to the Office of Pro Life (Mother Teresa Home), $2,542 to the University of Buffalo Newman Center, $3,168 to Buffalo State Newman Center, and $383,310 to Formation of Priest, Diaconate and Lay Ecclesial.

The CAO provides administrative and accounting services to the SJIF and the Foundation. Administrative fees paid by the SJIF to the CAO amounted to $125,000 for each of the fiscal years ended August 31, 2022 and 2021, respectively. Administrative fees paid by the Foundation to the CAO amounted to $60,000 for each of the fiscal years ended August 31, 2022 and 2021, respectively.

The CAO assisted the former Diocesan high schools with an aggregate subsidy of $437,372 and $367,273 in fiscal years ended August 31, 2022 and 2021, respectively.

## 19. SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 20, 2022, 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, 2022 AND 2021**

| | 2022 | 2021 |
|---|---|---|
| PASTORAL: | | |
| Subsidy to St. Joseph Cathedral | $ 154,536 | $ 167,733 |
| National Assessments | 105,350 | - |
| Facility Restructuring expenses | 10,848 | 58,580 |
| Hospital Apostolate | - | 90,577 |
| Tribunal | 238,023 | 227,249 |
| Communications | 142,147 | 31,974 |
| Office of Worship | 26,186 | 23,685 |
| Office of Cultural Diversity | 69,812 | 51,904 |
| Network of Religious Communities | 16,715 | 10,000 |
| Vicar for Priests | 77,700 | 37,837 |
| Charismatic Renewal | 5,504 | 4,826 |
| Apostolate for the Deaf | 17,907 | 16,933 |
| Vicar for Diocesan Renewal | 356,826 | 15,723 |
| Other | 4,710 | 5,083 |
| Total pastoral | 1,226,264 | 742,104 |

(Continued)

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

## SCHEDULES OF EXPENSES
## FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021

| | 2022 | 2021 |
|---|---|---|
| RELIGIOUS PERSONNEL: | | |
| Priests' retirement residences and other retired priests' benefits | $ 1,723,348 | $ 1,681,955 |
| Priest Personnel Board | 10,130 | 6,696 |
| Seminarian Education | - | 40,641 |
| Vocations Office | 122,629 | 123,398 |
| Continuing Formation of Priests | 144,028 | 50,955 |
| Priests' Special Medical Care | 280,049 | 372,074 |
| Diaconate Program | 285,939 | 205,506 |
| Counseling Center | 14,400 | 14,400 |
| Catholic Urban Outreach | 10,137 | 16,858 |
| Total religious personnel | 2,590,660 | 2,512,483 |
| HIGH SCHOOLS SUPPORT | 437,372 | 365,411 |
| OTHER EDUCATIONAL APOSTOLATES: | | |
| Office of Superintendent of Catholic Education | 768,487 | 637,303 |
| Elementary Schools Subsidy | 1,500 | 750 |
| Campus Ministry | 97,542 | 80,931 |
| Total other educational apostolates | 867,529 | 718,984 |

(Continued)

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

**SCHEDULES OF EXPENSES**
**FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021**

| | 2022 | 2021 |
|---|---|---|
| FAMILY AND YOUTH SERVICES: | | |
| Youth Department | $ 30,160 | $ 239,285 |
| Pro Life | 210,551 | 193,874 |
| Total family and youth services | 240,711 | 433,159 |
| CENTRAL SUPPORT MINISTRY: | | |
| Administrative Offices | 3,350,974 | 3,063,201 |
| Buildings and Properties Department | 452,551 | 441,059 |
| Computer Services Center | 396,242 | 306,834 |
| Advancement Office | 54,424 | 40,359 |
| Human Resources | 289,498 | 313,965 |
| Research, Planning and Census | 52,883 | 52,277 |
| Legal and audit | 4,182,264 | 3,820,323 |
| Interest | 3,470 | 3,674 |
| Total central support ministry | 8,782,306 | 8,041,692 |
| TOTAL EXPENSES | $ 14,144,842 | $ 12,813,833 |

*See accompanying notes.* (Concluded)