

**THE CATHOLIC SCHOOL OFFICE
OF THE ROMAN CATHOLIC DIOCESE
OF SYRACUSE AND AFFILIATED
DIOCESAN SCHOOLS**

COMBINED FINANCIAL STATEMENTS

June 30, 2012 and 2011

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THE CATHOLIC SCHOOL OFFICE OF THE ROMAN CATHOLIC DIOCESE OF SYRACUSE AND AFFILIATED DIOCESAN SCHOOLS

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Dermody, Burke & Brown, CPAs, LLC

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

YOUR EXCELLENCY MOST REVEREND ROBERT J. CUNNINGHAM

We have reviewed the accompanying combined statements of financial position of **THE CATHOLIC SCHOOL OFFICE OF THE ROMAN CATHOLIC DIOCESE OF SYRACUSE AND AFFILIATED DIOCESAN SCHOOLS** as of June 30, 2012 and 2011, and the related combined statements of activities and cash flows for the years then ended.

A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our reviews we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

As explained in Note 1, the combined financial statements present the financial position and activity for the Catholic School Office and designated Diocesan schools, operating as a department of the Roman Catholic Diocese of Syracuse, Inc. They do not include the financial position and changes in net assets of the Diocesan corporation, its other departments, and other Schools operated as part of separately incorporated parishes.

The information on pages 21 to 28 accompanying the combined financial statements is presented only for supplementary analysis purposes and has been subjected to the inquiry and analytical procedures applied in the review of the basic combined financial statements, and we did not become aware of any material modifications that should be made to such data.

Dermody, Burke & Brown

DERMODY, BURKE & BROWN, CPAs, LLC

Syracuse, NY

October 31, 2012

**THE CATHOLIC SCHOOL OFFICE OF THE ROMAN CATHOLIC
DIOCESE OF SYRACUSE AND AFFILIATED DIOCESAN SCHOOLS**

REVIEWED COMBINED FINANCIAL STATEMENTS

COMBINED STATEMENTS OF FINANCIAL POSITION

June 30, 2012 and 2011

| ASSETS | 2012 | 2011 Restated |
|--|-----------------------------|-----------------------------|
| Cash | \$ 3,600,324 | \$ 3,540,483 |
| Tuition Receivable, Less Allowance for Doubtful Accounts of \$1,542,374 in 2012 and \$1,578,713 in 2011 | 280,505 | 291,371 |
| Assessment and Other Receivables, Less Allowance for Doubtful Accounts of \$1,019,800 in 2012 and \$1,421,022 in 2011 | 926,828 | 1,793,150 |
| Other Assets | 17,561 | 160,512 |
| Investments | 3,229,196 | 2,960,107 |
| Beneficial Interest in Perpetual Trust | 1,424,430 | 1,549,933 |
| Property and Equipment - Net | <u>3,697,039</u> | <u>4,031,154</u> |
| TOTAL ASSETS | <u><u>\$ 13,175,883</u></u> | <u><u>\$ 14,326,710</u></u> |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Notes Payable and Commitments | \$ 1,620,572 | \$ 1,727,222 |
| Accounts Payable and Accrued Expenses | 702,430 | 1,050,709 |
| Accrued Payroll and Amounts Withheld | 98,981 | 115,374 |
| Deferred Tuition | 344,474 | 723,952 |
| Due to Affiliated Organizations | 2,970,406 | 3,164,848 |
| Other Liabilities | 167,820 | 158,233 |
| Unfunded Pension Obligation | <u>8,966,461</u> | <u>10,116,478</u> |
| Total Liabilities | 14,871,144 | 17,056,816 |
| NET ASSETS | | |
| Unrestricted | (8,370,794) | (10,090,166) |
| Board Designated | 100,139 | 108,475 |
| Temporarily Restricted | 1,092,350 | 1,227,783 |
| Permanently Restricted | 1,786,005 | 1,992,648 |
| Net Investment in Property and Equipment | <u>3,697,039</u> | <u>4,031,154</u> |
| Total Net Assets | <u>(1,695,261)</u> | <u>(2,730,106)</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u><u>\$ 13,175,883</u></u> | <u><u>\$ 14,326,710</u></u> |

See notes to combined financial statements and accountants' report.

**THE CATHOLIC SCHOOL OFFICE OF THE ROMAN CATHOLIC
DIOCESE OF SYRACUSE AND AFFILIATED DIOCESAN SCHOOLS**

COMBINED STATEMENTS OF ACTIVITIES

Years Ended June 30, 2012 and 2011

| | 2012 | 2011 Restated |
|---|-----------------------|-----------------------|
| SUPPORT AND REVENUE FROM SCHOOL OPERATIONS | | |
| Tuition - Net of Discounts | \$ 11,143,356 | \$ 13,953,146 |
| Mandated Services and Support | 1,308,874 | 1,343,624 |
| Fees and Programs | 1,443,465 | 1,416,050 |
| Fund Raising and Development | 1,937,884 | 2,395,603 |
| Investment Income / (Loss) | 78,038 | 491,445 |
| Other Income | 1,039,213 | 893,674 |
| | <u>16,950,830</u> | <u>20,493,542</u> |
| EXPENSES | | |
| Program Services: | | |
| Instructional | 14,765,845 | 18,375,786 |
| Support and Mandated Services | 1,333,411 | 579,741 |
| Food Service Expense | 592,687 | 588,662 |
| Athletic Program Expenditures | 816,791 | 779,171 |
| Transportation Expense | 30,829 | 28,782 |
| | <u>17,539,563</u> | <u>20,352,142</u> |
| Support Services: | | |
| General and Administrative Expenses | 5,421,454 | 6,183,161 |
| Fund Raising and Development | 501,360 | 551,464 |
| | <u>5,922,814</u> | <u>6,734,625</u> |
| Total Expenses | <u>23,462,377</u> | <u>27,086,767</u> |
| CHANGE IN NET ASSETS FROM SCHOOL OPERATIONS | (6,511,547) | (6,593,225) |
| DIOCESAN AND PARISH SUPPORT | | |
| Parish and Diocesan Subsidies | <u>6,492,452</u> | <u>7,113,248</u> |
| CHANGE IN NET ASSETS BEFORE PENSION OBLIGATION | (19,095) | 520,023 |
| Transactions and Credits Associated with Pension Obligation | <u>1,106,252</u> | <u>778,259</u> |
| CHANGE IN NET ASSETS | 1,087,157 | 1,298,282 |
| NET ASSETS | | |
| Net Assets, Beginning of Year | (2,730,106) | 6,894,231 |
| Unfunded Pension Obligations Adjustments | <u>(52,312)</u> | <u>(10,922,619)</u> |
| Net Assets, End of Year | <u>\$ (1,695,261)</u> | <u>\$ (2,730,106)</u> |

See notes to combined financial statements and accountants' report.

