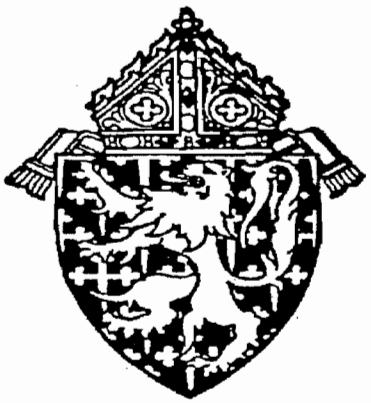
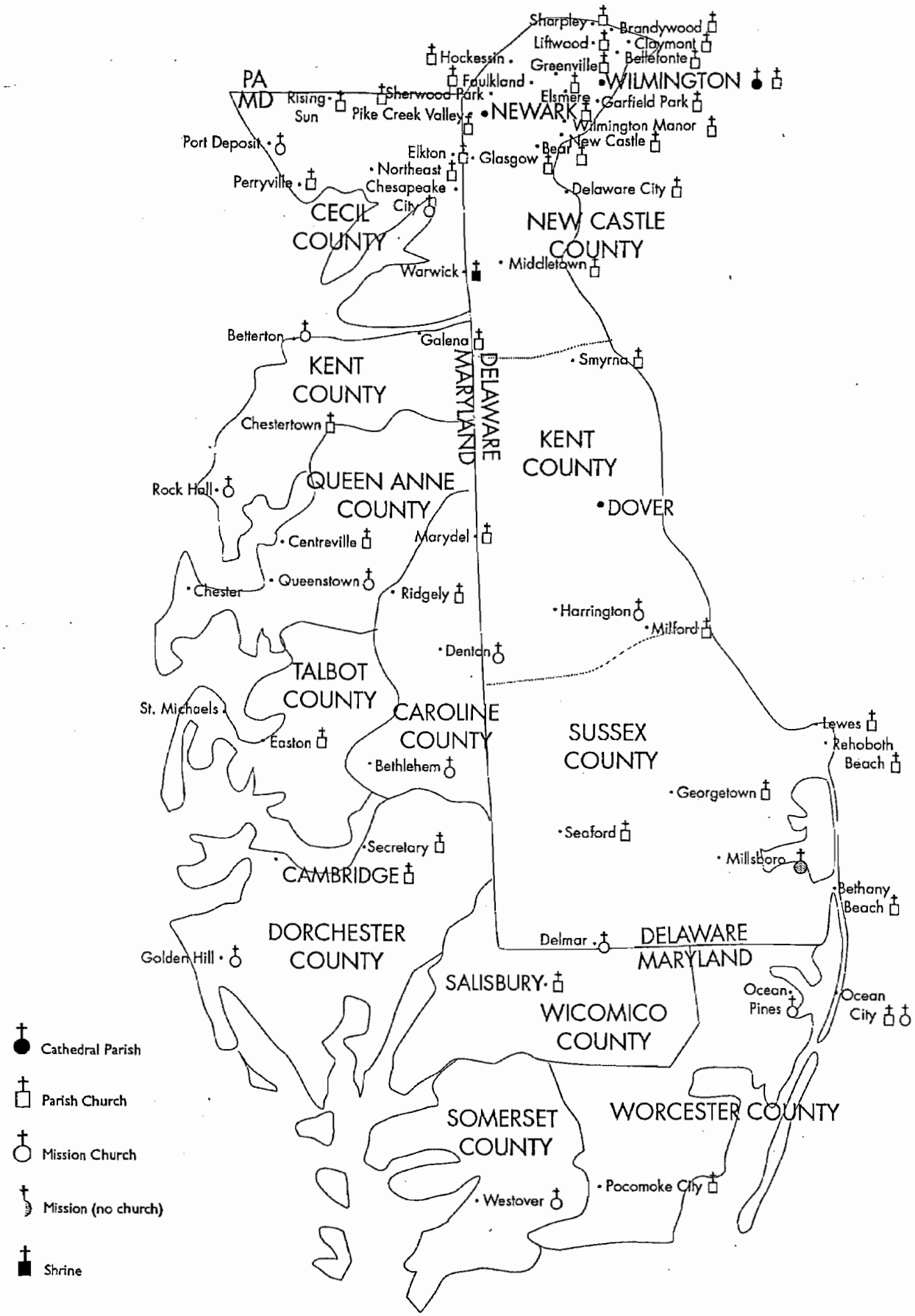
DIOCESE OF WILMINGTON



Quinquennial Report 1998-2003


Sharpley
Brandywood
Liftwood
Claymont
Hockessin
Greenville
Bellefonte
PA
MD
Faulkland
WILMINGTON
Rising Sun
Sherwood Park
Elsmere
Garfield Park
Pike Creek Valley
NEWARK
Wilmington Manor
Port Deposit
New Castle
Elkton
Glasgow
Bear
Northeast
Perryville
Chesapeake City
Delaware City
CECIL COUNTY
NEW CASTLE COUNTY
Warwick
Middletown
Betterton
Galena
Smyrna
KENT COUNTY
MARYLAND
DELAWARE
Chestertown
KENT COUNTY
Rock Hall
QUEEN ANNE COUNTY
DOVER
Centreville
Marydel
Queenstown
Chester
Ridgely
Harrington
Milford
Denton
TALBOT COUNTY
St. Michaels
CAROLINE COUNTY
SUSSEX COUNTY
Lewes
Rehoboth Beach
Easton
Bethlehem
Georgetown
Seaford
Secretary
Millsboro
CAMBRIDGE
Bethany Beach
DORCHESTER COUNTY
Delmar
DELAWARE
MARYLAND
Golden Hill
SALISBURY
Ocean Pines
Ocean City
WICOMICO COUNTY
Cathedral Parish
Parish Church
Mission Church
Mission (no church)
Shrine
SOMERSET COUNTY
WORCESTER COUNTY
Pocomoke City
Westover

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QUINQUENNIAL REPORT
EXECUTIVE SUMMARY

The Diocese of Wilmington was established in 1868. It consists of the State of Delaware (3 counties, 1932 sq. miles) and 9 counties of the State of Maryland (5307 sq. miles). It is located in the Delmarva Peninsula. Adjacent (Arch) Dioceses are Philadelphia, Camden, Richmond, Baltimore, Harrisburg. The diocese is divided into 7 deaneries. There are 57 parishes of which 3 are national (2 Polish, 1 Italian) and 1 personal (University of Delaware students and faculty). There are 19 missions, 2 Interparochial elementary schools, 25 parochial schools, 4 private, 2 diocesan high schools, 3 parochial high schools, 3 private high schools. Total enrollment is 15,495. There are 10,200 students in grade and high school religious education programs. Total registered Catholic population from parishes is 220,000, but there are certainly more Catholics who are simply unaffiliated with the Church. Total population is 1,215,685.

Most Rev. Michael A. Saltarelli became the diocesan bishop in January of 1996. There are two Vicars General - one for Pastoral Services and one for Administrative Concerns who also serves as a Moderator of the Curia. Thirty-four offices of the diocese are divided into six departments, i.e., Pastoral Concerns, Finance, Christian Formation, Communications, Development, and Catholic Charities. There are also councils, commissions and committees for other matters of concern to the diocese of which the College of Consultors (9 members), Priests' Council (17 members), Pastoral Council (18 members) and Finance Council (9 members) are, of course, the more important.

The diocese is a mixture of urban and rural populations. The majority are European Americans with minority populations of African-Americans and Hispanics. There are some Asians. The Spanish speaking come largely from Puerto Rico, Mexico, Guatemala and the islands of the Caribbean. Thirty-four parishes are in New Castle County with the remaining 23 in the southern two counties of Delaware and the nine counties of Maryland.

Bishop Saltarelli has personally been visible in all areas of the diocese and is concerned that diocesan services be provided to all areas even though outside of New Castle County the number of Catholics is much smaller. The challenge of spiritual care of a growing Hispanic population, evangelization of the African-American peoples in urban and rural areas is a major priority as is the concern for the faith of Catholic students on six major secular college campuses. There

are no institutions of higher learning operated by the Church or religious communities.

To serve the parishes and apostolates there are 88 active diocesan priests, 86 religious priests, 8 extern priests, 76 permanent deacons, 29 brothers, 259 sisters, 1075 lay teachers in schools, colleges and religious educations programs. All parishes have functioning parish councils and finance councils. The laity are quite supportive of their parishes and the diocese. Only two parishes need regular assistance from the diocese for the maintenance of the ordinary operations. National organizations like the Knights of Columbus, St. Vincent de Paul Society, Legion of Mary, Fatima Apostolate are represented by local groups.

The diocese has a shortage of priests. The number of active diocesan priests has decreased from 128 to 105 despite the rise in the Catholic population. Nineteen are retired, sick or absent. Only nine have been ordained in the quinquennium. There are 16 seminarians for the diocese. There are 76 permanent deacons at present. The recruitment of African-American and Hispanic candidates is difficult but they are critically needed.

Financially, the diocese is completing a capital campaign which has raised monies for the construction of two elementary schools and an addition to St. Thomas More Academy, one of the two diocesan high schools. The diocese and several of its large ministries i.e., Catholic Charities, Catholic Cemeteries, The Dialog, Diocese of Wilmington, Inc., along with all parishes are separately incorporated in accordance with the State law of both Delaware and Maryland.

Parishioners are faced with a higher unemployment rate with many employers downsizing. There are those looking for work who cannot find it. Those who need and deserve full time jobs are limited to part time or temporary employment and even among full time workers a substantial number fall below subsistence wages and are unable to provide for the families basic necessities. Through Catholic Charities, Ministry of Caring, Parish Outreach Centers and ecumenical relationships the diocese serves the poor in homeless shelters, in food pantries, with clothing drives and in literary centers as well as action on the legislative sphere to resolve the real causes of poverty.

The faith of the people is challenged by secularism more than by other Christian denominations and religions. However, fundamentalists do make inroads among poorer Catholics especially the Hispanics and African Americans. Spiritual values are constantly under attack. Catholic divorce statistics are little different from the national average. To assist Catholics in practicing their faith there is a priority placed on good liturgy. The diocese has produced updated religious education curriculums in accordance with the Catechism of the Catholic Church for both schools and religious education programs for those not in

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Catholic Schools. Confirmation is celebrated for the 8th, 9th and 10th grade students but too many students with their parental approval consider it graduation from religious education. There are preparation programs for First Penance, First Eucharist, Confirmation, Marriage. The pre-marriage program requires a one year preparation period. The diocese has a Pro Life Office, Family Life Bureau, and Public Affairs Advisory Committee (for Delaware) and a membership in the Maryland Catholic Conference to bring Catholic values before our Catholic people, the legislatures of Delaware **and** Maryland and the general public.

As in all dioceses, the Diocese of Wilmington has Catholics in every part of the ecclesial spectrum. There is a small group that supports Latin Masses to which diocesan approval in 2 parishes of the diocese has been given and a smaller group of parents who choose to support a private school separate from diocesan authorization and to school their children at home. By and large Catholics are supportive of the bishop and his programs which are in accord with the Magisterium and the United States Conference of Catholic Bishops. The great challenge is to satisfy the thirst for greater spirituality on the part of many, re-activate inactive Catholics, and reach out with programs of evangelization to the unchurched while respecting the beliefs of the other Christian groups and believers in other religions, i.e., the Jews and the Muslims.

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I

PASTORAL AND ADMINISTATIVE ORGANIZATION OF THE DIOCESE

I. PASTORAL AND ADMINISTRATIVE ORGANIZATION OF THE DIOCESE

A. Diocesan Ordinary

The Bishop of Wilmington is Most Reverend Michael A. Saltarelli, D.D. He is a native-born American. He was ordained May 28, 1960. He was appointed Titular Bishop of Mesarfelta and Auxiliary Bishop of Newark, New Jersey on June 12, 1990. He was consecrated July 30, 1990. Bishop Saltarelli was appointed Bishop of Wilmington November 21, 1995 and installed January 23, 1996. On January 17, 1998 he reached the age of 65 years. His rank in the hierarchy is 260 as of July 7, 2003. His mother tongue is English. He can speak Italian and Spanish.

B. There are no other bishops working or residing in the diocese.

C. Vicars General and Episcopal Vicars

Since February 27, 1996, there are two Vicars General. Under the previous Ordinary, Bishop Mulvee, there was only one, Rev. Msgr. Paul J. Taggart. Bishop Saltarelli for pastoral reasons (Canon 475) saw the need for two Vicars General. As the highest ranking official in the Diocese after the Bishop, the Vicar General has full jurisdiction in all matters which the Bishop has not reserved to himself or which have not been reserved to him or to others by the common law of the Church.

- **Reverend Monsignor John Thomas Cini** was born August 6, 1942.

He was ordained May 4, 1968 and was named Vicar General for Administration on February 27, 1996 while retaining his position as Moderator of the Curia. Msgr. Cini was elevated to the ecclesial rank of monsignor in 1992. Msgr. Cini has served as Episcopal Vicar for Administration since 1977, and Treasurer since 1983.

- **Reverend Monsignor Joseph F. Rebman, STL, JCL** was born December 6, 1935.

He was ordained December 18, 1960 and has been head of the Pastoral Services Department of the Diocese since 1974. Msgr. Rebman was elevated to the ecclesial rank of monsignor in 1975. He served as Chancellor from 1974 to 2000. He was appointed Vicar General for Pastoral Services on February 27, 1996. He retains his post as Diocesan Director of Cemeteries.

- **Reverend Monsignor John O. Barres, S.T.D., J.C.L.,** was born September 20, 1960. He was ordained October 21, 1989 and was named Vice Chancellor in July 1999. In July 2000, he was appointed Chancellor and named a Chaplain to His Holiness.

• **Reverend Monsignor Clement P. Lemon** was born October 26, 1937. He was ordained May 16, 1964. He was appointed Vicar for Priests in 1987 and continues to serve in that role. Msgr. Lemon was elevated to the ecclesial rank of monsignor in 1992. Msgr. Lemon's area of responsibility is to be a delegate of the Bishop to the clergy of the Diocese by keeping the lines of communication between the Bishop and the priests.

D. Diocesan Synod
No Diocesan Synod

Were there any other diocesan assemblies?
In September of 2000, our diocesan Jubilee celebration called Sonrise 2000 attracted a crowd of 5,000 for a weekend of communal faith and celebration.

E. Pastoral-Administrative Offices and consultative diocesan agencies, up to 31 December of the last year of the quinquennium.

1. Diocesan Curia

Administrative Offices - Rev. Msgr. J. Thomas Cini, V.G.

Diocesan Tribunal - Very Rev. George J. Brubaker, J.C.L., Judicial Vicar. (Mailing address: PO Box 2030, Wilmington, DE 19899), 1925 Delaware Avenue, Wilmington, DE 19806. Telephone: 302-573-3107.

Presiding Judge: Very Rev. George J. Brukaber, J.C.L.
Judges: Rev. Stanley R. Drupieski, OSFS; Sr. Jeanne Hamilton, OSU, JCL; Jacqueline Hannem, JCL.
Defender of the Bond: Jack D. Anderson, J.C.D., Sr. Patricia Smith, OSF, JCD.
Auditor: Deacon Francis Staab
Notaries: Mrs. Marie Bradley, Mrs. Patricia Killen, Mrs. Gail Esposito.
Advocates by Deanery:
Brandywine Hundred Deanery: Deacon F. Edmund Lynch, Deacon Joseph Cilia.
Central New Castle Deanery: Deacon William J. Johnston, Jr., Deacon Francis Staab, Sr. Joan Marie Lewis, SSJ, Deacon John Giacci, Flora L. Giacci.
City Deanery: Deacon Harold Chalfant, Janet Chalfant, Deacon Mike Wilber, Ann Marie Wilber.
Iron Hill Deanery: Shirley Certesio, Deacon Patrick Johnston, Deacon William Murrian, Sr. Rose M. Breslin
Eastern Shore Deanery: Rev. Cornelius Breslin; Rev. Paul F. Jennings, Jr., Deacon Kenneth M. Hanbury; Elizabeth A. Hanbury.

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Silver Lake Deanery: , Joseph Parlett, Jr., James McGiffin, Deacon Charles Robinson; Maureen Robinson, Deacon Anthony Bianco, Florence Bianco, Deacon Don Carroll, Carol Carroll, Deacon John Smith, Ann Smith, Deacon Dennis Hayden, Denise Hayden, Deacon Edward Brink, Jane Brink, Deacon James Malloy.

Ocean Deanery: Deacon Carl Beers, Mary Jane Beers, Robert Yankalunas, Sr. Agnes Oman, CSB, Deacon Tom Cimino, Ellen Cimino, Deacon Ed Holson, Carlee Holson.

The judicial power to review and adjudicate all cases of marriages alleged null and void and to conduct all other judicial processes under the laws of the Church is vested in the Officialis or Judicial Vicar who constitutes but one Tribunal with the Bishop. The members of the Tribunal who perform particular functions in ecclesiastical trials are listed above. It is a Tribunal of First Instance located in the Province of the Archdiocese of Baltimore.