**THE CATHOLIC SCHOOL OFFICE OF THE ROMAN CATHOLIC
DIOCESE OF SYRACUSE AND AFFILIATED DIOCESAN SCHOOLS**

COMBINED STATEMENTS OF CASH FLOWS

Years Ended June 30, 2012 and 2011

| | 2012 | 2011 Restated |
|--|--------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in Net Assets | \$ 1,087,157 | \$ 1,298,282 |
| Adjustments to Reconcile Change in Net Assets to Net Cash Used In Operating Activities: | | |
| Depreciation | 433,664 | 398,999 |
| Bad Debt Expense | 339,193 | 546,738 |
| Transactions and Credits Associated with Pension Obligation | (1,106,252) | (778,259) |
| Unrealized (Gain) Loss on Investments | 94,613 | (313,872) |
| Other Adjustments | (65,668) | 0 |
| (Increase) Decrease in Operating Activities: | | |
| Tuition and Assessment Receivables | 539,015 | 751,029 |
| Other Assets | 141,718 | (22,097) |
| Increase (Decrease) in Operating Liabilities: | | |
| Accounts Payable and Accrued Expenses | (337,511) | (38,081) |
| Accrued Payroll and Amounts Withheld | (18,204) | (59,779) |
| Deferred Tuition | (351,283) | (357,372) |
| Due to Affiliated Organization | (285,402) | (82,527) |
| Other Liabilities | 9,688 | 20,223 |
| Net Cash Provided By Operating Activities | 480,728 | 1,363,284 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of Property and Equipment | (184,961) | (272,116) |
| (Increase) Decrease in Investments | (250,634) | 209,455 |
| Net Cash Used In Investing Activities | (435,595) | (62,661) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Loan and Commitment Payments | 14,708 | (22,108) |
| Net Cash Provided By (Used In) Financing Activities | 14,708 | (22,108) |
| Net Change in Cash | 59,841 | 1,278,515 |
| Cash at Beginning of Year | 3,540,483 | 2,261,968 |
| Cash at End of Year | \$ 3,600,324 | \$ 3,540,483 |

See notes to combined financial statements and accountants' report.

**THE CATHOLIC SCHOOL OFFICE OF THE ROMAN CATHOLIC
DIOCESE OF SYRACUSE AND AFFILIATED DIOCESAN SCHOOLS**

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2012 and 2011

NOTE 1 – NATURE OF OPERATIONS

The Catholic School Office operates as a department of the Roman Catholic Diocese of Syracuse, Inc. The affiliated Diocesan Schools included in these combined financial statements are stand-alone entities operating as separate departments. The Catholic School Office is directly responsible for the operations of these affiliated entities. The primary purpose of the Organization is to provide education for enrolled pupils. The Diocese of Syracuse and the separately incorporated affiliated schools are tax exempt under Section 501(c)(3) of the Internal Revenue Code.

For report purposes, the entities have been combined by regions:

Western: The Western region is comprised of Bishop Ludden Junior-Senior High School, Bishop Grimes Junior-Senior High School and the Western Region Bishop Academies. Enrollment in these regional schools totaled 715 in 2012 and 1,349 in 2011. The Bishop Academies were dissolved effective June 30, 2011.

The Western Region Bishop Academies (the Academies) were a group of Catholic schools, which were recognized as a consortium by the Roman Catholic Diocese of Syracuse, Inc., comprised of Cathedral Academy at Pompei, Bishop's Academy at Holy Family, Bishop's Academy at Most Holy Rosary and Bishop's Academy at St. Charles Borromeo. The 2011 enrollment was 596. The consortium was dissolved at the end of the 2011 school year. Cathedral Academy, Holy Family and Most Holy Rosary will continue to operate as stand-alone parish schools. St. Charles School closed as of June 30, 2011.

Eastern: The Eastern Region includes the operations of the Greater Utica Area Catholic Schools and Rome Catholic School. Rome Catholic School is a K-12 school serving the City of Rome and surrounding areas. The Greater Utica Area Catholic Schools (School System) is recognized as a consortium by the Diocese of Syracuse, comprised of Notre Dame Junior/Senior High School and Notre Dame Elementary School. Total enrollment in the Eastern Region schools was 925 in 2012 and 915 in 2011.

In 2012 St. Patrick's School – Oneida has been included as a Diocesan school in the Eastern Region. Enrollment at St. Patrick's was 150 in 2012 and 130 in 2011. The 2011 financial information has been restated to include the School's 2011 financial information.

Northern: Trinity School is a K-12 educational institution operating in the northern portion of the Diocese of Syracuse. Enrollment in this school was 173 in 2012 and 155 in 2011.

**THE CATHOLIC SCHOOL OFFICE OF THE ROMAN CATHOLIC
DIOCESE OF SYRACUSE AND AFFILIATED DIOCESAN SCHOOLS**

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2012 and 2011

NOTE 1 – NATURE OF OPERATIONS – Continued

Southern: The Catholic Schools of Broome County (School System) is a group of local Catholic schools, which are recognized as a consortium by the Diocese of Syracuse. The School System is comprised of the following schools: St. James, St. Johns, St. Thomas, St. Joseph, Seton Catholic Central High School and Seton Catholic All Saints. Enrollment in the Southern Region was 873 in 2012 and 913 in 2011.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Principles of Combination

The combined financial statements include the accounts of the Catholic School Office and affiliated Diocesan Schools. All significant intercompany accounts and transactions have been eliminated in the combination.

The accounting information for the individual schools and consortiums identified herein has been taken from reviewed financial statements for the years ended June 30, 2012 and 2011.

Financial Statement Presentation

The accompanying combined financial statements have been prepared on the accrual basis of accounting. In order to ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts are maintained in accordance with the principles of net assets. This is the procedure in which resources for various purposes are classified for accounting and reporting purposes into groups that are in accordance with activities or objectives specified.

The assets, liabilities and net assets of the Organization are reported in three self-balancing groups as follows:

- Unrestricted net asset class represents the portion of expendable funds that is available for support of the Organization's operations. Included in this grouping are special revenue net assets used to account for the proceeds and expenditures of cafeteria, booster club and other school specific activity and the plant net asset class, which accounts for plant acquisitions and funds expended for plant.
- Temporarily and permanently restricted net asset classes represent resources that are subject to restrictions placed on them by the donor-funding agency.