***The Dialog* (Official Diocesan Weekly Newspaper)** - Bishop Michael A. Saltarelli, Publisher, Mr. Jim Grant, Editor/General Manager. (Mailing address: PO Box 2208, Wilmington, DE 19899), 1925 Delaware Avenue, Wilmington, DE 19806. Telephone: 302-573-3109.

The Dialog is the official weekly newspaper of the Diocese of Wilmington published for distribution on Thursdays. It covers international, national and local Catholic news including announcements and coverage of events of parish interest. Circulation is 54,000.

Human Resources Office: - Sr. Suzanne Donovan, SC, Director. (Mailing address: PO Box 2030, Wilmington, DE 19899), 1626 N. Union Street, Wilmington, DE 19806. Telephone: 302-573-3126.

This office was established in August 1999 (and separated from the Episcopal Vicar for Administration Office) with responsibility for staffing, compensation and benefits, training and development and general employee relations. The office assists Department and Office Heads by strengthening both the internal and external processes needed to recruit well qualified personnel.

Legal Services - James P. Collins, Sr., Esquire, Diocesan Attorney. (Mailing address: PO Box 2030, Wilmington, DE 19899), 1626 N. Union Street, Wilmington, DE 19806. Telephone: 302-573-3138.

The norm is for all dioceses and archdioceses in the United States to retain private firms of attorneys and/or to employ attorneys on the diocesan staff. The Legal Services Office helps to advance the new expansion envisioned by the Diocese as well as providing representation to the Diocese in routine matters and other legal issues.

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Management Information System Office (MIS) - Mrs. Nancy Moore, Director. (Mailing address: PO Box 2030, Wilmington, DE 19899), 1925 Delaware Avenue, Wilmington, DE 19806. Telephone: 302-573-3122.

The Management Information System Office provides maintenance of communication and data information systems for the diocesan offices.

Pastoral Services Department - Rev. Msgr. Joseph F. Rebman, V.G., S.T.L., J.C.L., Secretary

This department is responsible for guiding the religious and pastoral activities of the diocese. These include concern for religious vocations, ethnic ministries, ministering to the sick and dying, the missionary apostolate of the Church and pastoral services in health care and penal facilities.

Chancery Office – Rev. Msgr. John O. Barres, STD, JCL, Chancellor. (Mailing address: PO Box 2030, Wilmington, DE 19899, 1925 Delaware Avenue, Wilmington, DE 19806). Telephone 302-573-3100.

The Diocesan Curia is composed of those institutes and persons who assist the Bishop in governing the entire Diocese, especially in directing pastoral action and providing for the administration of the Diocese. The Chancery Office is an integral part of the Bishop's Curia and assists the Bishop with the administration of the Diocese. The Chancery serves as a resource to parishes, clergy and laity seeking information on matters of Canon Law, Diocesan guidelines and certain items of civil law. The Chancery also helps to coordinate various diocesan activities, reporting and projects.

The Chancellor receives delegated power from the Bishop involving a wide range of matters and responsibilities and assists the Bishop, along with other members of the Bishop's Staff, in the ecclesial governance of the Diocese. The Chancellor interprets Canon Law as it affects the canonical and pastoral life of the Diocese of Wilmington.

Archives - Mr. Donn Devine, Archivist and Notary. (Mailing address: PO Box 2030, Wilmington, DE 19899), 8 Old Church Road, Greenville, DE 19807. Telephone 302-655-0597. Tuesdays from 10:00 AM to 4:00 PM.

This office, under the Vicar General for Pastoral Services, contains non-current records and historical material on the diocese, its parishes and institutions. They are kept in a climate controlled area in accordance with archival standards.

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Due Process Commission - Contact Very Rev. George J. Brubaker. Mailing address: PO Box 2030, Wilmington, DE 19899. Telephone: 302-573-3107.

This commission composed of counselors and a conciliation staff exists to provide counseling and/or conciliation to people who feel that their rights have been violated in the Church.

Censor of Books - Rev. Msgr. John H. Dewson, S.T.L., Vianney House, 905 Milltown Road, Wilmington, DE 19808. Telephone: 302-636-0200.

The Censor of Books examines Catholic books and writings that are to be published in the diocese or by a subject of the diocese. His task is to see that the book reviewed by him presents authentic church teachings. He grants the Nihil Obstat; then the Bishop grants the "Imprimatur" or permission to publish the work.

Catholic Cemeteries - Rev. Msgr. Joseph F. Rebman, V.G., Director; Mr. Mark A. Christian, Executive Director. (Mailing address: PO Box 2506, Wilmington, DE 19805.)

All Saints Cemetery, 6001 Kirkwood Highway, Wilmington, DE 19808. Phone: 302-737-2524.
Cathedral Cemetery, 2400 Lancaster Avenue, Wilmington, DE 19805. Phone: 302-656-3323.
Gate of Heaven Cemetery, Vines Creek Road at Wingate Road, Ocean View, DE 19970. Phone: 302-537-8953.

The Office of Catholic Cemeteries supervises all affairs that pertain to the cemeteries of the diocese. The Diocesan Director is assisted by an Advisory Board for the management of Cathedral and All Saints Cemeteries in New Castle County and Gate of Heaven Cemetery in Sussex County, Delaware.

Vocations Office - Rev. Joseph M.P.R. Cocucci, Director; Rev. Ralph L. Martin, Director of Seminarians. (Mailing address: PO Box 2030, Wilmington, DE 19899), 1626 N. Union Street, Wilmington, DE 19806. Telephone: 302-573-3113.

The Diocesan Director of Vocations directs and supervises full time all activities aimed at fostering priestly vocations in the diocese by grade school, high school and college programs, an outreach to young adults, offering Discernment Retreats, Bishop's Vocations Suppers, a diocesan-wide "Called by Name Program" and the use of other suitable techniques.

The office is also responsible for the acceptance and pastoral care of the seminarians studying for the diocese. This includes frequent visits to the seminary, supervised summer pastoral placements, supervised transition from

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diaconate to priesthood and an annual diocesan retreat. In addition he is charged with a 3-year program for all newly ordained priests. He is assisted in his work by the Formation Committee, the Serra Club and the Mothers' Guild.

Office for Deacons – Deacon Harold D. Jopp, Jr., Director. (Mailing address: PO Box 2030, Wilmington, DE 19899), 1626 N. Union Street, Wilmington, DE 19806. Telephone: 302-573-2390.

The Office for Deacons is responsible for the organization and the administration of the permanent deacon program of the diocese. It provides annual opportunities for both pastoral/intellectual enrichment and spiritual growth in addition to an annual retreat. It enjoys the assistance of both the Deacon Council and the Continuing Formation Committee.

Office for Priests - Rev. Msgr. Clement P. Lemon, VP, Director. (Mailing address: PO Box 2030, Wilmington, DE 19899), 1925 Delaware Avenue, Wilmington, DE 19806. Telephone: 302-573-3144.

The Office for Priests is responsible for guiding, counseling and providing priests with personal pastoral care. This office also coordinates institutional chaplains.

Office for Religious - Sr. Celeste Crine, OSF, Delegate. (Mailing address: PO Box 2030, Wilmington, DE 19899), 1626 N. Union Street, Wilmington, DE 19806. Telephone: 302-573-3124.

The Office for Religious exists to assist the Bishop in his desire to foster within the local church the gift of religious life lived in community and based on the evangelical counsels.

Missions Office (Propagation of the Faith and Holy Childhood Association) - Rev. John P. Klevence, Director. (Mailing address: PO Box 2030, Wilmington, DE 19899), 1626 N. Union Street, Wilmington, DE 19806. Telephone: 302-573-3104.

The purpose of this office is to further evangelization of the world by united prayer and the collection of monies for distribution to the missions in this country and abroad. Affiliated with the office is the Holy Childhood Association whose membership consists of children of elementary school age.

Office of Worship - Rev. Michael J. Carrier, Director. (Mailing address: PO Box 2030, Wilmington, DE 19899), 1626 N. Union Street, Wilmington, DE 19806. Telephone: 302-573-3137.

This office fosters the liturgical life of the diocese through workshops, seminars, evaluation of parish liturgies. The office prepares diocesan liturgies.

Ecumenical Office - Rev. Msgr. Joseph F. Rebman, V.G. (Mailing address: PO Box 2030, Wilmington, DE 19899), 1925 Delaware Avenue, Wilmington, DE 19806. Telephone: 302-573-3100.

This office promotes good relations and cooperative efforts among Catholics and other faith communities within the territory of the Diocese. Bishop Saltarelli is a Vice Chairman and a member of the Christian Council of Delaware and Maryland's Eastern Shore which numbers all the major denominational executives of Christians in its membership.

Marian Devotions - Rev. Msgr. Joseph F. Rebman, V.G., Rev. Msgr. John O. Barres, and Rev. Joseph J. Piekarski, Directors. (Mailing address: PO Box 2030, Wilmington, DE 19899), 1925 Delaware Avenue, Wilmington, DE 19806. Telephone: 302-573-3100.

This office directs pilgrimages to Marian shrines and encourages devotion to Mary, Mother of God. Every other year there is a diocesan pilgrimage of some 1500 people to the National Shrine of the Immaculate Conception, Washington, DC. The Bishop participates in all these events. The diocese was dedicated to the Immaculate Heart of Mary by the former Bishop, Most Rev. Thomas J. Mardaga. Bishop Saltarelli renewed that consecration.

Christian Formation Department - Mr. Edmund F. Gordon, Secretary

This department coordinates diocesan offices and agencies whose prime function is the education and formation of the people of God.

Office for Religious Education - Mr. Edmund F. Gordon, Director; Sr. Sally Russell, SSJ, Assistant Director. (Mailing address: PO Box 2030, Wilmington, DE 19899), 1626 N. Union Street, Wilmington, DE 19806. Telephone: 302-573-3130.

This office is responsible for all formal religious education programs in the schools and parishes of the diocese.

Educational Ministry for Persons with Special Needs - Mrs. JoAnn Dora, Coordinator Special Religious Education; Mrs. Margaret Wynn, Coordinator Hearing Impaired.

Under the director of the Office of Religious Education the diocese provides religious education and other programs for the special needs mentally challenged and hearing impaired.

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Office for Catholic Schools – Brother James Malone, CFX, Superintendent; Sr. Kathleen Finnerty, OSU and Catherine Weaver, Assistant Superintendents. (Mailing address: PO Box 2030, Wilmington, DE 19899), 1626 N. Union Street, Wilmington, DE 19806. Telephone: 302-573-3133.

This office has as its function the direction and supervision of all Catholic (diocesan and parish) high schools and elementary schools in the diocese. It maintains contact with all private Catholic schools in the diocese.

Office for Catholic Youth Ministry – Mr. Patrick Donovan, 1626 N. Union Street, Wilmington, DE 19806. Telephone: 302-658-3800.

The Office of Youth Ministry provides an integrated series of religious, social, cultural, educational and athletic programs to enhance the comprehensive development of youth ages 6-19. The office also coordinates youth retreats and provides "Adult Leadership Training", resources and assistance for parish youth programs. The Catholic Youth Ministry is a member of the United Way of Delaware, Inc.

Catholic Campus Ministry - Rev. Michael F. Szupper, Ph.D., Director, University of Delaware, 45 Lovett Avenue, Newark, DE 19711. Telephone: 302-368-4728. Salisbury University, Catholic Campus Ministry Center, 211 W. College Avenue, Salisbury, MD 21801. Telephone: 410-219-3376.

This office coordinates campus ministry at the University of Delaware, Salisbury State College, University of Maryland Eastern Shore, Wesley College and Washington College. Programs include Sunday liturgy, sacraments, counseling, retreats, speakers, study groups and social events.

In June 2003, Fr. Szupper received the Medal of Distinction from the Board of Trustees of the University of Delaware. The award is "to recognize individuals who have made humanitarian, cultural, intellectual, or scientific contributions to society, have achieved noteworthy success in their chosen professions, or have given significant service to the community, state or region." Father has been campus minister since 1964.

Catholic Scouting Program -
Chaplain for Girl Scouts - Rev. Michael J. Carrier, 500 N. West Street, Wilmington, DE 19801. Telephone: 302-654-5920.

Chaplain for Boy Scouts: Rev. James D. Hreha, 152 Tulip Drive, Lewes, DE 19958. Telephone: 302-644-7300. Associate Chaplain: Rev. Michael P. Darcy, 631 S. State Street, Dover, DE 19901. Telephone: 302-674-5787.

A group of adults aided by chaplains as spiritual advisors coordinate the program for Catholic youth involved in all levels of scouting in the diocese.

Department of Communications - Mr. Robert Krebs, Secretary.

The Department of Communications is responsible for the development and implementation of the programs to insure an effective exchange of information within the diocesan structure and with the laity and public at large.

Office for Public Relations & External Relations - Mr. Robert Krebs, Director. (Mailing address: PO Box 2030, Wilmington, DE 19899), 1626 N. Union Street, Wilmington, DE 19806. Telephone: 302-573-3116.

This office acts as the liaison with the media of the diocese. Specific functions include community relations, operation of a news bureau for print and electronic media, and some media programming.

Department of Finance - Mr. Joseph P. Corsini, Chief Financial Officer and Secretary

The role of the Department of Finance is the supervision of all financial functions of the diocese.

Finance Office - Mr. Joseph P. Corsini, Director. (Mailing address: PO Box 2030, Wilmington, DE 19899), 1925 Delaware Avenue, Wilmington, DE 19806. Telephone: 302-573-3105.

The Finance Office is responsible for the handling of all monies, instituting broad financial policy within the diocese, for parishes and all diocesan agencies and ministries, supervision of diocesan assets and patrimony.

General Services -

Maintenance - Mr. Michael Saggione, PO Box 2030, Wilmington, DE 19899. Telephone: 302-573-3115.

Delivery - Mr. Robert Bell, PO Box 2030, Wilmington, DE 19899. Telephone: 302-573-3115.

Department of Development - Mrs. Deborah A. Fols, Development Director and Secretary

Development Office - Mrs. Deborah Fols, Director. (Mailing address: PO Box 2030, Wilmington, DE 19899), 1925 Delaware Avenue, Wilmington, DE 19806. Telephone: 302-573-3120.

Annual Catholic Appeal - Mrs. Deborah Fols, Director. (Mailing address: PO Box 2030, Wilmington, DE 19899), 1925 Delaware Avenue, Wilmington, DE 19806. Telephone: 302-573-3120.

The Development Department assists in securing the resources necessary to fulfill the Church's mission. The office conducts capital campaigns, annual diocesan fundraising endeavors, special appeals, scholarship programs and provides assistance to all parishes in maintaining adequate income.

Department of Catholic Charities

Administrative Offices: Fourth Street and Greenhill Avenue, PO Box 2610, Wilmington, DE 19805-0610. Telephone: 302-655-9624, Fax: 302-655-9721

Acting Director: Barbara Grieco, MC, MBA

Catholic Charities is responsible for directing and coordinating the social service, family service, child placement, aging and social action programs of the diocese. The Advisory Board of Catholic Charities is an association of lay persons organized for the purpose of assisting the agency in the establishment of policy and guiding its management functions. The Board acts subject to the overall jurisdiction of the Bishop.

Children's Services
Director: Frederick Jones, MS
Children's Homes, Inc., 2901 Green Street, Claymont, DE 19703. Telephone: 302-798-0601; Fax: 302-798-0604.

Children's Residential Services
Seton Villa - 800 Bellevue Road, Wilmington, DE 19809. Telephone: 302-762-2982. Fax: 302-762-3187. Program Manager: Stephen LaPerle, MSW.

Children's Home, Inc. - 2901 Green Street, Claymont, DE 19703. Telephone: 302-798-0601. Fax: 302-798-0604. Program Manager: Erin Sowden, BA.

Specialized Therapeutic Group Care Program, 302-798-7354. Program Manager: Lou Anne Pasquarella, MS

Pregnancy, Parenting and Adoption
Fourth Street and Greenhill Avenue, PO Box 2610, Wilmington, DE 19805. Telephone: 302-655-9624. Fax: 302-655-9753. Supervisor: Neomi D. Litonjua, LCSW.

Catholic Charities provides casework for families and children including marriage counseling and services to unmarried parents, adoptive couples, foster homes, children at Seton Villa, Siena Hall, and Children's Home and those in need of social welfare information or referral.

1155 West Walker Road, Dover, DE 19904. Telephone: 302-674-1600. Fax: 302-674-1005. Clinical Supervisor: Gail Croft, LCMH

406 S. Bedford Street, Suite 9, Georgetown, DE 19947. Telephone 302-856-9578. Fax: 302-856-6297. Clinical Supervisor: Stephanie Long, LCSW-C.

14-5 Wesley Drive, Salisbury, MD 21801. Telephone: 410-749-1121. Fax: 410-543-0510. Clinical Supervisor. Stephanie Long, LCSW-C.

Behavioral Health Services
Director: Laura Hummel, MSN, RNCS, CADC
Fourth Street and Greenhill Avenue, PO Box 2610, Wilmington, DE 19805. Telephone: 302-656-0651. Fax: 302-654-6432.

Fourth Street and Greenhill Avenue, PO Box 2610, Wilmington, DE 19805. Telephone: 302-656-0651; Fax: 302-654-6432. Clinical Supervisor: Nicholas Kotchision, LPCMH, CADC.

1155 West Walker Road, Dover, DE 19904. Telephone: 302-674-1600. Fax: 302-674-1005. Clinical Supervisor: Stephanie Long, LCSW-C.

1405 Wesley Drive, Salisbury, MD 21801. Telephone: 410-749-1121. Fax: 410-543-0510. Clinical Supervisor: Stephanie Long, LCSW-C.

Family Life Bureau
Fourth Street and Greenhill Avenue, PO Box 2610, Wilmington, DE 19805. Telephone: 302-655-9624. Fax: 302-655-9753. Program Manager: Thomas R. Jewett, MC.

The Family Life Bureau coordinates the following programs: Marriage Preparation (Pre-Cana, Engaged Encounter & Sponsor Couple Program), Marriage and Family Enrichment, Natural Family Planning, Ministry to Separated and Divorced Catholics, Ministry to the Widowed and various pro life activities.

AIDS Ministry (Family Resource Center)
Mailing Address: 2825 Madison Street, Wilmington, DE 19802. Telephone: 302-762-9244. Fax: 302-762-9246. Program Manager: Michael Hassler, MSW.

Community Services
Director: Katrina Furlong, BA
1155 West Walker Road, Dover, DE 19904. Telephone: 302-674-1782. Fax: 302-674-4018.

Fourth Street and Greenhill Avenue, PO Box 2610, Wilmington, DE 19805. Telephone:

Crisis Alleviation	302-654-6473; Fax 302-655-9753
Energy Assistance	302-654-9295; Fax 302-655-9753
Child and Adult Care Food Program	302-655-9624; Fax 302-655-9753
Immigration	302-654-6460; Fax 302-655-9753

1155 West Walker Road, Dover, DE 19904. Telephone:

Crisis Alleviation	302-674-4016; Fax 302-674-4018
Energy Assistance	302-674-1781; Fax 302-674-4018
Child and Adult Care Food Program	302-674-1600; Fax 302-674-1005

406 S. Bedford Street, Suite 9, Georgetown, DE 19947. Telephone:

Child and Adult Care Food Program	302-856-3414; Fax 302-856-6332
Energy Assistance	302-856-6310; Fax 302-856-6332
Immigration	302-856-9578; Fax 302-856-6297

1405 Wesley Drive, Salisbury, MD 21801. Telephone:

Immigration	410-749-1121; Fax 410-543-0510

Catholic Charities Thrift Store: 1320 E. 23rd Street, Wilmington, DE 19802. Telephone: 302-764-0217. Fax: 302-764-2743. Program Manager: Diane Giovannozzi, BA.

The Catholic Charities Thrift Store meets the needs of the poor and emergency situations of the general public in cooperation with Catholic Charities and other charitable organizations through donations from Catholic parishes and the public at large of used furniture, clothing and household articles.

Casa San Francisco: 127 Broad Street, PO Box 38, Milton, DE 19968. Telephone: 302-684-8694. Fax: 302-684-2808. Program Manager: Elizabeth Moore.

Casa San Francisco provides a broad range of services aimed at assisting low income residents of Sussex County with homeless shelter, emergency food, crisis assistance, and education programs.

Seton Center: PO Box 401, Princess Anne, MD 21853. Telephone: 410-651-9608. Fax: 410-651-1437. Program Manager: Sister Regina Hudson, SC, RN.

Seton Center is responsive to the needs of the local poor and migrant population expanding their services to include crisis assistance, supplemental and emergency food, health and education programs.

Parish Social Ministry
Director: Andrew A. Zampini, MS
Fourth Street and Greenhill Avenue, PO Box 2610, Wilmington, DE 19805. Telephone: 302-654-9624. Fax: 302-655-9753.

This Ministry's *Salt and Light* Training Program provides parish leaders with both an understanding of Catholic Social Teaching and leadership skill development and services as a framework for action in parishes.

Catholic Ministry to the Elderly, Inc. - Rev. Msgr. J. Thomas Cini, VG, Secretary. PO Box 2030, Wilmington, DE 19899.

Marydale Retirement Village - 135 Jeandell Drive, Newark, DE 19713. Telephone: 302-368-2784. Administrator: Ronald Pierce; Pastoral Coordinator: Sr. Mary Sheehan, IHM.

2. College of Consultors

The Consultors act as official advisors of the Bishop in certain matters pertaining to the administration of the diocese and as a governing board of the diocese when the See is vacant.

The Consultors are presently ten in number according to Diocesan Statutes. However, the canonically required number are present. The Consultors meet quarterly the same day as the Priests' Council and frequently with the Council on matters of mutual concern.

College of Consultors: Rev. Msgr. John Thomas Cini, V.G., Rev. Msgr. Joseph F. Rebman, V.G.; Rev. Msgr. Paul J. Taggart; Rev. Msgr. Clement P. Lemon, Rev. Msgr. John O. Barres, Rev. John P. Hopkins, Rev. John J. Kavanaugh, Rev. Philip P. Sheekey, Rev. Joseph J. Piekarski, Rev. Barry Langley, OFM.

3. Council of Priests - Rev. John P. Hopkins, Executive Officer. Rev. Msgr. John O. Barres, Secretary. Mailing address: PO Box 2030, Wilmington, DE 19899.

The Priests' Council assists the Bishop in the governance of the diocese. It represents the priests of the diocese in helping the Bishop promote the pastoral welfare of the people of God.

It was established in 1983 in accordance with the New Code of Canon Law. It replaced the Senate of Priests which had existed for 15 years. Bishop Saltarelli attends every meeting as chairman.

The Priests' Council currently consists of 7 members elected by the priests. Each deanery elects one representative. There are also five ex-officio members, i.e.

Vicars General, Vicar for Priests, Chairman of Priests' Continuing Formation Committee, and anyone with Episcopal ordination in the diocese. Four members are also appointed by the Bishop. Elections are held every second and third year. Terms of elected and appointed members are staggered to provide for continuity of the group. During the quinquennium the Council met quarterly. The Executive Committee consisting of the Executive Officer, Secretary and Chairman of Standing Committees also meet quarterly with the Bishop to hear matters he wishes to consult the Council on and act on their resolutions or requests. Statutes were approved in the Spring of 1997. As needed, ad hoc committees are established to attend to research problems and suggest solutions for discussion by the full Council which will make recommendations to the Bishop.

4. Pastoral Council - Mr. Lawrence Bucci, Executive Officer; Billy Larson, Co-Executive Officer; Ms. Monica Parisi, Recording Secretary, Rev. Msgr. John O. Barres, Coordinator. Mailing address: PO Box 2030, Wilmington, De 19899.

The function of this predominantly lay advisory council to the Bishop is to study all aspects of the life of the people served by the diocese, evaluate the effectiveness of the pastoral ministry and suggest possible or desirable alternatives to the Bishop. It was established in accordance with the New Code of Canon Law in 1983 replacing a previously existing Pastoral Commission.

The Pastoral Council is a body of lay persons, priests and religious appointed by the Bishop for three-year staggered terms. There is 1 pastor, 1 associate pastor, 1 permanent deacon, 1 male religious, 1 female religious, 4 laymen and 4 laywomen, 2 from the Youth Board, 1 delegate of the Ordinary. The Pastoral Council meets as a whole quarterly under the chairmanship of the Bishop.

Finance Council - Mr. Joseph P. Corsini, Secretary. PO Box 2030, Wilmington, DE 19899. Phone 302-573-3105.

Composed of laypersons skilled in financial matters and familiar with civil law and priests. The Council assists and advises the Bishop in the administration of the financial affairs of the Diocese and our plans for expansion.

Parish Priest Consultors - Vy. Rev. Stanley J. Russell, VF, Rev. Charles L. Brown, Rev. Charles C. Dillingham, Rev. Thomas E. Hanley, Rev. John J. Kavanaugh, Rev. Christopher LaBarge.

This group of clergy provides consultation to the Bishop in certain matters regarding pastors as specified in the Code of Canon Law. (C. 1742)

Priests' Continuing Formation Committee - Rev. John P. Hopkins, Chairman. Mailing address: 230 Executive Drive., Suite 8, Newark, DE 19702. Phone 302-369-8100.

DOW 02853

To assist the Bishop in his responsibilities to provide the means and institutions needed for the continuing formation and education of priests.

Clergy Personnel Committee - Rev. John J. Mink, Director. Mailing address: PO Box 2030, Wilmington, DE 19899. Phone 302-328-1790.

The Personnel Committee is an Advisory Committee to the Bishop whose delegated function is to advise him on the assignments of priests to parishes and other ministries. The Diocese currently uses an "Open Listing" system where priests are invited to apply to be pastors or associate pastors to parishes where a particular pastor or associate is finishing his term. The Bishop reserves the right for pastoral reasons to make direct appointments.

Council of Religious - Sr. Celeste Crine, OSF, Chairperson. Mailing address: PO Box 2030, Wilmington, DE 19899. Phone 302-573-3124.

The purpose of the Council is to promote the spiritual development of religious. It serves as a means of communication for the Sisters of the diocese and acts as an advisory body to the Bishop in matters pertaining to religious.

Building Committee - Mr. Paul S. Adams, Jr., Chairman. Mailing address: PO Box 2030, Wilmington, DE 19899. Rev. Msgr. J. Thomas Cini, V.G., Episcopal Liaison. Phone 302-573-3118.

The purpose of this committee is to study, advise and approve all plans for any construction projects in the diocese. All members are experts in their fields.

Diocesan School Board – Brother James Malone, CFX, Secretary. Mailing address: PO Box 2030, Wilmington, DE 19899. Phone 302-573-3133.

This advisory body to the Bishop assists him in recommending policies for the total educational mission of the Church including all formal religious educational and academic programs for parishes and schools in the Diocese.

Diocesan Board of Religious Education - Mr. Edmund F. Gordon, Secretary. Mailing address: PO Box 2030, Wilmington, DE 19899. Phone: 302-573-3130.

Diocesan Liturgical Commission - Rev. Michael J. Carrier, Chairman. Mailing address: PO Box 2030, Wilmington, DE 19899. Phone: 302-573-3137.

This commission advises the Bishop after research concerning publications and educational programs for renewing and enriching Christian liturgical life.

DOW 02854

Public Affairs Advisory Committee - Rev. Msgr. J. Thomas Cini, V.G., Chairman, Christopher DiPietro, Lobbyist. Mailing address: PO Box 2030, Wilmington, DE 19899. Phone: 302-573-3118

A group of lay persons who assist the Bishop in an advisory capacity in dealing with the Delaware Legislature and Delaware Governor's Office in areas concerning the Church's interests. (The Bishop, as a member of the Maryland Catholic Conference, is assisted in a similar way for the Maryland counties.)

Real Estate Committee - Rev. Msgr. J. Thomas Cini, VG, Chairman. Mailing address: PO Box 2030, Wilmington, DE 19899. Phone: 302-573-3118.

The purpose of this committee is to advise the Bishop regarding the purchase and sale of land by the diocese or its various parishes.

Respect Life Committee - Mr. Thomas R. Jewett, Chairman. Mailing address: PO Box 2610, Wilmington, DE 19805. Phone: 302-655-9624.

The committee is responsible for all pro-life activity in the diocese.

5. Diocesan Tribunal - The Diocesan Tribunal's constitution was listed previously with a brief description of its competence. Staffing can be summarized as follows: 4 Judges (2 priests, 1 religious, 1 lay); 2 defenders of the bond (1 religious, 1 lay); 43 advocates (2 priests, 20 permanent deacons; 3 religious, 18 lay). No canonical processes for the examination of heroic virtue were begun.

Implemented a new computer program for tracking cases through the course of the canonical process; trained 26 volunteers from parishes to act as advocates for those who are preparing to present a marriage case for annulment; conducted formation sessions in parishes on marriage and annulment.

	Activity During Quinquennium				
	1998	1999	2000	2001	2002
Formal	113	129	131	118	129
Lack of Form	110	144	119	75	82
Pauline Priv.	0	0	0	4	3
Ligamen	10	8	1	14	11

F. The Cathedral of the Diocese

There are no Cathedral Chapters or Collegiate Chapters in the Diocese. The Diocesan Consultors fulfill these canonical duties.

DOW 02855

G. Division of the Diocese into Deaneries

The Diocese of Wilmington is divided into seven Vicariates Forane or Deaneries. The Dean is appointed by the Bishop for a three year term. The Dean sees to the implementation of diocesan policy in his area and brings pastoral concerns to the bishop for his attention. The Dean is required to have several clergy meetings a year. The Dean also visits the parishes of his deanery every two years to check on the maintenance of parish property and church records. The Deans meet quarterly as a group with the Bishop. The deaneries vary in size with the largest being the City of Wilmington with twelve parishes to the smallest being Silver Lake Deanery which has six parishes.

H. As the Bishop of the Diocese since January 23, 1997, I have found the various offices for the most part very efficiently run. The staff members, employees and members of consultation bodies are dedicated to their work. They are cooperative. Morale seems good. The Moderator of the Curia meets with the six departmental secretaries monthly and files reports of the departmental activities for my review.

Deans were of great assistance in the development of our recent Capital Campaign, "Bringing the Vision to Life". As of this date the 50 million dollar goal has reached 46 million dollars. The Campaign was initiated to help build two new elementary schools and add a needed new wing to our newest diocesan high school. The deans helped to present the case in their respective deaneries.

APPENDIX TO SECTION I

PASTORAL AND ADMINISTRATIVE ORGANIZATION OF THE DIOCESE

Documentation

I. College of Consultors
   A. Statutes
   B. Themes of Meetings

II. Council of Priests
   A. Statutes
   B. Themes of Meetings

III. Pastoral Council
   A. Statutes
   B. Themes of Meetings

IV. Finance Council
   Statutes

STATUTES FOR COLLEGE OF CONSULTORS

I. Nature of the College of Consultors

The Diocesan Consultors are a group of priests who act as official advisors of the Bishop in certain matters pertaining to the Administration of the Diocese, and as a governing board of the Diocese when the See is vacant or impeded through inability of the Bishop to communicate with his Diocese. (c. 502)[1]

II. Membership and Terms of Office

A) The membership of the Consultors for the Diocese of Wilmington shall be nine (9) in number. (C. 502:1)

B) All shall be appointed solely by the Bishop from among the members of the Priests' Council. (C. 502:1)

C) Two of the nine members chosen must be elected members of the Priests' Council.

D) Consultors serve as a body for a five (5) year term. (C. 502:1)

E) The term of a Consultor does not cease with the termination of his term on the Priests' Council for any reason. (C. 502:1)

F) If any of the Consultors retires from office for any reasons before the expiration of his term, the Bishop shall appoint from among the members of the Priests' Council another in his place to fill the unexpired term.

G) If the five (5) year term of the College of Consultors expires during the vacancy of the Diocese, the Consultors remain in office until the new Bishop takes possession of the Diocese and he subsequently constitutes a new College of Consultors. (C. 502:1)

[1] Canons are cited from the Code of Canon Law promulgated by Pope John Paul II on January 25, 1983.

III. Officers

A) The Diocesan Bishop is the President of the College of Consultors. (C. 502:2)

B) During the vacancy of the Diocese, the Administrator of the Diocese is the President of the College of Consultors. (C. 502:2)

C) There shall be a secretary of the College of Consultors who shall be appointed from the members of the College by the Bishop. His function shall be to keep the minutes of the Consultors' meetings.

D) If during vacancy of the Diocese the Secretary must be replaced, the Administrator shall appoint another member of the College.

IV. Meetings

A) The College of Consultors meets on call of the Bishop.

B) During the vacancy of the Diocese the College of Consultors meets on call of the Administrator.

C) For an election of an Administrator, the norms of Canon 119:1 and Canon 164-179 are to be followed.

D) For consent and consultation, the norms of Canon 119:2 and Canon 127 are to be followed.

V. Competence

A) As advisors to the Bishop they are to be consulted and give consent for:

1. Acts of extraordinary administration (along with consent of Finance Council). (C. 1277)

2. Alienation of diocesan property (with consent of Finance (Council) within limits set by the Episcopal Conference. (C. 1292)

B) They are to be consulted along with the Finance Council for the hiring and firing of the finance officer. (C. 494)

C) As a governing board when the See is vacant, their duties are:

1. To notify Holy See of vacancy. (C. 422)

2. To elect an Administrator within eight days of vacancy. (C. 421)

3. To choose an Administrator when See is impeded through inability of the Bishop to communicate with his Diocese. (C. 413)

4. To give consent before Administrator can permit excardination, incardination, or migration of clergy after See is vacant for one year. (C. 272)

5. To give consent for Administrator to remove Chancellor or other Notaries. (C. 485)

6. To fulfill role of Priests' Council when the See is vacant. (C501:2)

7. To receive with the Chancellor the Apostolic Letters of appointment of a Coadjutor Bishop. (C. 404:1)

VI. Amendments to Statutes

These Guidelines shall be subject to such amendments as the Diocesan Bishop shall from time to time decide are necessary for the smooth functioning of the Collegiate Body.