See accountants' report.

**THE CATHOLIC SCHOOL OFFICE OF THE ROMAN CATHOLIC
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NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2012 and 2011

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Tax Exempt Status

No provision for income taxes is required since the Organization has obtained a group exemption from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Accounting standards prescribe a comprehensive model for the combined financial statement recognition, measurement, presentation, and disclosure of uncertain tax positions taken or expected to be taken in income tax returns. These interpretations apply to all types of entities, including nonprofit organizations. The standard requires an organization to recognize for financial statement purposes the impact of a tax position, if a tax return position is “more likely than not” to prevail. It also provides guidance on derecognition, classification, interest and penalties, disclosure and transition. Management is unaware of any unrelated business activities that may be subject to unrelated business income tax or any activities that would jeopardize the Organization’s exempt status.

Functional Allocation of Expense

The costs of providing the various programs have been summarized on a functional basis in the combined statements of activities. Accordingly, certain costs have been allocated among the programs benefited based on management’s estimates of time spent, occupancy or usage. Other costs specifically identified to a program are charged directly to that program.

Cash Flows

For purposes of the combined statements of cash flows, the Organization uses the direct method of reporting net cash flows from operating activities, and considers all short-term investments with an original maturity of three months or less to be cash equivalents. At June 30, 2012 and 2011, there were no cash equivalents.

Use of Estimates

The preparation of combined financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**THE CATHOLIC SCHOOL OFFICE OF THE ROMAN CATHOLIC
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NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2012 and 2011

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Deferred Tuition

Deferred income represents tuition revenues received in advance. Tuition revenue is recognized in the year services are rendered.

Contributions

Contributions received and made are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Contributions received, including unconditional promises to give (pledges), are recognized as revenues in the period received at their fair values. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their future cash flows. The discounts on those amounts are computed using risk free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Accounts Receivable and Tuition Receivable

The provision for bad debt expense is provided by using the allowance method based on historical experience and management's evaluation of outstanding accounts and tuition receivables at the end of each year. The Organization's bad debt expense was \$339,193 and \$546,738 at June 30, 2012 and 2011, respectively.

See accountants' report.

**THE CATHOLIC SCHOOL OFFICE OF THE ROMAN CATHOLIC
DIOCESE OF SYRACUSE AND AFFILIATED DIOCESAN SCHOOLS**

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2012 and 2011

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Investments

Investments are presented in the combined financial statements in the aggregate at fair market value with any realized and unrealized gains and losses being reported in the combined statements of activities.

Investment income is accounted for in the class owning the assets, except for investment income from the permanently restricted class, which is credited in accordance with the donor's stipulation as to use, or to current unrestricted funds if not restricted by the donor.

Property and Plant Assets

Land and buildings are not reflected on the Organization's combined financial statements, as they are the property of the Diocese of Syracuse or individual parishes. No rent is paid for the use of these facilities. The value of the donated rent subsidy and the corresponding expense are not reflected in these statements since they are not susceptible to objective measurement or valuation. However, certain land and building improvements are capitalized and depreciated on a straight-line basis over their estimated useful lives.

Property and equipment are recorded at cost. Depreciation is recorded on the straight-line method over the estimated economic useful life of the respective asset. When properties are retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is recorded in the combined statements of activities.

Expenditures for repairs and maintenance not considered to substantially lengthen property life are charged to expense as incurred. Depreciation charged to expense for the years ended June 30, 2012 and 2011 was \$433,664 and \$398,999, respectively.

Subsequent Events

Management has evaluated subsequent events through October 31, 2012, which is the date the combined financial statements were available to be issued.

See accountants' report.

**THE CATHOLIC SCHOOL OFFICE OF THE ROMAN CATHOLIC
DIOCESE OF SYRACUSE AND AFFILIATED DIOCESAN SCHOOLS**

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2012 and 2011

NOTE 3 – INVESTMENTS

As of June 30, 2012, the Organization has invested in funds held in the Syracuse Diocesan Investment Fund, Inc. This stand-alone entity was established in 2011 and replaced the Diocesan Investment Pool that was administered by the Diocese of Syracuse – Central Administrative Office. The Syracuse Diocesan Investment Fund, Inc. operates a cooperative investment program for the mutual benefit of Diocesan organizations, parishes, and related organizations. Funds are invested through brokerage firms as selected by the participating organizations. The holdings of the Fund include cash equivalents, governmental and corporate bonds, mutual funds, equity securities, and other investments. These pooled investments are subject to market and credit risks due to changes in market conditions and interest rates. At June 30, 2012 and 2011, these funds are included in the combined financial statements at market as reported to the Organization by the Syracuse Diocesan Investment Fund, Inc. The Organization also invests in corporate equity securities and government bonds. These investments are subject to varying degrees of risk. Equity securities are subject to market value changes associated with publicly held securities. Government bond investment values will fluctuate due to interest rate changes.

A summary of the Organization's investment portfolio is presented as follows:

| | 2012 | | 2011 | |
|-----------------------|---------------------|---------------------|---------------------|---------------------|
| | Cost | Market | Cost | Market |
| Investment Fund | \$ 2,573,218 | \$ 2,577,285 | \$ 2,521,095 | \$ 2,646,349 |
| Mutual Funds – Equity | 1,486,596 | 1,541,783 | 1,184,575 | 1,155,961 |
| Mutual Funds – Fixed | <u>513,727</u> | <u>534,558</u> | <u>670,782</u> | <u>707,730</u> |
| Total | <u>\$ 4,573,541</u> | <u>\$ 4,653,626</u> | <u>\$ 4,376,452</u> | <u>\$ 4,510,040</u> |

At the end of 2012, the aggregate market value of the Organization's investment portfolio exceeded aggregate cost by approximately \$80,000 (\$134,000 in 2011).

See accountants' report.

**THE CATHOLIC SCHOOL OFFICE OF THE ROMAN CATHOLIC
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NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2012 and 2011

NOTE 3 – INVESTMENTS – Continued

Fair Value Measurements

The Organization has adopted the provisions of an accounting standard, which pertains to certain combined statements of financial position items measured at fair value on a recurring basis and defines fair value, establishes a framework for measuring fair value and expands disclosures about such measurements.

This accounting standard establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows: Level 1 – Quoted prices in active markets for identical assets or liabilities; Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data; and Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The investments held by the Organization in the Investment Fund are determined to be Level 3 as the Organization does not have control over these investments and is unable to determine the makeup of the investments. Earnings are reported to the Organization by the Fund. The Organization can deposit or withdraw funds from the Investment Fund at will.

| | 2012 | 2011 |
|---------|---------------------|---------------------|
| Level 1 | \$ 2,076,341 | \$ 1,863,691 |
| Level 2 | 0 | 0 |
| Level 3 | <u>2,577,285</u> | <u>2,646,349</u> |
| Total | <u>\$ 4,653,626</u> | <u>\$ 4,510,040</u> |

See accountants' report.

**THE CATHOLIC SCHOOL OFFICE OF THE ROMAN CATHOLIC
DIOCESE OF SYRACUSE AND AFFILIATED DIOCESAN SCHOOLS**

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2012 and 2011

NOTE 4 – BENEFICIAL INTEREST IN PERPETUAL TRUSTS

Wynne Trust for the Benefit of Seton Catholic Central High School

Seton Catholic Central High School, the Diocesan High School in the Southern Tier, is one of two beneficiaries in a perpetual trust held by a third party. The trust is administered by a local bank and the Organization has an irrevocable right to receive 40% of the income every year, however, the Organization does not have access to the total trust's assets. The fair market value of the trust's principal assets for the Organization totaled \$1,424,430 as of June 30, 2012 (\$1,549,933 in 2011).

Bishop Harrison Education Trust for the Benefit of the Southern Region

The Southern Region is the sole beneficiary in another trust. The trust has its own governing board and the Organization has an irrevocable right to the earnings on the investments held in the trust. The principal of the trust is to remain intact, unlike the accumulated earnings, which will be held until such time as they are released for use by the governing board.

Fair market value of the trust's principal totaled \$124,491 at June 30, 2012 (\$110,148 in 2011).

The net assets of these trusts are accounted for in the temporarily and permanently restricted net asset group of accounts.

Permanently Restricted Net Assets – Eastern Region

The Rome Catholic Schools received a bequest for \$250,000 which was restricted by the donor for use in the school's operations. The principal of this gift must remain intact and interest and dividends generated by the investment of the principal can be used for operations. In 2012 the principal of the bequest was drawn down by \$92,624 used toward financial aid and scholarships. This expenditure was approved by the original donor.

See accountants' report.

**THE CATHOLIC SCHOOL OFFICE OF THE ROMAN CATHOLIC
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NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2012 and 2011

NOTE 5 – PROPERTY AND EQUIPMENT

A summary of property and equipment are summarized as follows:

| | 2012 | 2011 |
|--------------------------------|---------------------|---------------------|
| Building Improvements | \$ 11,538,614 | \$ 11,438,724 |
| Equipment and Furniture | 2,776,576 | 3,211,922 |
| Computers and Software | 1,644,044 | 1,584,410 |
| Office Equipment | 178,707 | 178,707 |
| Transportation Equipment | <u>189,341</u> | <u>189,341</u> |
| | 16,327,282 | 16,603,104 |
| Less: Accumulated Depreciation | <u>12,630,243</u> | <u>12,571,950</u> |
| Total | <u>\$ 3,697,039</u> | <u>\$ 4,031,154</u> |

Depreciation charged to expense amounted to \$433,664 and \$398,999 at June 30, 2012 and 2011, respectively.

Ownership of selective equipment previously carried on the book of the Western Region Bishops' Academies was transferred to the designated parish school as of July 1, 2011 at the net book value. Equipment not transferred was deemed to be impaired and written off in 2012.

See accountants' report.

**THE CATHOLIC SCHOOL OFFICE OF THE ROMAN CATHOLIC
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NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2012 and 2011

NOTE 6 – NOTES PAYABLE

Debt obligations of the Organization as of June 30, 2012 and 2011 are summarized as follows:

| | 2012 | 2011 |
|--|---------------------|---------------------|
| Southern Region | | |
| Unsecured demand notes due to the Diocese of Syracuse, payable in quarterly installments of \$16,590 plus interest at 3% per annum, due July 2020. | \$ 530,864 | \$ 597,222 |
| Non-interest bearing note to the Diocese of Syracuse, no repayment terms established. | 400,000 | 400,000 |
| Western Region | | |
| Non-interest bearing notes payable to the Diocese of Syracuse, a related corporation, no principal payments until October 2009, when the note payable to the bank is paid in full. | 60,000 | 60,000 |
| Eastern Region | | |
| Non-interest bearing advance from affiliated entity, no payment terms established. Paid in full in 2012. | 0 | 55,000 |
| Non-interest bearing note to Diocese of Syracuse, no payment terms established. | <u>629,708</u> | <u>615,000</u> |
| Total | <u>\$ 1,620,572</u> | <u>\$ 1,727,222</u> |

See accountants' report.

**THE CATHOLIC SCHOOL OFFICE OF THE ROMAN CATHOLIC
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NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2012 and 2011

NOTE 6 – NOTES PAYABLE – Continued

Cash paid for interest and charged to expense on debt was \$18,677 in 2012 and \$24,118 in 2011.

As of June 30, 2012, debt matures as follows:

| | |
|------------|---------------------|
| 2013 | \$ 66,360 |
| 2014 | 66,360 |
| 2015 | 66,360 |
| 2016 | 66,360 |
| 2017 | 66,360 |
| Thereafter | 199,062 |
| No Terms | <u>1,089,710</u> |
| Total | <u>\$ 1,620,572</u> |

NOTE 7 – RELATED PARTY TRANSACTIONS

The Catholic School Office and Affiliated Diocesan Schools operate under the auspices of the Diocese of Syracuse. Consequently, there are a number of transactions by and between these entities. In addition, the individual schools are closely associated with several parishes thus resulting in numerous transactions by and between these entities.

The affiliated schools receive subsidies from the Catholic School Office and area parishes, which totaled \$4,618,812 in the 2011-2012 school year (\$6,083,522 in 2011). Without these subsidies, the schools would not be able to meet the operating expenses. In addition, the Catholic School Office receives a subsidy from the Diocesan Hope Appeal to cover the cost of operations. The subsidy totals \$533,725 in 2012 and \$502,972 in 2011.

In addition to the obligations discussed in Note 6, the Organization has accumulated certain operating indebtedness with the Diocese of Syracuse. These payables and accruals totaled \$2,970,406 as of June 30, 2012 (\$3,164,848 in 2011). These obligations are the result of the Organization's participation in the Diocese insurance programs that include property, health, disability, workmen's compensation and unemployment. Total expense for these programs totaled \$1,532,270 in the 2011-2012 school year (\$1,867,545 in 2011).

See accountants' report.