10/28/83

Diocesan Consultors
Themes of Meetings

The College members are all simultaneously members of the Priests' Council. If their terms on Council are finished, they are continued on Council as a Bishop's appointee or invited to participate in Council meetings where their presence is canonically required. The Bishop will call them into session as needed.

During the Quinquennium the Consultors did meet on September 9, 2002 to consult on the splitting of St. Jude The Apostle Church from St. Edmond's Church. There was also consultation on the reconfiguration of the Deaneries.

On April 25, 2002 the Consultors met as the Bishop presented the issues for consultation: 1) The need to pursue a tax exempt bond issue to finance Christ the Teacher Catholic Interparochial Elementary School, 2) St. Thomas More Academy, and 3) Most Blessed Sacrament Interparochial Elementary School.

The Statutes of the Priests' Council

Preamble

The Bishop and the Priests of the Diocese of Wilmington share in the one Priesthood of Jesus Christ by their Baptism and, in a special way, by their call to Holy Orders. While all members of the church belong to the one Body of Christ, priests, by their ordination, are called to a unique ministry in the church. The Bishops and Priests are called to the same purpose: To proclaim the kingdom of God and to build the Body of Christ.

As a sign of unity in ministry, the Priests' Council enables the Bishop and his priests to work collaboratively in proclaiming the gospel of Jesus Christ to the faithful of the Diocese of Wilmington.

Article I: Name

The name of this body shall be "The Priests' Council of the Diocese of Wilmington".

Article II: Purpose

The purpose of this Priests' Council shall be:

1. To serve as a consultative body, representative of both diocesan and religious priests of the diocese.

2. To assist the Bishop in the governance of the diocese.

3. To provide a forum for the full and free discussion of issues of pastoral concern in the diocese.

4. To research, deliberate and advise the Bishop on those matters pertaining to the pastoral mission and well being of the entire diocese.

5. To search for and propose ways and means for effective pastoral ministry.

Article III: Membership

Section 1

The Bishop of the Diocese of Wilmington is the President of the Priests' Council and presides at all meetings.

Section 2

Other members shall be the Vicars General, the Moderator of the Curia, the Chancellor, the Vicar for the Clergy and the Chairperson of the Priests' Continuing Education Committee. These members serve in an ex-officio capacity.

Section 3

One priest shall be elected from each of the eight Deaneries of the diocese.

Section 4

The Bishop may choose as many as four appointed members. However, it is recommended that at all times at least two associate pastors should be on the Council.

Article IV: Terms of Office

Section 1

The term of office of elected and appointed members is three years. Elected members may serve a second term. Appointed members may be re-appointed by the Bishop for a second term. A member whether elected or appointed shall not serve more than two successive terms in the same category of membership.

Article V: Officers

Section 1

The officers of the Priests' Council shall be the President, the Executive Officer and the Secretary.

Section 2

The President of the Council shall be the Diocesan Bishop. He shall preside at all meetings of the Council.

Section 3

The Executive Officer coordinates the work of the Council in seeking the opinions and views of the presbyterate. The Executive Officer assists the Bishop in preparing for meetings and implementing the proposals of the Council accepted by the Bishop.

He is elected annually by the Council membership.

Section 4

The Chancellor of the Diocese of Wilmington is the Secretary of the Priests' Council *ex officio* with responsibility for the Minutes of the Council. The Secretary shall record the acts of the Council. It is the Secretary's responsibility to prepare and forward the minutes to the presbyterate. He also shall assist the Bishop and the Executive Officer in preparing for meetings.

Article VI: Elections

Section 1

All priests comprising the presbyterate of the Diocese of Wilmington, retired priests and those religious engaged in parish or diocesan ministries, are eligible to vote, to be nominated and elected.

Vacancies due to death, resignations or transfers shall be handled by a special election to complete the unexpired term unless the Bishop decides this is impractical in a particular case.

Ex-officio members serve on the Council as long as they hold office in virtue of which they are members of the Council.

Those members who were chosen as Consultors and whose term on the Council expires during their tenure as Consultors remain as Consultors but cease to be members of the Council unless the Bishop freely appoints them to a vacant appointed seat or, if qualified, they are elected to a Council seat.

No one may decline service on the Council unless excused by the Diocesan Bishop.

Section 2 - Election Process

The process for nominating and electing members to the Priests' Council respects the principle that each deanery be represented on the Council at all times.

To this end, nominations and elections occur within each deanery. Only members of a particular deanery are eligible to vote, be nominated, and elected.

If a vacancy on the Council occurs by reason of a transfer from one deanery to another or by resignation or death, the seat is automatically vacated.

The Secretary of the Priests' Council shall inform the deans when an election within their deanery is warranted.

Normally, elections will occur in September. Using the resources of the Chancery, the dean for his deanery will conduct the nomination and election process which shall be by mail.

a) Two priests are nominated from the deanery.

b) From these nominations one is elected to serve on the Priests' Council.

c) The results of this deanery election are forwarded by the dean to the Secretary of the Priests' Council. The Secretary in turn advises the Bishop and members of the Priests' Council.

d) The newly elected member takes his seat on the Priests'Council at the next regularly scheduled meeting.

Article VII: Meetings

Section 1 - Time

The Council shall meet at least four times a year.

A majority of the members exclusive of the Diocesan Bishop (who must also be present) is a quorum for purposes of a meeting. At any time the Bishop may make exceptions to the above.

Section 2 - Ad Hoc Committees

Encouragement is given to all members of Council to participate fully. This participation includes submission of topics for the agenda, open and frank discussion, respect for all opinions, and the attempt to adopt a consensus approach to deliberations.

The Priests' Council does not have any standing committees. If warranted the Bishop may form an "ad hoc" committee with a Council member as the convener. Such committees will serve to assist the Bishop and Council in studying, evaluating and making proposals concerning those matter assigned to it. The convener will be urged to choose committee members from among the Presbyterate. Special attention should be given to those who may have a particular interest or expertise in the said topic.

The ad hoc committee will meet and make its report and recommendations to the Bishop and Priests' Council. Normally at that time the work of the ad hoc committee will cease.

Should the term of the convener end before the work of the ad hoc committee is finished, and he is not re-elected or appointed to another term, he will stay on Council as a non-voting member until the work of the committee is finished.

Section 3 - Executive Committee

The Executive Committee consists of the Bishop, the Executive Officer, the Secretary, a representative of the Deans, and two elected members chosen by the Council. Others may be invited by the Bishop as the need arises. Its function shall be to assist in the preparation of the agenda prior to each meeting and to carry on the business of the Priests' Council between regular meetings.

All members of the presbyterate are encouraged to submit agenda items through their deanery representative or through any elected or ex-officio member or by submitting the agenda item to the Bishop.

Article VIII: Competence

The Canonical responsibilities of the Council as listed in the Code of Canon Law are the following:

a) To give counsel to the Bishop on the diocesan assessment (c. 1263).

b) To give counsel to the Bishop on the permanent use of a Church for other purposes besides divine worship (c.1222:2).

c) To select those who serve on the group which deals with issues related to the removal of pastors (c.1742:1), and the transfer of pastors (c.1750).

d) To give counsel to the Bishop on whether a pastoral council is to be established in each parish (c. 536).

e) To give counsel to the Bishop in the erection, suppression, or notable alteration of parishes (c. 525:2).

f) To give counsel to the Bishop in his decision on whether to convoke a diocesan synod (c. 461:1).

g) To give counsel to the Bishop on "matters of greater moment" concerning the governance of the Diocese (c. 500:2).

h) To give counsel to the Bishop on the allocation of the fund to be established among the parish accounts for offerings of the faithful given for parochial functions done by persons other than the pastor of the parish (c. 531).

November, 1996
Approved November 18, 1996
Amended September 9, 2002

TOPICS OF PRIESTS' COUNCIL MEETINGS
1998-2003

February 2, 1998	Mandatory Priests Retreat; January Clergy Conference; Millennium Committee; Hispanic Task Force; Priestly Remuneration; St. Mark's High School; A new parish in Bear-Glasgow area.
May 4, 1998	Upcoming Priests' Retreat; Retirement Conference'; Day of Reflection for Priests; Study Week 2000; Millennium Committee Report; Hispanic Task Force; Priests' Retirement Policy; Priestly Remuneration Study; Pastoral Council Concerns; Curia Study;
September 13, 1999	Election of Officers; Millenium; Boundaries of St. Margaret's Parish; St. Monica Policy Review; Update for Strategic Plan for Parishes and Schools; Report of Ad Hoc Committee on Stipends & Stole Fees; Women's Convocation; Lay Ministry Summit; Deanery Reconciliation Talks; Priest's Retirement Committee; Sonrise; Feast of All Souls.
December 6, 1999	Personnel Procedures, Policies and Process: Presentation by Director of Personnel;1998-1999 Retreat; Retirement Planning Day; National Federation of Priests' Councils; Millenium Committee; Compensation Report; Native American Ministry; Collaborative Ministry Summits; How to reach inactive Catholics; Capital Campaign; Two decrees on canonical affairs from Rome; Ex Corde
February 7, 2000	"Renew 2000"; Study Week evaluation; Clergy Day;Sabbaticals; Updatefrom Millennium Committee and on SonRise 2000; RCIA in parishes; Priests' weekly overnights-new policy promulgated; Response to Bishop Saltarelli's Statement on Inactive Catholics; Deanery reconciliation services in deaneries; Christ Our King Grade School.

DOW 02868

April 3, 2000	"Disciples in Mission";Millennium Committee; Compensation Committee Report; Debt Forgiveness; Ketchum Report on a future capital campaign; Personnel developments; Consolidation of Sunday collections; Elections for Personnel Committee and Priests' Council; Priests' Jubilee celebration; diocesan Pastoral Council nominations.
June 12, 2000	Ad-hoc Committee report on evangelization programs; Capital Campaign; Review of deanery election procedures; Result of Clergy Personnel elections.
August 29, 2000	Introduction of new members; Evangelization discussion; Bishop Saltarelli's rosary project
December 11, 2000	Political responsibility issues; Pastoral Council report; deanery reports; Priests' Study Days; Priests' Jubilee date; Compensation Committee; State of the Diocese Report; Confidentiality Issues
February 12, 2001	Presentation on "Courage"; "Disciples in Mission"; State of the Diocese report; Pastors' Workshop; sabbaticals; Capital Stewardship; Bishop's meeting with DRE's and Principals'; "Church Women United".
May 7, 2001	Presentation on Rite of Election & Priests' Funerals; Units for retired priests at Oblate facility; Guidelines for developing parish personnel manuals; Compensation Committee Report; "Courage"; Disciples in Mission progress; priests' retreat; Vietnamese Catholics' Mass.
September 10, 2001	Compensation Committee update; Capital I Campaign update; Priests' Anniversary Celebration; Priestly Formation document; Bishop's Pastoral Letter " *Holiness in the World of Work*"; Sister diocese relationship; Feast of the Ascension 2002; Deanery Visitation; Catholic bioethical teaching & the Priest's pastoral work.

DOW 02869

December 3, 2001	Catholic education presentation; Compensation Committee report & discussion; Capital Campaign update; Hospice care; Sister diocese relationship committee progress; Overnight conference Jan. 24/25.
April 8, 2002	Review of Clergy Conference; Planning for 2004 Study Week and January 2003 Priests' Overnight; New Pastor's Workshop; Education Task Force; Capital Campaign; Groundbreaking for Most Blessed Sacrament School; Priest Ordination; Disciples in Mission; Current Clergy Situation; Bishop's meeting with Attorney General.
September 9, 2002	Proposed change to Priests' Council Statutes; Election of Executive Officer; Separation of St. Jude The Apostle Church from St. Edmond's; Presentation on reconfiguration of the deaneries; Update on sister diocese relationship; Christ the Teacher School registration; Capital Campaign update; Post USCCB Dallas meeting concerns; Victims' Assistance Ministry; Diocese Review Board; Promulgation of particular legislation for the Diocese; Required Retreat; Study Day and Study Week; Priests' Compensation update; National Black Catholic Congress in Chicago.
December 17, 2002	Sister diocese relations with Diocese of San Marcos, Guatemala; Boundaries of St. Jude The Apostle Church; Capital Campaign update; Annual Catholic Appeal; Priests' Study Days; New liturgical directives; Clergy updates.
February 3, 2003	Sister diocese relationship update; Work of the Diocesan Review Board and Pastoral Outreach to parishes and victims.
April 7, 2003	Update on the education of all Church Personnel about policies emanating from the Charter; Capital Campaign; Report on Guatemala Trip; Priests' Jubilee Celebration; Long Range Plan for Schools; Personnel Policy.

September 8, 2003	New members welcomed; *Faith for tomorrow: On Good Soil* presentation; National Review Board Audit of Diocese and Update on Safe Environment; New Courage Chapter in Lewes; Future Revisions of Diocesan Pastoral Manual and Handbook for Sacramental Registers; Diocesan Stipend Sharing Account; Capital Campaign Update; Mandatory Study Week in February 2004; Revision of the Clergy Sabbatical Policy; *Mantle of Elijah* program at St. Mary's Seminary's Center for Continuing Formation; Diocesan Pilgrimage October 11th; Delegation from Diocese of San Marcos, Guatemala in diocese from October 10-20th ; Cardinal Oscar Rodriguez of Honduras celebrates Mass in Georgetown on September 21st.

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GUIDELINES FOR THE PASTORAL COUNCIL

The Pastoral Council of the Diocese of Wilmington is established according to the norms of Canons 511 and 514 to advise the bishop in those matters which concern the pastoral works of the Diocese. Composed of clergy, religious and laity, the Pastoral Council is a consultative body. The Council's task is to study all aspects of the life of the people of God in the Diocese of Wilmington and to make recommendations to the Bishop concerning them.

Purposes

The purposes of the Diocesan Pastoral Council are:

1) **To advise the Bishop in his responsibility for the total mission of the Church in the Diocese of Wilmington;**

2) **To recommend to the Bishop positive actions for the common good of the Church in the Diocese;**

3) **To provide a forum for dialogue and communication regarding pastoral matters in the Diocese;**

4) **To act as representatives of the people of God in the Diocese—lay persons, religious and clergy;**

5) **To be a sign of unity of the people of God.**

Functions

The Diocesan Pastoral Council shall:

1) **Listen to and gather information from parishes, deaneries, institutions, and other ecclesial groups with the Diocese and present that information to the Bishop in a systematic and formal fashion;**

2) **Identify needs and priorities of parishes, deaneries, institutions, and other groups for diocesan action;**

3) **Present to the Bishop information and recommendations on its own initiative;**

4) **Review and evaluate periodically, in the light of Diocesan policy, programs of all agencies and departments of the Diocese and to submit conclusions to the Bishop;**

5) **Propose to the Bishop goals and objectives for achieving the mission of the Diocese.**

Membership

1) The Diocesan Pastoral Council shall be composed of fifteen (15) members:
3 diocesan clergy – 1 pastor, 1 associate, 1 deacon
2 members of religious communities – 1 man, 1 woman
8 laypersons – 4 men, 4 women
1 Delegate of the Ordinary

2) All members shall be appointed by the Bishop;

3) As prescribed by Canon Law, laypersons appointed to the Diocesan Pastoral Council must be in full communion with the Catholic Church. Only those members of Christ's faithful who are outstanding in faith, high moral standards and prudence shall be appointed to the Council;

4) Members of the Diocesan Pastoral Council shall be selected in such way as to truly reflect the people of God in the Diocese taking into account the different regions of the diocese, social conditions and professions.

Terms of Office

1) Members of the Diocesan Pastoral Council shall serve for a three year term and may be reappointed for a successive three year term. In the initial appointment of the Pastoral Council some members will be appointed for one and two year terms in order to allow for a staggering of terms.

2) When the See is vacant, the Council ceases to exist.

Officers

1) The Bishop shall convoke and preside over the Pastoral Council.

2) An executive office may be appointed by the Bishop from the Council to assist him in coordinating the work of the Pastoral Council.

3) A recording secretary shall be chosen from among the Council and shall keep the minutes and the records of the Council.

Committees

1) There shall be an executive committee consisting of the Bishop, the executive officer and the delegate of the Bishop. Others may be invited as the need arises. Its function shall be to assist in the preparation of agenda and to carry on the business of the Pastoral Council between regular meetings.

2) The Pastoral Council shall establish other committees as necessary.

3) Committees shall make recommendations to the full Pastoral Council.

4) Committee chairpersons shall be appointed by the Bishop.

Meetings

1) The Diocesan Pastoral Council shall hold regular meetings four times a year.

2) Special meetings may be called by the Bishop.

Canons are cited from the Code of Canon Law promulgated by John Paul II on January 25, 1983.