**THE CATHOLIC SCHOOL OFFICE OF THE ROMAN CATHOLIC
DIOCESE OF SYRACUSE AND AFFILIATED DIOCESAN SCHOOLS**

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2012 and 2011

NOTE 8 – LEASES

The Organization has entered into lease obligations for office space and equipment. Lease terms are variable. Total rental expense was \$98,278 in 2012 and \$114,414 in 2011.

NOTE 9 – CONCENTRATION OF CREDIT RISK

Financial instruments include cash, receivables, accounts payable and accrued expenses. All financial instruments are held for purposes other than trading. The following methods and assumptions were used to estimate the fair value of each instrument for which it is practicable to estimate the value. The fair values of cash, receivables, and accounts payable and accrued expenses approximate their carrying amounts as reflected in the combined statements of financial position due to their short-term availability, maturity and settlement.

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash, tuition receivable and accounts receivable. The Organization and its individual schools place their operating cash holdings with various financial institutions and thus all cash held in excess of the FDIC insurable limit is subject to the solvency of that particular financial institution. The FDIC insurable limit is \$250,000 per depositor. As of December 31, 2010, the insurable limit for non-interest bearing accounts has been changed to unlimited coverage through December 31, 2012. From time to time throughout the year, bank balances exceeded insurance limits and management considered those circumstances to be a normal business risk. In addition, the Organization has a portion of its cash in a money market fund investment account. Concentration of credit risk with respect to tuition receivable balances are limited due to the number of individual balances that make up the total.

The Organization's investments are held and managed by the Syracuse Diocesan Investment Fund, Inc. and various brokerage firms. Investments are made primarily in equity and fixed income instruments. These investments are subject to credit risk due to changes in market conditions and interest rates.

**THE CATHOLIC SCHOOL OFFICE OF THE ROMAN CATHOLIC
DIOCESE OF SYRACUSE AND AFFILIATED DIOCESAN SCHOOLS**

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2012 and 2011

NOTE 10 – UNCERTAINTIES RELATING TO GOING CONCERN

The financial data of individual schools contained within this combined financial statement contemplates the continuation of the Organization and affiliated schools as going concerns. Bishop Ludden Junior Senior High School and Rome Catholic Schools have substantial unrestricted operating deficits at the end of the school year. In addition, these schools have significant amounts of debt and accounts payable owed to the Diocese of Syracuse. Currently, these schools do not have the means to repay these obligations.

The Organization's management is working on plans to control and reduce expenditures and to increase revenues for the 2013 fiscal year. It is uncertain whether these plans will be adequate in scope to meet minimum cash outlays for future operations and to provide cash to pay down obligations in a timely manner.

NOTE 11 – RESTRICTED NET ASSETS

A summary of the Organization's activity in restricted net assets is summarized as follows:

| | Temporarily Restricted | Permanently Restricted | Total |
|--|-----------------------------------|-----------------------------------|---------------------|
| Restricted Net Assets, July 1, 2010 | \$ 1,120,138 | \$ 1,749,467 | \$ 2,869,605 |
| Contributions | 27,555 | 0 | 27,555 |
| Investment Income and Portfolio (Losses) | 90,134 | 351,582 | 441,716 |
| Assets Released | (118,445) | 0 | (118,445) |
| Assets Released | <u>108,401</u> | <u>(108,401)</u> | <u>0</u> |
| Total June 30, 2011 | 1,227,783 | 1,992,648 | 3,220,431 |
| Investment Income and Portfolio | | | (25,396) |
| Gains (Losses) | 41,144 | (66,540) | |
| Asset Released | (224,056) | (92,624) | (316,680) |
| Assets Released | <u>47,479</u> | <u>(47,479)</u> | <u>0</u> |
| Total June 30, 2012 | <u>\$ 1,092,350</u> | <u>\$ 1,786,005</u> | <u>\$ 2,878,355</u> |

In addition to the above restricted net assets, individual schools have established board designated unrestricted funds for specific projects or purposes. At June 30, 2012, designated funds totaled \$100,139 (\$108,475 in 2011) and are to be used for scholarships and other designated projects in future school years.

See accountants' report.

**THE CATHOLIC SCHOOL OFFICE OF THE ROMAN CATHOLIC
DIOCESE OF SYRACUSE AND AFFILIATED DIOCESAN SCHOOLS**

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2012 and 2011

**NOTE 12 – PRIOR PERIOD ADJUSTMENT – DEFINED BENEFIT
PENSION LIABILITY**

Employees of the Organization are participants within the Diocese of Syracuse Defined Benefit Pension Plan. The plan is noncontributory and covers lay employees of the Diocese, its affiliated organizations and parish units, who meet certain minimum service requirements. The Organization's annual contribution to the plan for the fiscal years ended June 30, 2012 and 2011 was approximately \$776,264 and \$859,148, respectively, and is included in employee benefits.

The Diocese of Syracuse Defined Benefit Pension Plan (the Plan) is a church plan which allows participating parishes, schools, cemeteries and other affiliated Diocesan organizations to enroll all eligible lay employees. It is the participating employers' responsibility to contribute to the Plan such amounts as may be required to meet minimum funding standards.

The overall Diocesan Plan is underfunded by approximately \$27,000,000. During 2011 the Plan's actuary initiated a study to determine each individual employer's portion of the unfunded position. As of June 30, 2010 the Organization's estimated portion of the overall liability totaled \$10,628,057.

This potential obligation has been established as a liability. Changes to the unfunded obligation are accounted for as an adjustment to unrestricted net assets.

A summary of the unfunded pension liability is presented below:

Pension Liability

| | |
|---|---------------------|
| Unfunded Liability (as determined by actuarial study) | \$ 10,628,057 |
| Less: Year-end Payments and Adjustments | 1,785,655 |
| Less: Equity Transfer-Bishop's Academies | 1,376,000 |
| Add: Prior Period Adjustment | <u>1,500,059</u> |
| Balance as of June 30, 2012 | <u>\$ 8,966,461</u> |

See accountants' report.

**THE CATHOLIC SCHOOL OFFICE OF THE ROMAN CATHOLIC
DIOCESE OF SYRACUSE AND AFFILIATED DIOCESAN SCHOOLS**

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2012 and 2011

**NOTE 12 – PRIOR PERIOD ADJUSTMENT – DEFINED BENEFIT
PENSION LIABILITY – Continued**

To address this situation the Plan has instituted the following changes to be effective in the fiscal year beginning July 1, 2011:

1. Participation in the Plan for new employees has been frozen as of the above mentioned effective date. New employees will be eligible to participate in a Diocesan sponsored 403(b) plan.
2. The benefit formula for benefits accumulates after July 1, 2011 and will change from 1.5% to 1.0% of annual pay.
3. Employer contributions will be increased to 8% of eligible wages for the 2011 Plan year. In 2010 the contribution percentage was 7%.