11/24/99

TOPICS OF PASTORAL COUNCIL MEETINGS
1998-2003

December 8, 1998	CFO & Secretary of Finance Dept. Report; Highlights of Priests' Council Mtg.; Diaconate Program Update; Youth Ministry Report; Vocation Summit Evaluation; Assessment of Diocesan Offices; Apostolate for Ethnic Ministries; Hispanic Community; Korean Community; Bishops of USA mtg. in Washington
February 1, 1999	Lay Ministry Proposal; Priests' Continuing Formation; NFPC Activities Report; Millennium Committee; Security; Diocese Offerings for Mass Stipends, Stole Fees, etc.; Special Ministers of the Eucharist; Priests' Salary and Benefits for Fiscal Year 2000; Election of New Executive Officer (Priests' Council);
March 1, 1999	Proposal for Lay Ministry Institute; Highlights of Priests' Council Mtg.; Millennium Report; Bishop's Comments-Pencader Parish/School, Capital Campaign; Hispanic Report; Black Catholic Ministry
April 19, 1999	Black Catholic Community presentation; Youth Report; Highlights of Priests' Council Mtg.; Neo Catechumenal Way; Continuing Formation Committee Report; Millennium Committee Report; Membership status;
September 20, 1999	Report of Office of Catholic Schools; New Youth Board Reps.; Millennium Committee Report; Membership Status and Possible Revision of Statutes; Youth Report; Strategic Plan; Capital Campaign; Women's Convocation; Lay Ministry Summit; Introduction of Fr. John Barres;
December 13, 1999	Youth Ministry Update; Report from Priests' Council; Millennium; Funeral Statement; Review Priestly Compensation; Women's Convocation; Lay Ministry Summit; Combining Collections; Ex Corde Ecclesiae
February 14, 2000	Bishop's Pastoral on Work; Statement on Inactive Catholics; Sonrise 2000; Youth Ministry;

May 1, 2000	SonRise 2000; Review of membership changes and Statutes; Disciples in Mission; Priests' Jubilee; Millenium Committee; Youth Ministry; Spanish Reconciliation Services;
September 25, 2000	Youth Group; Disciples in Mission; Sonrise; Bishop recorded Rosary (tape/CD); New Churches; Campaign;
December 4, 2000	Dialog Article on Diocesan Pastoral Council; Director of Communications; Youth Report; Discussion on drafts of Bishop's Pastoral on Work; Diocesan Web Page; 2001 Meetings; Capital Campaign; Catholic Physicians' Guild;
April 2, 2001	Progress of Hispanic Ministry; Updates on Campaign; Cemetery (Sussex County); Christ The Teacher & Most Blessed Sacrament Catholic Schools; Concept of Pastoral Council; Disciples in Mission; Capital Stewardship Campaign; Diocesan Web Page
September 17, 2001	St. Thomas More Academy; Bishop's "Pastoral on Work"; Guatemala; San Marcos; Disciples in Mission;
November 26, 2001	Diocesan Hispanic Ministry; Youth Ministry "Dare to be Different" Video; "Theology on Tap"; Guidelines for Funeral Masses; Diocesan Emergency Preparedness Plan (parish nurses)
April 15, 2002	Capital Campaign and Projects Update; Youth Group Report (Nexus; World Youth Day); Clergy Situation; Members up for renewal
September 16, 2002	Dates for 2002-2003 meetings; Reviewed role of Pastoral Council; Black Catholic Congress IX; A Legacy of Faith document introduced; African American Catholics; St. Peter's Cathedral School History; Christ Our King School; Youth Group; Dallas Charter
December 17, 2002	Sister Diocese Relationship with San Marcos; Solidarity; Youth Report

April 29, 2003	H.R. – Report on "For the Sake of God's Children", background checks, etc.; Youth Report-Diocesan Youth Board Mtg.; Nexus, US Youth Ministry Mtg., March for Life; Covenant with Diocese of San Marcos signed on eve of feast of St. Mark; Pastoral Ministry among Spanish speaking in Dover; 3 new priests ordained; New converts received into church; Governor's Breakfast-Dover; Members term expiring
September 22, 2003	Hispanic Ministry presented copy of "A Journey Unfolding: Pastoral Guidelines for Hispanic Ministry in the Delmarva Peninsula"; Bishop presented members with a copy of "For the Sake of God's Children"; Diocese to be audited by National Review Board (10/13/03); Catholic Youth Ministry prepared folder: calendar of events, preparing youth liturgies, pamphlet "Reaching Teens Through Film"; Bishop asked approval of Pastoral Council for new program "Faith for Tomorrow on Good Soil"; 7 men entered the seminary; announced that 10/19/03 is 25th Anniversary of Pope John Paul II's pontificate and the beatification of Mother Teresa; October is National Hispanic Heritage Month

GUIDELINES FOR THE DIOCESAN FINANCE COUNCIL

The Finance Council for the Diocese of Wilmington shall be composed of clergy and laypersons skilled in financial matters and familiar with civil law, appointed by the Bishop for the purpose of assisting and advising the Bishop in the administration of the financial affairs of the Diocese. (C.492) The Council shall work closely with the Financial Officer of the Diocese in his duties regarding the daily administration and supervision of diocesan financial matters.

Competence
As prescribed by Canon Law, the following are the specific duties of the Finance Council:

1) Prepare the annual budget for the Diocese in accord with the directives of the Bishop. (C.493)

2) Approve the annual report of income and expenses at the close of the fiscal year. (C.493)

3) Advise the Bishop in the appointment of the Finance Office. Should the Finance Officer be relieved of his position before completing his term of office, the Bishop shall first seek the advice of the Finance Council (and the advice of the Consultors). (C.494§1,2)

4) Establish the general guidelines within which the Finance Officer shall function. (C494§3)

5) Receive and approve the Finance Officer's annual report of income and expenses. (C.494§4)

6) Choose a new Finance Officer if the Finance Officer should be elected diocesan administrator if the See is vacant. (C.423§2)

7) Advise the Bishop on the imposition of assessments on physical and juridic persons. (C.1263)

8) Advise the Bishop on proposed significant acts of administration. (C.1277) The Bishop must have the consent of the Finance Council regarding extraordinary acts of administration (and the consent of the Consultors). (C.1277).

9) Advise the Bishop what shall constitute extraordinary acts of administration for juridic persons subject to him in the absence of any statute of the institute of specifying same. (C.1281§2)

10) Review the annual financial report of the administrators of ecclesiastical goods (who have not been specifically exempted by the Bishop). (C.1287§1)

11) Give advice and consent to the Bishop on proposed alienation of goods within the minimal and maximal ranges determined by the Episcopal Conference (must also have consent of Consultors). (C. 1292§1)

12) Advise the Bishop on the safe keeping and investing of Church goods. (C.1305)

13) Advise the Bishop on any proposed reduction of burdens resulting from a will if those burdens cannot be fulfilled. (C.1310§2)

Other duties may be specified by the Diocesan Bishop from time to time as circumstances and events require.

Membership

1) The Finance Council shall consist of seven (7) persons, members of the Christian faithful. Two (2) of the members shall be priests of the Diocese of Wilmington; one of whom shall be the Episcopal Vicar for Administration. Five of the members shall be laypersons.

2) All members of the Finance Council shall be appointed by the Bishop.

3) Persons appointed to the Council must have good skills in financial matters and must also be familiar with appropriate civil law affecting matters of finance. (C.492§1)

4) Persons related to the Bishop up to the fourth degree of consanguinity or affinity are excluded from the Finance Council. (C.492§3)

Terms of Office

1) Members of the Council shall serve for five (5) years and may be reappointed for further five (5) year terms. (C.492§3)

2) In case of death, resignation or inability to act by any of the members, his or her successor shall be named by the Bishop.

3) Should the term of all or any of the members expire during the vacancy of the Diocese, the term(s) shall be extended until a new bishop takes possession of the Diocese and appoints new member(s).

Officers

1) The Bishop shall preside over the Council or he may delegate one of the members as presider. (C.493§1)

2) The Financial Officer of the Diocese shall be appointed the Executive Secretary to the Finance Council. He shall not be a member of the Council but shall be permitted to participate fully in the proceedings of the Council. The Executive Secretary shall keep the minutes of the Council's meetings and shall, at the discretion of the Council, execute its decisions and perform other such tasks as shall be determined by the Council.

Meetings

1) There shall be a minimum of four (4) regular meetings of the Finance Council annually. Meetings shall be held at a time and place determined in advance and for which ample notice shall be given in writing.

2) Special or additional meetings shall be called by the Bishop as circumstances require.

3) Agenda for the meetings shall be set ahead of time, prepared by the Executive Secretary and approved by the Bishop.

Committees

The Finance Council shall establish five (5) standing committees to assist in its work. Except for the Assessment Committee, these committees shall be made up of at least one member of the Finance Council and other persons, lay and/or clergy having the required knowledge and expertise, who need to be members of the Finance Council. The chairman of each of the committees shall be a member of the Finance Council. In the case of the Assessment Committee, all shall be members of the Finance Council. Committee membership should number at least five (5). The five (5) standing committees shall be named:

1. The Budget and Accounting Committee
2. The Investment Committee
3. The Assessment Committee
4. The Project Feasibility Committee
5. Audit Committee

The Budget and Accounting Committee

It shall be the duty of the Budget and Accounting Committee to assist in the development of the annual budget for the Diocese. The committee shall determine the appropriate means to obtain the necessary data from all agencies, offices and department funded by the annual budget in order to make its recommendation to the Finance Council. The committee shall at the end of each quarter provide a report to the Finance Council and the Bishop on the status of the budget, comparing budget with actual performance. It shall also be the duty of the Budget and Accounting Committee to assure that appropriate and accurate accounting methods and procedures are employed at the diocese, parishes, schools and other diocesan institutions.

The Investment Committee

It shall be the duty of the Investment Committee to make wise and prudent recommendations to the Bishop and the Finance Council on the safe keeping and the investment of diocesan property and funds.

The Investment Committee shall develop a set of objectives and procedures in line with the requirements and guidelines of Canon Law and the Episcopal Conference which shall outline investment policy and activity.

It shall be the duty of the committee to monitor the activity of all investments of the diocese and shall make periodic reports during the year to the Bishop and the Finance Council.

The Investment Committee shall draw up specific and detailed guidelines for the direction of any investment advisor/manager which may be employed. The Investment Committee shall also review and approve the investment plans and policies of all parishes, schools and other diocesan organizations prior to their implementation.

Project Feasibility Committee

It shall be the duty of the Project Feasibility Committee to study and make recommendations on the financial soundness of proposals by the diocese, parishes and other institutions in the diocese to construct new facilities, renovate, expand or engage in major repairs to existing buildings and structures.

The Project Feasibility Committee shall review any major fund raising programs proposed by parishes and other diocesan institutions prior to their implementation.

Assessment Committee

The Assessment Committee shall be composed of members of the Finance Council and shall annually recommend to the Bishop and the Finance Council the annual assessment to be imposed on each of the parishes in the diocese. The committee shall make its recommendations after having taken into consideration each parish's annual income, debt obligations and other such pertinent data.

Audit Committee

The primary goal of the committee will be to assist the Finance Council and the Finance Officer in fulfilling their fiduciary responsibilities relating to the accounting and reporting practices of the diocese. To fulfill its responsibility it will:

- **Oversee and appraise the quality of the audit effort of the diocese's internal audit function and that of its independent account;**
- **By way of regularly scheduled meetings, maintain open lines of communication between the Finance Council, independent accountant, internal auditor, and financial management to exchange views and information as well as confirm their respective authority and responsibilities; and**
- **Determine the adequacy of the diocese's administrative, operating and internal accounting controls and evaluate adherence.**

Canons are cited from the Code of Canon Law promulgated by Pope John Paul II on January 25, 1983.

II

IDENTIFICATION AND GENERAL RELIGIOUS SITUATION OF THE DIOCESE

II. IDENTIFICATION AND GENERAL RELIGIOUS SITUATION OF THE DIOCESE

1.	JAN. 1, 1998	DEC. 31, 2003
Area of the diocese	5,300 sq. miles	5,300 sq. miles
Total population	1,089,820	1,215,685
Total Catholic population	166,059	220,000
Number of diocesan priests	128	119
Number of religious priests	91	86
Number of major seminarians	6	14
Number of minor seminarians	0	2
Number of non-priest men religious	33	29
Number of women religious	287	259
Number of parishes	55	57
Number of Catholic educational institutions	38	39
Number of Catholic charitable institutions	14	27
Number of Catholic Cemeteries - Diocesan	2	3
Parish	18	18

2. The Diocese of Wilmington in the ecclesiastical Province of Baltimore was established in 1868. Diocesan patron is St. Francis de Sales. The Diocese of Wilmington consists of the State of **Delaware** with its three counties of New Castle, Kent and Sussex, and nine counties of the State of **Maryland**, i.e. Caroline, Cecil, Dorchester, Kent, Queen Anne, Somerset, Talbot, Wicomico and Worcester. Comprising 5,300 square miles it is located along the Eastern seaboard of the United States on what has come to be called the Delmarva Peninsula. The two states that comprise the diocese were among the 13 original colonies. It is one of the few dioceses that includes two sizable civil jurisdictions on a state level.

New Castle County in Delaware is heavily commercialized and industrial while the other counties of Delaware and Maryland are more agricultural and interspersed with towns and small cities. There is also a fairly large turnover in population as the degreed and management personnel (especially in large chemical firms and new banks in the Wilmington area) are transferred in and out. There is also significant growth in Sussex County, Delaware and Talbot, Queen Anne, Kent and Worcester counties in Maryland as people from urbanized areas seek homes for retirement and recreation.

The educational system is quite good in both political jurisdictions that make up the diocese. The Delaware portion would rank above the Maryland portion. Compulsory schooling goes to age 16. There are two state universities plus a number of state and private colleges and community colleges-the so called vocational-technical high schools and two year junior colleges. Adults are encouraged to continue their education in both job-related and leisure-time courses. The Maryland section has two state colleges also and several private colleges.

There are three television stations within the geographical boundaries of the Diocese of Wilmington. In addition, television signals two neighboring archdioceses are available to viewers in the Diocese of Wilmington. It is estimated that 75% of television viewers in the diocese subscribe to cable or direct-to-home satellite television service.

Approximately 60 AM, FM and Low Power radio stations are licensed to communities within the boundaries of the diocese. Diocese of Wilmington residents can also listen to several hundred additional radio stations from neighboring dioceses.

Six daily and 38 weekly and bi-weekly newspapers are published in the Diocese of Wilmington as well as approximately 10 monthly publications.

It is estimated that over 60% of Diocese of Wilmington residents have access to the Internet."

The Diocese of Wilmington is geographically located in an area covered by the public media of the large metropolitan areas of Philadelphia, Baltimore and Washington. The archdioceses located in these cities do sponsor Catholic programming which is available to our people depending on their closeness to these cities. Also, these archdioceses do have Catholic colleges and universities of which our people can take advantage for higher education of a religious and secular nature.

The Catholic population in 2003 is estimated to be 220,000 out of a total population of 1,215,685. In 2002 approximately 60 percent of the Catholics in the diocese reside in New Castle County, Delaware; 15 percent reside in Kent and Sussex Counties, Delaware; 25 percent resided in the nine counties of Maryland (the Eastern Shore).

In general, the population of the diocese is getting older and will continue to do so in the next decade. The school age population has continued to decline reflecting national trends, although in selected areas there is a noticeable impact of increasing students because of sale of farms and construction of new housing developments

Approximately 24 percent (291,764) of the total population are members of minority groups; 56 percent (680,783) being African American (Wilmington, the See City is half African American). The percentage of African Americans in the population ranges from a low of 3.9 percent (3,465) in Cecil County to a high of 41 percent (10,249) in Somerset County, Maryland. There has been an increase in the Hispanic population of 9.7 percent in the entire. 80,000 Hispanics (largely Puerto Rican, with some Guatemalans, Cubans and Mexicans) live in Delaware; 60 percent (48,000) in New Castle County. Each summer about 4,000 migrant workers-Spanish speaking and French speaking (Haitians) and some blacks - pass through the diocese to find temporary employment on farms in the rural areas.

In the general population of the diocese approximately one-third has had less than a full high school education; one-third has done college or graduate studies.

Of the 57 parishes in the diocese, 52 are territorial. Two (St. Hedwig and St. Stanislaus) are national parishes for people of Polish extraction; one (St. Anthony) serves the Italian population. These parishes are in Wilmington. One territorial parish, St. Paul's, has a special ministry to the Hispanics because many live within the territorial boundary while others come to the parish from further away. One parish, St. Joseph, that was originally a parish just for black Catholics now combines to serve the needs of those who choose to go there instead of to their territorial parish. A personal parish (St. Thomas More) serves the faculty and students of the University of Delaware in Newark, a city adjacent to Wilmington. No parishes are subject to the right of patronage or to popular election. A number of parishes have mission churches to serve the people in outlying districts. Two churches and one historical site are designated as shrines in the diocese. St. Francis Xavier Church (Old Bohemia) is the oldest church now existing in the diocese-it dates from 1704. Masses are held the third Sunday of

April and May, September and October. The bishop traditionally celebrates the September Mass. Coffee Run is an historical site (1772) marked by church ruins and a cemetery in New Castle County. An Annual Field Mass on July 4 honors the location as the foundation stone on the church in the Wilmington area. St. Mary of the Immaculate Conception - a parish church - has been designated a place of special devotion to St. John Neumann since it was he as Bishop of Philadelphia who dedicated the church in the last century.