The unfunded pension liability associated with the Western Region Bishops Academies was transferred to the designated parish schools as of June 30, 2011.

The liability was also adjusted for Diocesan School entities and departments previously not included. This adjustment of \$1,500,059 has been identified as a prior period adjustment to net assets.

COMBINING OTHER FINANCIAL INFORMATION**COMBINING STATEMENT OF FINANCIAL POSITION**

Year Ended June 30, 2012

| | Central Office | Western Region |
|---|----------------------------|----------------------------|
| ASSETS | | |
| Cash | \$ 870,325 | \$ 533,099 |
| Tuition Receivable - Net | 0 | 172,662 |
| Assessment and Other Receivables - Net | 493,646 | 41,153 |
| Other Assets | 0 | 6,761 |
| Investments | 1,329,139 | 97,568 |
| Beneficial Interest in Perpetual Trust | 0 | 0 |
| Property and Equipment - Net | 0 | 1,930,240 |
| TOTAL ASSETS | <u>\$ 2,693,110</u> | <u>\$ 2,781,483</u> |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Notes Payable | \$ 0 | \$ 60,000 |
| Accounts Payable | 178,058 | 167,844 |
| Accrued Payroll | 21,410 | 25,922 |
| Deferred Tuition | 0 | 120,660 |
| Due to Affiliated Organization | 0 | 753,972 |
| Other Liabilities | 0 | 67,736 |
| Unfunded Pension Obligation | 228,377 | 2,766,174 |
| Total Liabilities | 427,845 | 3,962,308 |
| NET ASSETS | | |
| Unrestricted | 2,265,265 | (3,291,204) |
| Board Designated | 0 | 100,139 |
| Temporarily Restricted | 0 | 0 |
| Permanently Restricted | 0 | 80,000 |
| Property and Equipment | 0 | 1,930,240 |
| Total Net Assets | <u>2,265,265</u> | <u>(1,180,825)</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 2,693,110</u> | <u>\$ 2,781,483</u> |

**THE CATHOLIC SCHOOL OFFICE OF THE ROMAN CATHOLIC
DIOCESE OF SYRACUSE AND AFFILIATED DIOCESAN SCHOOLS**

| Southern Region | Eastern Region | Northern Region | Eliminations | Combined Totals |
|---------------------|---------------------|--------------------|--------------|----------------------|
| \$ 551,175 | \$ 1,455,531 | \$ 190,194 | \$ 0 | \$ 3,600,324 |
| 47,139 | 39,807 | 20,897 | 0 | 280,505 |
| 188,783 | 185,241 | 18,005 | 0 | 926,828 |
| 8,894 | 1,906 | 0 | 0 | 17,561 |
| 1,125,520 | 615,316 | 61,653 | 0 | 3,229,196 |
| 1,424,430 | 0 | 0 | 0 | 1,424,430 |
| 1,276,604 | 466,386 | 23,809 | 0 | 3,697,039 |
| <u>\$ 4,622,545</u> | <u>\$ 2,764,187</u> | <u>\$ 314,558</u> | <u>\$ 0</u> | <u>\$ 13,175,883</u> |
| | | | | |
| \$ 930,864 | \$ 629,708 | \$ 0 | \$ 0 | \$ 1,620,572 |
| 155,846 | 192,381 | 8,301 | 0 | 702,430 |
| 25,292 | 24,891 | 1,466 | 0 | 98,981 |
| 68,268 | 122,890 | 32,656 | 0 | 344,474 |
| 335,309 | 1,881,125 | 0 | 0 | 2,970,406 |
| 21,734 | 78,350 | 0 | 0 | 167,820 |
| 2,406,915 | 3,230,099 | 334,896 | 0 | 8,966,461 |
| <u>3,944,228</u> | <u>6,159,444</u> | <u>377,319</u> | <u>0</u> | <u>14,871,144</u> |
| | | | | |
| (2,802,310) | (4,455,975) | (86,570) | 0 | (8,370,794) |
| 0 | 0 | 0 | 0 | 100,139 |
| 655,394 | 436,956 | 0 | 0 | 1,092,350 |
| 1,548,629 | 157,376 | 0 | 0 | 1,786,005 |
| 1,276,604 | 466,386 | 23,809 | 0 | 3,697,039 |
| <u>678,317</u> | <u>(3,395,257)</u> | <u>(62,761)</u> | <u>0</u> | <u>(1,695,261)</u> |
| | | | | |
| <u>\$ 4,622,545</u> | <u>\$ 2,764,187</u> | <u>\$ 314,558</u> | <u>\$ 0</u> | <u>\$ 13,175,883</u> |

See notes to combined financial statements and accountants' report.

COMBINING STATEMENT OF FINANCIAL POSITION

Year Ended June 30, 2011

| | Central Office | Western Region |
|---|----------------------------|----------------------------|
| ASSETS | | |
| Cash | \$ 1,104,324 | \$ 478,945 |
| Tuition Receivable - Net | 0 | 110,253 |
| Assessments and Other Receivables - Net | 1,205,966 | 98,938 |
| Other Assets | 0 | 3,887 |
| Investments | 803,468 | 184,853 |
| Perpetual Trust | 0 | 0 |
| Property and Equipment - Net | 0 | 2,166,733 |
| TOTAL ASSETS | <u>\$ 3,113,758</u> | <u>\$ 3,043,609</u> |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Notes Payable | \$ 0 | \$ 60,000 |
| Accounts Payable | 367,974 | 261,111 |
| Accrued Payroll | 21,718 | 11,587 |
| Deferred Tuition | 0 | 176,528 |
| Due to Affiliated Organization | 0 | 772,528 |
| Other Liabilities | 0 | 71,388 |
| Unfunded Pension Obligation | 190,759 | 4,481,395 |
| Total Liabilities | 580,451 | 5,834,537 |
| NET ASSETS | | |
| Unrestricted | 2,533,307 | (5,146,136) |
| Board Designated | 0 | 108,475 |
| Temporarily Restricted | 0 | 0 |
| Permanently Restricted | 0 | 80,000 |
| Property and Equipment | 0 | 2,166,733 |
| Total Net Assets | <u>2,533,307</u> | <u>(2,790,928)</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 3,113,758</u> | <u>\$ 3,043,609</u> |