3. The Bishop of Wilmington meets with the Archbishops of Baltimore and Washington and selected staff members of the archdioceses and diocese as needed to deal with items of a civil and religious nature which affect the Catholic Church in Maryland. This body schedules meetings annually with the Governor of Maryland and representatives of the legislature of that state. The Maryland Catholic Conference has an Executive Director and staff to lobby with the legislature.

The Diocese of Wilmington as the only diocese in the State of Delaware monitors the Delaware legislature. Bishop Saltarelli arranged annual meetings with the Governor and legislators with his staff and theirs to discuss matters of concern. The Bishop is assisted by a legislative advisory committee of Catholics prominent for their practice of the faith and political connections.

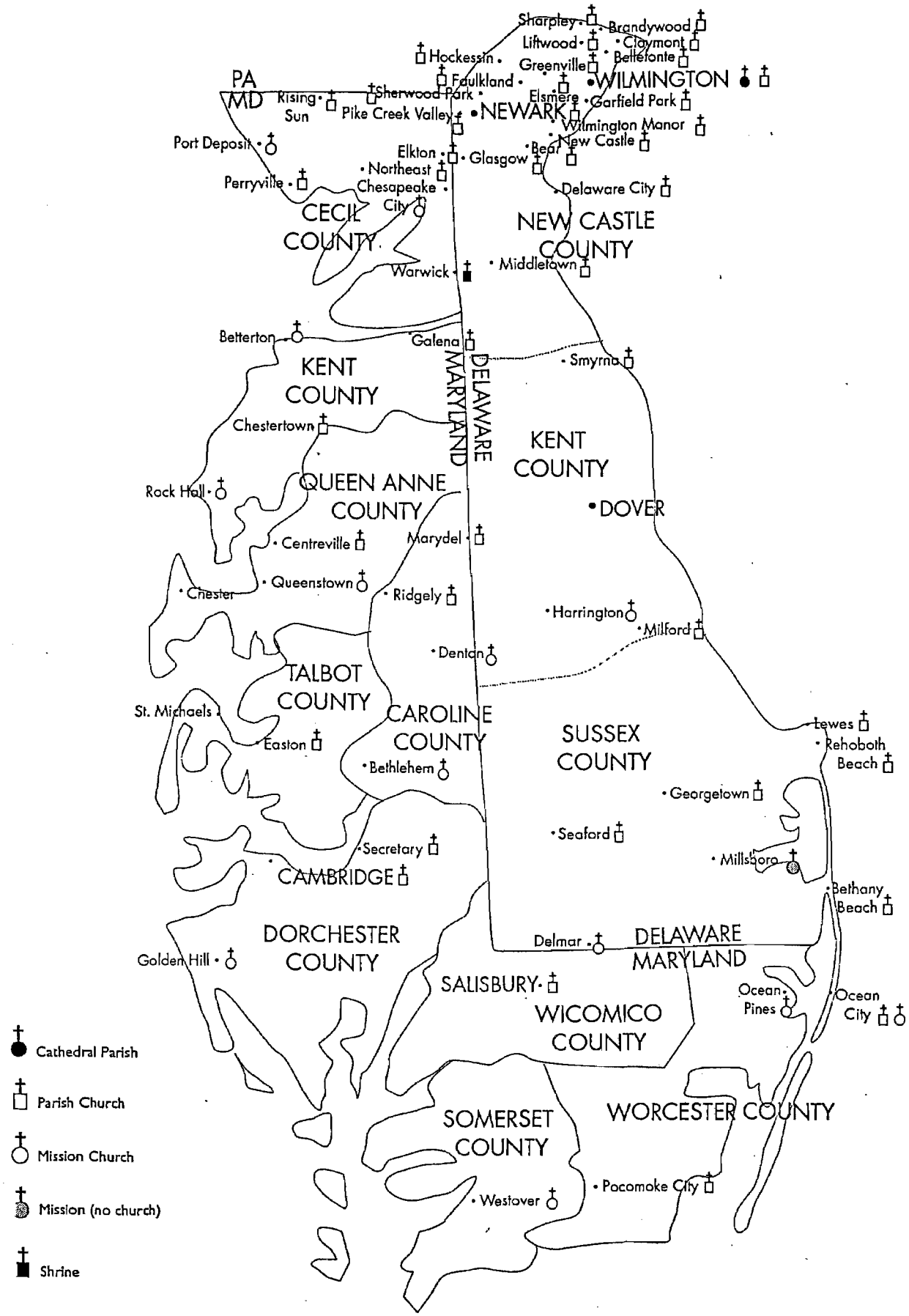
Economically, New Castle County Delaware where the majority of the Catholics live is dominated by banking, chemical and automotive industries. Family incomes in Delaware are quite high by national standards. The number of firms incorporated in Delaware include half of the Fortune 500 companies. Unemployment in Delaware is slightly less than 5% despite mergers and downsizing of some companies. Delaware is ranked as one of the best states economically in the Middle Atlantic Region. The unemployed are largely the urban unskilled and adequate programs are not available to help them break the level of poverty. Welfare reform is placing greater burden on the private sector of which the Church is a part to assist them.

The nine counties of the Eastern Shore of Maryland are less affluent as a whole, but there are pockets of people of substance in various sections. The poor and disadvantaged here are found in the rural areas.

Where there have been special needs of justice and charity, the Church has responded through the work of Catholic Charities, parish senior centers, parish outreach organizations, and well known soup kitchens run by the Capuchin Fathers and Brothers. Local Catholics have helped support these efforts through the Bishop's Annual Appeal. Of particular concern in the rural areas and to some extent in the urban areas is the presence of a growing immigrant population.

Recent legislation has curtailed government programs that assist these people with the Church and other private agencies being asked to assist their people who have no one else to turn to.

As regards education, because of the principle of separation of church and state, direct support of schools is not permitted. Arguing for what might be considered rights of citizens to access education and basic health needs, the Church has been able through legislative lobby to obtain a measure of financial assistance for school business and payment for school nurses. However, the amount is not really adequate to serve the people who require it so services in their areas must be limited. There are also some federal programs to help younger students with basic skill deficiencies to be upgraded. However, as the federal money must be distributed through the states to the schools through school district administrators, there is a bureaucratic reluctance to make the programs available in a timely way. In the State of Maryland, only one of the nine counties provides busing at public expense to schools. The Church must also be alert to the installation of wellness centers in schools. While these facilities are meant to provide needed health care to students, the Church must be vigilant to see that contraceptive devices and abortion counseling is not also provided.


Sharpley
Brandywood
Liftwood
Claymont
Hockessin
Greenville
Bellefonte
PA
MD
Faulkland
WILMINGTON
Rising Sun
Sherwood Park
Elsmere
Garfield Park
Pike Creek Valley
NEWARK
Wilmington Manor
Port Deposit
New Castle
Elkton
Glasgow
Bear
Northeast
Perryville
Chesapeake City
Delaware City
CECIL COUNTY
NEW CASTLE COUNTY
Warwick
Middletown
Betterton
Galena
KENT COUNTY
MARYLAND
DELAWARE
Smyrna
Chestertown
KENT COUNTY
QUEEN ANNE COUNTY
Rock Hall
DOVER
Centreville
Marydel
Queenstown
Chester
Ridgely
Harrington
Milford
Denton
TALBOT COUNTY
St. Michaels
CAROLINE COUNTY
SUSSEX COUNTY
Lewes
Easton
Rehoboth Beach
Bethlehem
Georgetown
Seaford
Secretary
Millsboro
CAMBRIDGE
Bethany Beach
DORCHESTER COUNTY
Delmar
DELAWARE
MARYLAND
Golden Hill
SALISBURY
Ocean Pines
Ocean City
WICOMICO COUNTY
SOMERSET COUNTY
WORCESTER COUNTY
Pocomoke City
Westover
Cathedral Parish
Parish Church
Mission Church
Mission (no church)
Shrine

III

THE MINISTRY OF THE DIOCESAN BISHOP

III. THE MINISTRY OF THE DIOCESAN BISHOP

1. Teaching - As shepherd and Bishop for the Diocese of Wilmington, I have a serious obligation to join with the Holy Father in proclaiming the Good News of Jesus Christ and teaching with fidelity the truths of the Catholic Church. In addition to the preaching and teaching I do in our parishes, I have issued pastoral statements to raise the consciousness of the Catholic faithful in our diocese on contemporary issues.

In May of 1997, I issued marriage preparation guidelines that stress the need for quality one-year marriage preparation that helps couples to live Christ's teaching on permanence, fidelity and openness to children in the sacrament of marriage.

On Nov. 2, 1999, I issued a pastoral entitled "On the Need for a Consistent Use of the Funeral Rites," which emphasizes that the traditional wake service, funeral Mass and graveside services are an indispensable source of spiritual strength and comfort for families mourning the death of a loved one.

On Jan. 13, 2000, I issued "How to Reach Out to Inactive Catholics," which stresses the need for active Catholics to reach out to inactive Catholics. This statement had more influence than I ever anticipated. It was the lead contribution in the Jan. 27, 2000, edition of Origins (Catholic News Service) and was used by bishops, diocesan newspapers and magazines across the country. This outreach to inactive Catholics in the Diocese of Wilmington remains one of my most pressing concerns and priorities.

On Sept. 28, 2000, I issued "The Respect Life Legacy of John Cardinal O'Connor and the Obligation of Catholics to Promote the Culture of Life." This statement recognized the inspirational pro-life leadership of Cardinal O'Connor and urged Roman Catholics to realize that without recognition and civic support of the right to human life, all other rights erode. Catholics, along with their ecumenical and inter-religious brothers and sisters, are called to promote the culture of life prayerfully and assertively in every sector of society.

In October 2000, I issued "Through Mary to Jesus: the Spiritual Value of the Rosary." This statement – which was included on my rosary CD and cassette tapes distributed throughout the Diocese – was designed to deepen Marian devotion and a love for the rosary in our diocese. It blends traditional Marian piety with contemporary social justice concerns.

On January 18, 2001, I issued "The State of the Diocese 2001" on the occasion of my fifth anniversary as Bishop of the Diocese of Wilmington. In this report to the people of the Diocese, I gave a progress report on the seven major priorities for the Diocese of Wilmington which were established with extensive consultation when I came to Wilmington in 1996-1997. Those seven priorities include:

1) Conduct an aggressive campaign throughout the Diocese to promote vocations to the priesthood and religious life.
2) Develop and implement a comprehensive pastoral plan for ministry to Hispanic people.
3) Assess Diocesan offices and ministries to assure efficiency and effectiveness.
4) Establish new parishes and schools.
5) Explore models of parish ministry, closely examining the role of the clergy and the laity in these models.
6) Evangelize the unchurched and alienated African American community.
7) Develop and implement a comprehensive plan for ministry on college campuses.

On August 30, 2001, I issued "Holiness in the World of Work" which appeared in both our diocesan newspaper and *Origins* (Catholic News Service). This pastoral letter stresses that "Work is most powerfully and most essentially an apostolate of the lay faithful." Justin M. Carisio, Jr., the Manager of Executive Communications for the DuPont Company and a theologically astute Third Order Franciscan, assisted me along with the lay people of the Diocesan Pastoral Council with this very readable and practical contribution.

On January 24, 2002, I issued "Catholic Schools: A Gift of the Church". This pastoral letter explores the history, contribution and vibrant future of Catholic education in the Diocese of Wilmington and the United States.

Finally, On September 5, 2002, I issued "The Spiritual Lessons of September 11". This pastoral letter commemorated the one year anniversary of 9/11 and reflected on the experience of 9/11 in the inspiring light of Roman Catholic theology and spirituality. Enclosed are copies of the pastoral statements.

I take the Bishop's duty to teach, to shepherd, to sanctify seriously. I continue as did my predecessors to use *The Dialog*, the diocesan paper, with circulation into every Catholic home to teach personally or see to it that articles in conformity with Catholic teaching are printed.

1a. <u>The Crisis in the Church and the Diocese of Wilmington</u>

I would first like to thank the Holy Father and the members of the Roman Curia who provided such encouragement, counsel and guidance during the difficult times of the crisis.

Generally, the Diocese of Wilmington has navigated well through the crisis. It was my intention from the outset to act prudently, to follow the 1983 Code of Canon Law (and later the Essential Norms) and to protect the rights of victims, accused priests as well as the general public ecclesial good.

We have established a very positive and trusting relationship with the Attorney General of the State of Delaware as well as the various State's Attorneys who have jurisdiction on the Eastern Shore of Maryland.

We had publicly announced that 15 priests [many of whom were deceased] from the past 50 years had been guilty of sexual abuse. We did not announce the names of the clergy.

In the summer of 2002, we formed a Diocesan Review Board which included prestigious judges, doctors, a sexual abuse specialist, a human resources specialist and a communications professional. In January of 2003, the Diocesan Review Board found that there was credible evidence that an additional three priests had committed the sexual abuse of a minor. As Bishop I have accepted the Review Board's conclusions.

Two of the priests resigned. One priest was relieved from his duties. We are at this time currently processing the necessary documentation with the Congregation for the Doctrine of the Faith. Msgr. Scicluna's seminar at the Pope John Paul II Center in Washington, DC August 11-12, 2003 was helpful to our Chancellor and canonical consultant. We are carefully following civil and criminal law developments such as the recent ruling of the United States Supreme Court in regard to statute of limitations.

Another priest who had been working in an office of the USCCB in Washington, DC left active ministry in the diocese after credible allegations of sexual abuse of a minor committed when he was a lay teacher in the Archdiocese of Baltimore in the 1970s surfaced. With consultation from the Promoter of Justice for the Congregation for the Doctrine of the Faith, the Diocese of Wilmington is in the process of taking further steps in this delicate situation.

We have proactively implemented the guidelines from the Charter which include policies and procedures that provide safe environments for Church youth ministry activities as well as criminal background checks for clergy and diocesan and parish employees who work closely with youth.

In an audit conducted October 13, 2003—October 17, 2003, The Gavin Group, Inc. (representing the National Review Board) stated in its October 22, 2003 report to me: "This audit finds the Diocese of Wilmington to be in compliance with the

Charter...The diocese was commended for its safe environment program." No recommendations for improvement were made. Here are some highlights of the report:

*"The diocesan policy provides protocols for receiving reports of incidents and notifying civil authorities. The diocese has published its policy on its internet site and in the diocesan newspaper, and has furnished hard copies to all priests and school officials. Procedures for reporting incidents are clearly laid out and easy to follow. The Bishop or his representative has met with all victims or families who have been willing to accept them."

*"The Bishop has met with the Delaware Attorney General (AG) and the diocesan attorney has contacted most of the Maryland State's Attorneys. A protocol was agreed to for reporting all allegations. In the meeting with the AG, the bishop disclosed all information requested on all known cases for the past 40 years. An editorial in the *News Journal*, dated January 29, 2003, praised the diocese for its swift and open handling of the three abuse cases. Wilmington's policy provided for a prompt and thorough investigation in accord with canon law and due process."

*"A written communications policy exists which incorporates concern for law enforcement, parishes, public, and sex abuse prevention, and outreach programs. The diocese has demonstrated a very open and transparent relationship with the media."

*"In July 2002, a committee of 14 was established to implement all aspects of the background check system including a 5 year cyclical review. As of September 2003, over 6,000 individuals have undergone background checks. They anticipate an additional 4,000 will have checks completed by the end of the year. A stringent screening and evaluation process is used for prospective seminarians prior to acceptance using an 11 point program."

*"In January 2003 a blue ribbon task force drafted priestly standards regarding celibacy and sexuality. The Bishop maintains a consistent focus on health, balanced priestly celibacy, sexuality and ministerial ethics."

Please see the enclosed October 22, 2003 communication from The Gavin Group, Inc. for more detail.

1b. <u>Diocesan Summits and Sonrise 2000</u>

In addition to the pastoral statements, diocesan summits on vocation awareness, lay ministry and collaborative ministry have had a lasting impact on the direction of the diocese. Our diocesan summit on vocation awareness helped us realize that everyone is responsible for cultivating vocations to the priesthood

and religious life. Our diocesan summit on lay ministry helped us to explore and appreciate the gifts of the laity in the ministry and mission of the church. Our diocesan summit on collaborative ministry helped us to review and study models and approaches that could better integrate the ministry of the clergy with the many talents, skills and ministries our lay people bring to the church. Deanery-based reconciliation services brought many Catholics to the sacrament of reconciliation.

In September of 2000, our diocesan Jubilee celebration "Sonrise 2000" attracted a crowd of 5,000 for a weekend of communal faith and celebration. We celebrated a Parade of Parishes. To the singing of "The Church's One Foundation," representatives of every parish, one by one, in chronological order, brought forth a 15-pound stone bearing a nameplate engraved with the church's name and date of its founding. The foundation stone of our newest parish, St. Margaret of Scotland in Glasgow, DE, was the last stone brought up.

These symbols of history, of the spread of the faith throughout Delaware and Maryland, were laid on top of one another in front of the hall's stage to form a symbolic cornerstone of the diocese. They are not only a reminder that we stand on the shoulders and sacrifices of our fathers and mothers in the faith, but a challenge that we have to spread the faith with the same fire that they did.

1c. Catechetical Renewal in the Diocese of Wilmington

For the last few years, I have been talking with my fellow Bishops about the need for a bold new direction in our catechetical efforts in this country.

Within the current crisis of the Church are opportunities for renewal and reform. Periods of renewal in the Church always involve intense and effective catechesis (*Catholic Catechism* #8).

In his April 23, 2003 McGinley lecture entitled *True and False Reform*, Avery Cardinal Dulles writes: "Religious illiteracy has sunk to a new low. We urgently need an effective program of catechesis and religious education on all levels." Bishop Donald Wuerl speaks of such terminology as the "lost generation" and the "undercatechized" as not pejorative but descriptive terms that accurately describe the challenges we face today.

The controversies in this country over the Congregation for the Doctrine of the Faith's document *Dominus Iesus* - which was a compelling summary of Church teaching - illustrated how much Redeemer relativism, ecclesial relativism and moral relativism exist among Catholics and non-Catholics alike (see our diocesan Chancellor's enclosed explanation of the document "John Paul II's 'Ecumenical Passion': A Clear-Eyed Look at *Dominus Iesus*" in the January 2001 *This Rock*).

To refocus and reintensify our commitment to quality catechetics, the Priests' Council at its September 8, 2003 meeting and the Diocesan Pastoral Council at its September 22, 2003 meeting endorsed a process called *Faith for Tomorrow: On Good Soil* which gathers laity, parents, catechists, DREs and clergy to engage in focused discussions about catechesis in parishes in our Diocese. Kits have been made available to parishes with specific instructions on how to implement the process.

A synthesis of the insights generated by these discussions will be presented at a Diocesan Convocation at St. Mark's High School in March 2004. Bishop Donald Wuerl, one of the leading voices for catechetical renewal in our country, will speak.

Our Diocesan Steering Committee will be making specific recommendations about how best to improve catechesis in the Diocese of Wilmington. We intend to do a thorough audit of all religious education materials in our schools and religious education programs to ensure that the texts have been approved by the USCCB's Office for the Catechism and that the texts are in conformity with "The Protocol for Assessing the Conformity of Catechetical Materials with the Catechism of the Catholic Church."

In addition to processing the insights and suggestions of the people of our Diocese, I will ask this Steering Committee to "retrieve" our Catholic tradition by studying the insights of classic texts on catechesis such as Pope Paul VI's *Evangelii Nuntiandi*, Pope John Paul II's *Catechesi Tradendae*, the *Catechism of the Catholic Church*, the *General Directory for Catechesis*, our own *National Directory for Catechesis*, the proposed *National Adult Catechism* and other catechetical sources.

A return to the sources of liturgy and theology is what produced the documents and direction of the Second Vatican Council. This same process will provide the foundation for our own local catechetical renewal.

It is my hope that our efforts will help us especially to reach the minds and hearts of our young people so that they will reach their potential to be committed, theologically informed and articulate Catholics in every sector of our local Church and society.

2. <u>Pastoral Visits</u>

I have visited our 57 parishes and 19 missions consistently. The Holy Father has been my model. His efforts to be among his people in various continents and countries express his desire to be a missionary pope. My own efforts to be present in our parishes and to share the faith with our people reflects my own desire to be a missionary bishop.

What do I see when I visit our parishes and missions? I see pastors and priests on fire with the love of Jesus Christ bringing that love and care to their people. I love to sit with pastors, priests and their staffs and to listen how they strategize to spread the Gospel of Jesus Christ.

Ongoing formation of the clergy, the continuing development of lay ministry, the thirst for a deeper knowledge of our Roman Catholic faith and deeper spiritual lives, the efforts of our parish staffs and pastoral councils to be more authentically collaborative, bold new approaches to Catholic Youth Ministry, new permanent deacons taking their place on our parish staffs, efforts to nourish families spiritually as the foundation of our communities, RCIA teams that help to create an evangelizing synergy – these are just a few of the signs that show how our parishes are thoroughly contemporary while being solidly anchored in our Roman Catholic tradition.

We can never rest on our laurels. We root ourselves in the Scriptures, the teaching of the magisterium, the contemplative spiritual tradition of our church and the apostolic fire of the saints while discovering new ways to evangelize Generation X and now Generation Y by using the Internet, the satellite dish, television and radio.

Our Catholic schools are an integral part of this effort. They are about much more than an extra dash of discipline and respect. Our schools are meant to be agents of evangelization – with pastors, principals, teachers and staffs completely committed to integrating the Catholic vision of life into their teaching, their curriculum and their relationships with students and parents. What a difference a vibrant Catholic school makes to a parish community! Our new regional grade schools in Glasgow, DE, and Ocean Pines, MD, as well as the expansion of St. Thomas More Academy expand our formational and educational mission even further.

Our Catholic schools are dedicated to forming students who not only can articulate their Catholic beliefs and attitudes but who live them. For instance, St. Thomas More, the patron of statesman and politicians, is held up as a model of moral integrity expressed in public life to the students of St. Thomas More Academy. These types of customs and practices are at the heart of forming vibrant young Catholics.

I am proud of the progress our Catholic schools have made in promoting an authentic Catholic identity. But we must continue to strive. We need to find new ways of inspiring the hearts and minds of our young people in the context of the culture in which they actually live and with the truths of Christ and the Church which set them free.

3. **Bishop and Clergy** - The Diocese is of such size that the bishop can know all priests both secular and religious. The number of permanent deacons is 76 at present so I can interact with them with relative ease. A new class of men is currently in formation. I meet with them for religious and social affairs. I contact priests in hospitals and nursing homes by visits or phone calls to show pastoral concern. I summon priests to private meetings to discuss matters of mutual concern. I seem able to resolve conflicts amicably.

4. **Rapport with Other Pastoral Organizations** - The diocese has one large air base which is headquarters for the Military Air Transport Command on the East Coast. It is served regularly by a chaplain. There are also two Veteran's Hospitals (Perry Point & Elsmere) that are staffed by chaplains assigned by the Military Ordinariate. Relation with chaplains are cordial. They are invited to diocesan priests meetings and sent correspondence from the Chancery. The Diocese has two priests in the military full time and four part-time chaplains to the National Guard.

There are no personal prelatures headquartered in the diocese. Opus Dei priests from the District of Columbia do conduct retreats periodically in the diocese in rented facilities. They always advise the bishop of their presence and seek the appropriate permissions for reservation of the Blessed Sacrament in the temporary chapels established.

I have been visible to people of all ages in the diocese in both the northern and southern sections. All parishes are visited annually for confirmation. As often as possible confirmation is scheduled at weekend Masses so I see not only the candidates and their families but also the parishioners who regularly attend the Mass at which confirmation is celebrated. I am available for a social hour with candidates and parishioners afterward. Before or after the ceremony and reception I have a meal with the parish clergy. Parishes invite me to be present for groundbreaking and dedication of churches, significant anniversary celebrations of parishes and institutions, conventions of diocesan organizations, i.e., Youth Ministry, Charismatic Renewal, Knights of Columbus. I have visited parishes occasionally for parish council meetings, and meetings of RCIA.

I have visited the diocesan high schools and parishes and private high schools, addressing both students and faculty separately and together. I have visited the Newman Center of the University of Delaware for Mass and engage in conversation with students. A number of elementary schools both parochial and private have been visited.

I have visited the offices and agencies of the diocesan curia. I visit charitable agencies separate from the diocese, i.e., Little Sisters of the Poor Jeanne Jugan Home for the Elderly, Benedictine School for the Mentally Challenged, Ministry

of Caring, St. Francis Hospital. Through these visits I not only learn about the diocese but exercise my role as teacher, sanctifier and administrator. I generally celebrate the Eucharist and deliver the homily on the occasion of these visits. I will not hesitate to correct any liturgical practices not in keeping with the norms of the liturgy.

5. Catholics of Other Rites - The largest group of Catholics of another rite are Ukrainian who are responsible to Archeparchy of Philadelphia. Catholics of other rites would be small in number. Because of lack of their own clergy, they practice as Roman Catholics. When they show up for sacraments, norms of Canon Law are observed.

6. Rapport with Civil Authorities - I have been well received by the civil officials. Certainly, they are not sympathetic to all requests made of them in regard to issues specific to the Church or public morality. Nevertheless, they seem open to listen. The Diocese has a paid lobbyist to facilitate getting its issues before the State (DE & MD) Legislatures.

The Bishop of Wilmington is a member of the Maryland Catholic Conference. I join the Cardinal Archbishops and Bishops of Baltimore and Washington in periodic meetings together with the Governor of Maryland. Like them, I host an annual gathering for the representatives from the Delaware State Legislature of the diocese in which issues of concern to the Catholics are presented.

As far as the Federal Government is concerned because Delaware is the second smallest State, its two Senators and one House of Representative member are approachable with regard to selected issues of concern to the Church. The Representative to the House is a non-practicing Catholic. One Senator is a Catholic who professes to practice but does not totally express the Church's pro life stand. The other Senator is a Protestant.

7. Collaboration with Bishops of Other Rites - Most Rev. Stefan Soroka, D.D., Archbishop of the Metropolitan Archdiocese of Philadelphia for Ukrainians, is the only Ordinary of another rite with jurisdiction of his faithful within the territory of the Diocese of Wilmington. There are two churches of that Rite - one in Wilmington (St. Nicholas) and one in Chesapeake City (St. Rose). They are served by one priest who lives in Wilmington. He is kept advised of diocesan matters and invited to clergy gatherings. I have been invited to one or the other church on special occasions.

8. Association with Other Ecclesial Communities – I have a good relationship with the Oblate Apostles of the Two Hearts; Neo-Catechumenal Way; Charismatic Movement; Cursillo Movement; Legion of Mary; Blue Army and the Military Ordinariate.

9. **Collaboration with other Bishops** Wilmington is a suffragan of the Archdiocese of Baltimore. The Bishops of the Province meet annually to discuss matters of church related concern as required by Canon Law. The Bishop of Wilmington also meets with the Cardinal Archbishops of Baltimore and Washington in the Maryland Catholic Conference to discuss matters relating to the church in the civil sphere. The dioceses in the Maryland Catholic Conference share the expense of maintaining an office in Annapolis, the State capitol of MD.

The Diocese of Wilmington is in Region IV of the National Conference of Catholic Bishops.

I attend the two annual meetings of the USCCB. I have served on the following Committees: Catechetical Sub-Committee of the Education Committee; Advisory Board of the National Religious Retirement Office for the USCCB in 1998; Committee on Laity of the USCCB in 1999 and re-appointed in 2002; Board of Trustees Catholic Relief Services and Chairman of the Finance Committee for Catholic Relief Service in 2000; in 2002, appointed to the Board of St. Mary's Seminary; Board of Overseers of Immaculate Conception Seminary at Seton Hall University; and Nominating Committee of the USCCB, Committee on African-American Catholics and the Communications Committee.

There are no retired bishops living in the Diocese.

10. **Absence of Bishop from Diocese** - Canon 395 speaks of the bishop being bound by the law of residence. During the quinquennium I have kept to the norm of this canon. I have never been absent for longer than two weeks. Most absences even for vacation have been for short periods and I have always been available to the Vicar General by the modern means of communication for pressing matters of diocesan finances or pastoral concern.

"THE NEED TO PROMOTE THE CONSISTENT USE OF CATHOLIC FUNERAL RITES"

Most Reverend Michael A. Saltarelli

October 28, 1999

The Catholic Church has a long history and experience of helping people to prepare spiritually for death and assisting families to deal with the sickness, death, burial and bereavement of a loved one.

Gathering the wisdom of the Church's long experience, I offer these words to our pastors and priests, funeral directors, grieving Catholic families, those involved in Catholic bereavement ministry and all Catholics in the Diocese of Wilmington.

There is a trend among some of our Catholic people to omit the traditional Catholic funeral rites when they experience the death of their loved ones in favor of a small prayer service at the funeral home or a private graveside service.

While our dedicated priests will minister to people in their time of need regardless of a family's decisions, I want to encourage Catholic priests, funeral directors, grieving Catholic families and those involved in Catholic bereavement ministry to promote together the use of the Catholic funeral ritual.[1]

Three separate and sequential rites are proposed as the most fitting way to celebrate this pilgrimage of the deceased Christian: The Vigil for the Deceased (often referred to as the Wake), the Funeral Liturgy (or Mass of Christian Burial), and the Rite of Committal. The physical movement or procession from one place to another for the celebration of these rites can add to the sense of journey or pilgrimage and contribute to the experience of separation through which mourners must pass before they are able to re-center their lives after the death of a family member or friend.[2]

No economic consideration, no time management concern should prevent us from working together to give our Catholic faithful the necessary spiritual and emotional support derived from a full and active participation in the Catholic funeral ritual.

I appeal to Catholic family members making decisions about funeral arrangements for their relatives. Please consider the deepest hopes and desires of your loved ones in their best days and make the right choice to celebrate our Catholic funeral liturgies. The Eucharist helps to heal the sorrow that comes from the loss of a loved one. This may very well be a special moment of grace for you and your family.

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[1] Canon 1176 of the 1983 Code of Canon Law reads:

1. Christ's faithful who have died are to be given a Church funeral according to the norms of law.
2. Church funerals are to be celebrated according to the norms of the liturgical books. In these funeral rites the Church prays for the spiritual support of the dead, it honors their bodies, and at the same time it brings to the living the comfort of hope.

[2] Cf. *Reflections on the Body, Cremation, and Catholic Funeral Rites* by the Committee on the Liturgy, National Conference of Catholic Bishops (Washington, DC: United States Catholic Conference, 1997), 13. Subsequent references to this document are abbreviated as RBCCF.

The Church celebrates the funeral rites:

+To offer worship, praise, and thanksgiving to God for the gift of a life which has now been returned to God (Order of Christian Funerals, #5)[3]

+To affirm the Church's belief in the sacredness of the human body and the resurrection of the dead (RBCCF)

+To commend the dead to God's merciful love and to plead for the forgiveness of their sins (OCF, #6)

+To bring hope and consolation to the living (OCF, #7)

+To renew our awareness of God's mercy and judgment and to meet the human need to turn always to God in times of crisis (OCF, #7)

+To support the Church's emphasis on the indispensable role of the wider community in the dying and death of a Christian (RBCCF)

+To affirm and express the union of the Church on earth with the Church in heaven in the one great communion of saints (OCF,#6)

The celebration of the Catholic funeral rites promotes a healthy grieving process that can lead to deep levels of personal conversion and spiritual growth. In contrast, the avoidance of these funeral rites may short-circuit grief and healing.

Our Catholic tradition urges the Church today to face death with honest rituals that preserve its Christian and human values. Since, in rising to new life, Christ won victory over death for His followers, faith impels the Church to celebrate that victory in its funeral liturgies. [4]

I also commend to you the use of our Catholic cemeteries which are a visible sign of our Catholic beliefs about death, eternal life and the communion of saints.

I thank you all in advance for your cooperation and zeal in promoting the consistent use of our Catholic funeral rites.

Sincerely yours in Christ,

+Michael A. Saltarelli

Most Reverend Michael A. Saltarelli
Bishop of Wilmington

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[3] *Order of Christian Funerals* (New York, Catholic Book Publishing Co., 1989). Subsequent references to this work are abbreviated as OCF.
[4] RBCCF

Bishop Saltarelli/Evangelization

How to Reach Inactive Catholics

Active Catholics have an "obligation to be signs of hope and gentle invitation to our inactive brothers and sisters," Bishop Michael Saltarelli of Wilmington, Del., wrote in a Jan. 13 statement. Utilizing research conducted by the U.S. bishops' Committee on Evangelization, Saltarelli presented nine reasons why 17 million U.S. Catholics "no longer practice their faith." Then, examining each of these reasons, he suggested "ways that you and I together might address the situation." Saltarelli said, "My hope is to stimulate your concern and creativity, and to persuade you to approach your friends who are not practicing their faith." Saltarelli said, for example, that some inactive Catholics "were hurt in some way by Catholics" and simply need "a practicing Catholic to listen attentively and empathetically." Others, he said, have married outside the church, disagree with church teaching or "simply got lazy and stopped going." Saltarelli quoted Paulist Father John Hurley, director of the U.S. bishops' evangelization office, who said: "Many drop away with the hope that someone will notice, and with large congregations in many parishes, often no one does. Would you want to join a church that doesn't care when you fall away?" In a special message to parents of inactive Catholics, Saltarelli said, "Often the issue of Catholic practice may be tied up with delicate emotional issues between you and your children." Talking with adult children who are inactive, he said, "requires a great deal of emotional calm, a supernatural spirit and an intuitive sense of diplomacy and timing!" Saltarelli's statement follows.

The most numerous body of Christian believers in America today is the Roman Catholic Church, numbering some 45 million believers. Recent research shows that the second largest body, some 17 million, consists of those Catholics who no longer practice their faith. These are our sons and daughters, our spouses, our extended families, our neighbors and friends, the woman or man who works at the desk across from us — each of them a brother or sister in Christ.