**THE CATHOLIC SCHOOL OFFICE OF THE ROMAN CATHOLIC
DIOCESE OF SYRACUSE AND AFFILIATED DIOCESAN SCHOOLS**

| Southern Region | Eastern Region Restated | Northern Region | Eliminations | Combined Totals Restated |
|---------------------|-------------------------------|--------------------|--------------|--------------------------------|
| \$ 692,880 | \$ 1,125,612 | \$ 138,722 | \$ 0 | \$ 3,540,483 |
| 121,122 | 50,576 | 9,420 | 0 | 291,371 |
| 132,765 | 262,935 | 92,546 | 0 | 1,793,150 |
| 75,235 | 81,390 | 0 | 0 | 160,512 |
| 1,037,497 | 923,058 | 11,231 | 0 | 2,960,107 |
| 1,549,933 | 0 | 0 | 0 | 1,549,933 |
| 1,262,368 | 573,027 | 29,026 | 0 | 4,031,154 |
| <u>\$ 4,871,800</u> | <u>\$ 3,016,598</u> | <u>\$ 280,945</u> | <u>\$ 0</u> | <u>\$ 14,326,710</u> |
| | | | | |
| \$ 997,222 | \$ 670,000 | \$ 0 | \$ 0 | \$ 1,727,222 |
| 240,915 | 112,001 | 68,709 | 0 | 1,050,709 |
| 36,167 | 43,499 | 2,403 | 0 | 115,374 |
| 100,985 | 434,259 | 12,180 | 0 | 723,952 |
| 462,226 | 1,930,094 | 0 | 0 | 3,164,848 |
| 21,834 | 65,011 | 0 | 0 | 158,233 |
| 2,688,900 | 2,380,265 | 375,159 | 0 | 10,116,478 |
| <u>4,548,249</u> | <u>5,635,129</u> | <u>458,451</u> | <u>0</u> | <u>17,056,816</u> |
| | | | | |
| (3,299,134) | (3,971,672) | (206,532) | 0 | (10,090,166) |
| 0 | 0 | 0 | 0 | 108,475 |
| 697,669 | 530,114 | 0 | 0 | 1,227,783 |
| 1,662,648 | 250,000 | 0 | 0 | 1,992,648 |
| 1,262,368 | 573,027 | 29,026 | 0 | 4,031,154 |
| <u>323,551</u> | <u>(2,618,531)</u> | <u>(177,506)</u> | <u>0</u> | <u>(2,730,106)</u> |
| <u>\$ 4,871,800</u> | <u>\$ 3,016,598</u> | <u>\$ 280,945</u> | <u>\$ 0</u> | <u>\$ 14,326,710</u> |

See notes to combined financial statements and accountants' report.

COMBINING STATEMENT OF ACTIVITIES

Year Ended June 30, 2012

| | Central Office | Western Region |
|---|---------------------------|---------------------------|
| SUPPORT AND REVENUE FROM SCHOOL OPERATIONS | | |
| Tuition - Net of Discounts | \$ 0 | \$ 3,717,895 |
| Mandated Services and Support | 982,555 | 461,879 |
| Fees and Programs | 144,510 | 345,701 |
| Fund Raising and Development | 159,871 | 186,429 |
| Investment Income | 0 | 7,475 |
| Other Income | 0 | 389,259 |
| | <hr/> | <hr/> |
| Total Support and Revenue from School Operations | 1,286,936 | 5,108,638 |
| EXPENSES | | |
| Program Services: | | |
| Instructional Expenses | 225,435 | 3,862,858 |
| Support and Mandated Services | 4,642,108 | 0 |
| Food Service | 0 | 314,445 |
| Athletic Expenses | 0 | 419,760 |
| Transportation Expense | 0 | 263 |
| | <hr/> | <hr/> |
| Total Program Services | 4,867,543 | 4,597,326 |
| Support Services: | | |
| General and Administrative | 968,136 | 1,289,087 |
| Fund Raising and Development | 97,322 | 3,108 |
| | <hr/> | <hr/> |
| Total Support Services | 1,065,458 | 1,292,195 |
| Total Expenses | <hr/> | <hr/> |
| | 5,933,001 | 5,889,521 |
| CHANGE IN NET ASSETS FROM SCHOOL OPERATIONS | (4,646,065) | (780,883) |
| DIOCESAN AND PARISH SUPPORT | | |
| Parish and Diocesan Subsidies | <hr/> | <hr/> |
| | 4,415,640 | 772,000 |
| CHANGE IN NET ASSETS BEFORE PENSION OBLIGATION | (230,425) | (8,883) |
| Transactions and Credits Associated with Pension Obligation | <hr/> | <hr/> |
| | (37,617) | 339,217 |
| CHANGE IN NET ASSETS | (268,042) | 330,334 |
| Net Assets, Beginning of Year | 2,533,307 | (2,790,928) |
| Unfunded Pension Obligation Adjustments | 0 | 1,279,769 |
| | <hr/> | <hr/> |
| Net Assets, End of Year | <u>\$ 2,265,265</u> | <u>\$ (1,180,825)</u> |

**THE CATHOLIC SCHOOL OFFICE OF THE ROMAN CATHOLIC
DIOCESE OF SYRACUSE AND AFFILIATED DIOCESAN SCHOOLS**

| Southern Region | Eastern Region | Northern Region | Eliminations | Combined Totals |
|--------------------|-----------------------|--------------------|--------------------|-----------------------|
| \$ 3,297,196 | \$ 3,646,118 | \$ 482,147 | \$ 0 | \$ 11,143,356 |
| 360,003 | 319,428 | 51,706 | (866,697) | 1,308,874 |
| 522,119 | 430,091 | 1,044 | 0 | 1,443,465 |
| 701,610 | 795,719 | 94,255 | 0 | 1,937,884 |
| 21,360 | 47,523 | 1,680 | 0 | 78,038 |
| 82,698 | 557,245 | 10,011 | 0 | 1,039,213 |
| <u>4,984,986</u> | <u>5,796,124</u> | <u>640,843</u> | <u>(866,697)</u> | <u>16,950,830</u> |
| 5,753,982 | 4,305,804 | 617,766 | 0 | 14,765,845 |
| 0 | 0 | 0 | (3,308,697) | 1,333,411 |
| 0 | 278,242 | 0 | 0 | 592,687 |
| 0 | 397,031 | 0 | 0 | 816,791 |
| 0 | 30,566 | 0 | 0 | 30,829 |
| <u>5,753,982</u> | <u>5,011,643</u> | <u>617,766</u> | <u>(3,308,697)</u> | <u>17,539,563</u> |
| 940,294 | 1,994,642 | 229,295 | 0 | 5,421,454 |
| 80,818 | 286,889 | 33,223 | 0 | 501,360 |
| <u>1,021,112</u> | <u>2,281,531</u> | <u>262,518</u> | <u>0</u> | <u>5,922,814</u> |
| <u>6,775,094</u> | <u>7,293,174</u> | <u>880,284</u> | <u>(3,308,697)</u> | <u>23,462,377</u> |
| (1,790,108) | (1,497,050) | (239,441) | 2,442,000 | (6,511,547) |
| <u>1,862,889</u> | <u>1,570,000</u> | <u>313,923</u> | <u>(2,442,000)</u> | <u>6,492,452</u> |
| 72,781 | 72,950 | 74,482 | 0 | (19,095) |
| 281,985 | 482,404 | 40,263 | 0 | 1,106,252 |
| 354,766 | 555,354 | 114,745 | 0 | 1,087,157 |
| 323,551 | (2,618,531) | (177,506) | 0 | (2,730,106) |
| 0 | (1,332,080) | 0 | 0 | (52,312) |
| <u>\$ 678,317</u> | <u>\$ (3,395,257)</u> | <u>\$ (62,761)</u> | <u>\$ 0</u> | <u>\$ (1,695,261)</u> |

See notes to combined financial statements and accountants' report.

COMBINING STATEMENT OF ACTIVITIES

Year Ended June 30, 2011

| | Central Office | Western Region |
|---|---------------------------|---------------------------|
| SUPPORT AND REVENUE FROM SCHOOL OPERATIONS | | |
| Tuition - Net of Discounts | \$ 0 | \$ 6,220,658 |
| Mandated Services and Support | 1,201,868 | 473,701 |
| Fees and Programs | 108,629 | 376,901 |
| Fund Raising and Development | 246,638 | 360,338 |
| Investment Income | 0 | 7,209 |
| Other Income | 0 | 428,647 |
| | <hr/> | <hr/> |
| Total Support and Revenue from School Operations | 1,557,135 | 7,867,454 |
| EXPENSES | | |
| Program Services: | | |
| Instructional Expenses | 236,624 | 7,477,831 |
| Support and Mandated Services | 5,111,536 | 0 |
| Food Service | 0 | 281,495 |
| Athletic Expenses | 0 | 382,611 |
| Transportation Expense | 0 | 3,651 |
| | <hr/> | <hr/> |
| Total Program Services | 5,348,160 | 8,145,588 |
| Support Services: | | |
| General and Administrative | 525,873 | 2,084,593 |
| Fund Raising and Development | 73,407 | 184,607 |
| | <hr/> | <hr/> |
| Total Support Services | 599,280 | 2,269,200 |
| Total Expenses | <hr/> | <hr/> |
| | 5,947,440 | 10,414,788 |
| CHANGE IN NET ASSETS FROM SCHOOL OPERATIONS | (4,390,305) | (2,547,334) |
| DIOCESAN AND PARISH SUPPORT | | |
| Parish and Diocesan Subsidies | <hr/> | <hr/> |
| | 4,486,226 | 2,081,500 |
| CHANGE IN NET ASSETS BEFORE PENSION OBLIGATION | 95,921 | (465,834) |
| Transactions and Credits Associated with Pension Obligation | <hr/> | <hr/> |
| | 34,227 | 333,085 |
| CHANGE IN NET ASSETS | 130,148 | (132,749) |
| Net Assets, Beginning of Year | 2,628,145 | 2,184,184 |
| Unfunded Pension Obligation Adjustments | <hr/> | <hr/> |
| | (224,986) | (4,842,362) |
| Net Assets, End of Year | <hr/> | <hr/> |
| | \$ 2,533,307 | \$ (2,790,927) |

**THE CATHOLIC SCHOOL OFFICE OF THE ROMAN CATHOLIC
DIOCESE OF SYRACUSE AND AFFILIATED DIOCESAN SCHOOLS**

| Southern Region | Eastern Region Restated | Northern Region | Eliminations | Combined Totals Restated |
|--------------------|-------------------------------|---------------------|--------------------|--------------------------------|
| \$ 3,504,844 | \$ 3,786,608 | \$ 441,036 | \$ 0 | \$ 13,953,146 |
| 398,639 | 306,459 | 38,252 | (1,075,295) | 1,343,624 |
| 466,809 | 462,106 | 1,605 | 0 | 1,416,050 |
| 656,946 | 1,049,803 | 81,878 | 0 | 2,395,603 |
| 449,503 | 32,145 | 2,588 | 0 | 491,445 |
| 31,792 | 417,088 | 16,147 | 0 | 893,674 |
| <u>5,508,533</u> | <u>6,054,209</u> | <u>581,506</u> | <u>(1,075,295)</u> | <u>20,493,542</u> |
| 5,770,182 | 4,286,876 | 604,273 | 0 | 18,375,786 |
| 0 | 0 | 0 | (4,531,795) | 579,741 |
| 0 | 307,167 | 0 | 0 | 588,662 |
| 0 | 396,560 | 0 | 0 | 779,171 |
| 0 | 25,131 | 0 | 0 | 28,782 |
| <u>5,770,182</u> | <u>5,015,734</u> | <u>604,273</u> | <u>(4,531,795)</u> | <u>20,352,142</u> |
| 1,117,317 | 2,175,043 | 280,335 | 0 | 6,183,161 |
| 36,859 | 224,643 | 31,948 | 0 | 551,464 |
| <u>1,154,176</u> | <u>2,399,686</u> | <u>312,283</u> | <u>0</u> | <u>6,734,625</u> |
| 6,924,358 | 7,415,420 | 916,556 | (4,531,795) | 27,086,767 |
| (1,415,825) | (1,361,211) | (335,050) | 3,456,500 | (6,593,225) |
| <u>2,066,599</u> | <u>1,606,000</u> | <u>329,423</u> | <u>(3,456,500)</u> | <u>7,113,248</u> |
| 650,774 | 244,789 | (5,627) | 0 | 520,023 |
| 213,740 | 168,981 | 28,226 | 0 | 778,259 |
| 864,514 | 413,770 | 22,599 | 0 | 1,298,282 |
| 2,361,677 | (483,055) | 203,280 | 0 | 6,894,231 |
| (2,902,640) | (2,549,246) | (403,385) | 0 | (10,922,619) |
| <u>\$ 323,551</u> | <u>\$ (2,618,531)</u> | <u>\$ (177,506)</u> | <u>0</u> | <u>\$ (2,730,106)</u> |

See notes to combined financial statements and accountants' report.