During this year of jubilee, we have been invited to seek a deeper level of personal conversion in our own lives. At the same time we recall our obligation to be signs of hope and gentle invitation to our inactive brothers and sisters.

Like many of you, I and my brother bishops, the shepherds of the church in America, have wondered why Catholics become inactive. Recently the U.S. bishops' evangelization committee conducted research to find an answer to this question. I would like to share with you the results of this research. Based on this information I would also like to suggest ways you and I together might address the situation. My hope is to stimulate your own concern and creativity, and to persuade you to approach your friends who are not practicing their faith. Like St. Peter near

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SALTARELLI — *continued from front page*

the gate of the temple, we might learn to say, "What I do have I give you ... Jesus Christ" (Acts 3:6).

Avery Dulles writes: "The church has become too introverted. If Catholics today are sometimes weak in their faith, this is partly because of their reluctance to share it."[1] Each of us needs to discern with the light and fire of the Holy Spirit how we are to share our faith. Our faith inevitably grows and deepens when we do share it.

The U.S. bishops' evangelization committee diagnosed in their research reasons why Catholics become inactive. I have selected nine of the reasons; I then reflect on how the church can respond.

Why Catholics Become Inactive

Reason 1: "Some did not experience the power or presence of God in Catholicism or in the Catholic community of which they were a part."

People are hungry and thirsty for signs of intimacy with Jesus Christ. They want to see evidence that people know and love Jesus Christ personally. They want to see a Catholic faith that reaches every part of a person's being and that is manifested in one's words, actions, manner, smile and friendships.

Avery Dulles issues this challenge: "Too many Catholics of our day seem never to have encountered Christ. They know a certain amount about him from the teaching of the church, but they lack direct personal familiarity. The hearing of the Gospel, personal prayer and the reception of the sacraments should establish and deepen that saving relationship."[2]

Each year time itself is made holy by our celebration of the liturgical year, that rhythm of prayers, feasts and celebrations that make present to us on a continuing basis the life, death and resurrection of our Savior. Each year we are invited to enter into the spirit of these moments to experience on an ever deepening level the significance of the saving actions of Jesus Christ for us personally. Perhaps in the past year we have experienced the birth of a child, the death of a loved one or a broken relationship. These experiences change us in subtle ways and open us to a new awareness of the ways in which the experience of Jesus can give new meaning to our own. Our experiences are the soil in which our Christianity, watered by faith, grows. But Catholic faith that only goes through the motions year after year does not grow. This lack of growth is obvious. It often reveals a faith that has not been fully internalized. Our lives need to reflect the love of Jesus growing in us. Our lives need to raise "irresistible questions"[3] in the hearts and minds of those who are searching for the way home to Catholic truth and authenticity.

Fundamental to our faith is the reality that Jesus Christ is "the same yesterday, today and forever." He is the mystery that invites us to eucharistic faith. He is the one who awaits us in our neighbor, the sacraments and the poor. He is the redeemer who has made his church the sign of God's universal love and welcoming.

"These experiences change us in subtle ways and open us to a new awareness of the ways in which the experience of Jesus can give new meaning to our own. Our experiences are the soil in which our Christianity, watered by faith, grows. But Catholic faith that only goes through the motions year after year does not grow. This lack of growth is obvious."

Reason 2: "Some did not experience warm, personal, caring relationships in their encounters with Catholics. To them the people seemed cold, the services boring."

The primary point of contact between God and ourselves, and between ourselves and our neighbors in faith, is when we gather for the celebration of the eucharist. Yet our eucharistic celebrations follow a certain pattern. There is an order to our worship that brings familiarity but can also produce the deadening effects of routine. We know the importance of order and routine in everyday life. They are necessary to a good, productive life. And we have all experienced using the same words or phrases over and over even in our most intimate relationships. How often have we spoken or heard an *I love you* or a *thank you* in conversation with a spouse or a child. Yet, at times, we recognize that we or they are merely going through the motions, that the words are being used from habit.[4]

The same may become true of our participation in worship. Each of us has to take seriously our baptismal commitment to participate fully, actively and consciously in our Catholic liturgies with attentive minds and hearts. Our authentic participation in the Mass, the Liturgy of the Hours and our traditional Catholic devotions will extend to our attitude as a community that lives the faith it celebrates. Our public worship nourishes our private prayer; our private prayer leads us back to Christ, who always leads us to our brothers and sisters. We need to reach out to new parishioners, visitors and those who are taking another look at the church.

Paulist Father John Hurley recently said: "Many drop away with the hope that someone will notice, and with large congregations in many parishes, often no one does. Would you want to join a church that doesn't care when you fall away?"[5]

We need to ensure that our local parishes are welcoming communities for all of God's people. Our communal worship must lead to apostolic works of mercy and love, especially on behalf of the marginalized.

For a past text in Origins that discusses inactive Catholics, along with the themes of evangelization, apologetics and the witness of faith, see "The Apologetic Moment in Evangelization," by Bishop Stephen Blaire, now of Stockton, Calif.; Vol. 26, pp. 557ff in the edition dated Feb. 13, 1997.

QUOTE FROM A PAST TEXT OF CURRENT INTEREST:

"Before we even think about reaching out to those who have not had contact with the church, we need to first ask ourselves if we are ministering effectively to the marginal Catholics who do come to our parish occasionally. Perhaps they are arranging a funeral, a wedding or a baptism. What sort of reception do they find when they come to us? Is it easy for them to find the parish office? Is there a sign indicating where the offices are? Are the grounds and buildings clean and well-taken care of?

"What is the environment that marginal Catholics encounter when they come to us? Does our parish office look less inviting than a teller's window in a bank? Everything should be inviting and hospitable when they enter the parish office, and our attitude should be a positive attitude, not one of looking for an excuse to say no to what they want....

"Let's look at registration. We should always encourage people to register, but do we give them the opportunity to register in the parish outside of normal working hours? It is very helpful to contact newly registered parishioners by a letter from the pastor. A brochure giving information about the parish could be included. Surely, it's a terrible thing if the first contact that the newly registered parishioners have is the monthly mailing of the parish envelopes!

"Let us look at the sacraments. We should have a positive attitude when someone comes for sacraments. If they have had a baby, we should congratulate them. If

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they have just gotten engaged, we should rejoice with them. If they have come to arrange a funeral, we should first of all express our sympathy to them. Our attitude should be positive.

"The Code of Canon Law does not require registration as a prerequisite for receiving sacraments. We are doing a terrible thing to people if we require them to be registered for six months before they can baptize their baby. We should also remember that we cannot require prior attendance at Mass, use of envelopes or a certain level of donations for the sacraments either. To mention these requirements to inactive Catholics will only turn them further away from the faith.

"Certainly we must give suitable preparation for the sacraments, but the preparation should not be burdensome, and we should also be flexible so that we assist them in receiving the sacraments. Remember that we should challenge people to be fully Catholic, but we must never crush them....

"Parish regulations should be few in number, and there should be a healthy flexibility in meeting the requests of people of good will. When a marginalized Catholic sees a little self-sacrifice on the part of their priest or deacon, it creates a great deal of good will. Obviously some people can take advantage of this and treat the parish priest and leaders rudely. There is no reason that we should put up with rude and un-Christian behavior, but most people do not approach us in this way. Those parishes that have stole fees should handle the subject with the greatest tact. Nothing creates more ill will toward the church than giving the appearance that we are 'selling the sacraments.'

"Sometimes people who have fallen away from the church have their first contact when a loved one is dying. When the priest responds quickly and compassionately, not only do we become

Reason 3: "Others did experience the complex religious system that seemed to lack relatedness to their lives and, for many, a lack of ministers appreciating their language and culture."

Each week as we worship we pray together the creed crafted by the fathers of the church at Nicea. We say, "I believe in one, holy, Catholic and apostolic church." These four descriptive words — *one, holy, Catholic, apostolic* — are sometimes referred to as marks of the church. The word *catholic* comes from two Greek words meaning worldwide or universal. The Catholic Church is the one worldwide or universal family of God.

When you see the Holy Father celebrating Mass outside St. Peter's Basilica, you notice the Bernini columns on St. Peter's Square which symbolize the arms of the church reaching out to the whole world. All of us need to support the church in all its cultural and linguistic contexts, always realizing that our experience of distinct cultural expressions of the faith — when rooted and balanced — helps to expand and enrich our own faith.

Reason 4: "Some were hurt in some way by Catholics — clergy or laity — and have not been reconciled."

Sometimes an inactive Catholic simply needs a practicing Catholic to listen attentively and empathetically to the hurt in his or her past. It may be a difficult Catholic school experience. It may be a story of a priest who was insensitive to them at the funeral of their mother or father. It may be a story about disillusionment with the behavior of a Catholic layperson. Whatever the story — and we know there are many — we need to listen well. Your simple listening, your gentle apology on behalf of the church, is part of the reconciling ministry of Christ. You become an instrument of grace. Such a moment can result in the person going to the sacrament of reconciliation the following Saturday night and returning to Mass and receiving communion on Sunday for the first time in many years.

The National Conference of Catholic Bishop's 1992 statement "Go and Make Disciples: A National Plan and Strategy for Catholic Evangelization in the United States" described the refined sensitivity that is necessary: "We want to let our inactive brothers and sisters know that they always have a place in the church and that we are hurt by their absence as they are. We want to show our regret for any misunderstandings or mistreatment. And we want to help them see that, however they feel about the church, we want to talk with them, share with them and accept them as brothers and sisters. Every Catholic can be a minister of welcome, reconciliation and understanding to those who have stopped practicing their faith."[6]

Reason 5: "Some are in conflict with the teachings of the church on ... matters of faith and morality."

We mentioned above that the church is one, holy, Catholic and apostolic. Being apostolic means that the belief of the Catholic Church is founded upon the words and witness Jesus Christ left with his apostles. It is his teachings that we profess. We call this the *deposit of faith*, which makes up the moral and doctrinal teaching of the Catholic Church. We cannot "spin" these truths to satisfy polls or the contemporary American cultural myopia. But what we can do is improve the way we communicate the truth of our church's teaching. Catholic truth will always find a home in a heart that is sincerely searching for the truth.

As a church, we still need to absorb the teachings of our Holy Father's "The Splendor of Truth" and "On the Relationship Between Faith and Reason," which not only diagnose the destructive influence of moral relativism and the culture of death but show beautifully the consistent Catholic belief that faith and reason are designed to work in harmony. Each of us needs to work on understanding the faith and being able to give a reason for the faith that is within us.

Often faith is effectively shared over a cup of coffee or during a long walk with a good friend. That's the way friendship works. We discuss our experiences. We reveal our deepest convictions about life. We influence the choices and life direction of others.

Witnessing to Christ to our friends and neighbors in a way that is bold and natural is like any skill. We need to develop it.

We not only live our Catholic faith vibrantly, we also reflect on our personal faith experiences so that we can verbally share them with others. We study the marvelous logic and reasoning behind our Catholic teachings so that we can communicate the truth that will set people free.

"Often faith is effectively shared over a cup of coffee or during a long walk with a good friend. That's the way friendship works. We discuss our experiences. We reveal our deepest convictions about life."

Cardinal Newman put it well more than a century ago: "I want a laity ... who know their faith, who enter into it, who know just where they stand, who know what they hold and what they do not, who know their creed so well that they can give an account of it and who know enough of history to defend it. I want an intelligent, well-instructed laity."[7]

Reason 6: "Others never knew their faith well and were ignorant of basics. They were easily misled in their lack of understanding, exploited by those who attack Catholic beliefs and practices for their own purposes."

Often there is a lack of formation in the Catholic philosophy of life. The connections between the word of God, Catholic worship and a

Catholic way of life have not been made. The joy of discovering the way each mystery of Catholic faith is grounded in Scripture, centered in Christ and proclaimed in the liturgy has never been experienced. This lack of integral faith formation leaves a vacuum.

An obvious sign of a vacuum is our culture's obsession with television programming which appeals to the cruel and violent side of human nature. Talk shows that encourage a public confession of sins and indiscretions in a crazed Roman Colosseum-type atmosphere only leave the vulnerable victims more wounded.

In contrast, the sacrament of reconciliation allows Christ's peace to enter our hearts. We verbalize our sins and come to grips with them in private with the complete assurance of confidentiality through the seal of the confessional. Whereas the talk-show confession falsely confirms that we are "all right" in our sinfulness, the sacramental reconciliation reminds us that our sinfulness is a wound — but that we are made whole in Christ Jesus. We are liberated from our sins and renew our confidence and hope in God's mercy and strength.

Another sign of a vacuum is vulnerability in faith. Often our secular education far surpasses our Catholic faith education. A typical example of this is when first-year Catholic college students in secular universities are shaken by their Philosophy 101 course. We need to remember that we have access to the richest intellectual tradition in the world with minds as brilliant and diverse as St. Augustine, St. Thomas Aquinas, St. Catherine of Siena, St. Teresa of Avila, Avery Dulles and Pope John Paul II. We cannot forget or neglect this intellectual tradition. We need to learn it. We need to teach it.

We need to support parents, the primary catechists in the family, and catechetical programs so that our Catholic children can grow in the faith from an early age. We need to prune what might not be authentic from our catechetical programs and nurture those things that promote and serve a Catholic way of life and belief. We need to continue to promote effective adult-education experiences. Adult education needs to become a primary ministry in our parishes, not an afterthought.[8]

We need to be attentive to the opportunity to reach out to inactive Catholics in our sacramental programs and in every sacramental moment, whether it be a wedding, a funeral,[9] midnight Mass on Christmas, Palm Sunday, Ash Wednesday or Easter Sunday. We want "ashes and palm" Catholics to become "eucharistic" Catholics. As in all education, we need to stress the fundamentals of our faith.

Reason 7: "Some have been kept from full communion with the church because of a marriage outside the church."

One of the doctrinal treasures of the church is the doctrine of the indissolubility of marriage. When Catholic couples reverence God and each other through fidelity to their wedding vows, they discover what authentic Christian freedom in the Holy Spirit actually is.

We do need to be sensitive to those who have had difficulties in their marriages. Very often we may know a friend who may have had no personal responsibility for the breakup of a marriage. In some cases it is possible to seek a declaration of nullity (annulment). Contact your priests, lay advocates or our marriage tribunal. In situations where Catholics have been married outside the church after the breakup of the initial marriage, we encourage them to come to Mass even if they cannot receive communion. We encourage them to pray, to seek spiritual direction and to be open to God's grace.

Reason 8: "A significant number of the inactive simply got lazy and stopped going. They may have gotten busy with their jobs and families, and through their own fault didn't find the time. In a recent survey of young-adult Catholics published in America magazine, 35 percent of the inactive simply got too busy and were lazy and didn't find the time to be involved."

We may have battled this phenomenon ourselves. Faith is never static; it is growing or fading. Time is so precious these days that we can easily begin to slide. We decide there is just too much to do on a particular weekend so we miss Mass. The culture tells us we must work harder and play harder — but nowhere does it acknowledge that, for the sake of truly human development, we must also rest better and pray better. The reasoning continues to the point where church attendance is no longer an issue. Through friendship and casual conversation we can help our friends and family members to begin to practice the faith again. Invite someone to church!

> "Often your adult child's inactive faith can be a difficult subject for you to broach. Defensive reactions can be quick. You may have a tendency to lecture or to nag.... Still, never give up."

Reason 9: "Others moved to new locations and never got around to finding a church in their new city or neighborhood. The America survey noted that 19 percent of the inactive young adults fell into this category."

These people work with us. We can easily work into our conversations information and enthusiasm about local parish life. Our parish welcoming committees have a special role here. So does eucharistic adoration — holding up before the real presence the physical and spiritual needs of our friends and neighbors.

A Special Word to Parents of Inactive Catholics

I know how painful it can be for you when your children stop practicing their faith. You wonder where you went wrong, what you failed to emphasize, what you failed to explain. Instead of dwelling on what went wrong, take that

an occasion for the salvation of the soul, but it makes for a beautiful impression upon the family. Even if someone is already dead, it is important that the parish respond at once. Nothing turns people away from the church more than when they call out in a moment of crisis, and the priest or parish fails to respond. While due regard must be taken to preserve the privacy and sanity of the priest, we also need to make it easy to reach their priest in times of emergency....

"Every baptized Catholic has the right to receive a Christian funeral in the parish in which he or she resides. It is not required by canon law that they be registered. Even if someone is not residing in the parish, we should try to show ourselves anxious to meet the reasonable request of people. It is often helpful for the pastor to find the time to hear confessions during the funeral wake/rosary or immediately before the funeral Mass. This is often the moment of conversion for people. Obviously this is more difficult if there is only one priest in the parish. I believe that bereavement committees working with the priest can do a great deal to bring pastoral care to the oftentimes marginalized Catholics who participate."

(From "New Way of Sharing Faith With Others," by Archbishop Michael Sheehan of Santa Fe, in Origins, Vol. 28, pp. 295f in the edition dated Oct. 8, 1998.)

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energy and apply it to your prayer life.

Often your adult child's inactive faith can be a difficult subject for you to broach. Defensive reactions can be quick. You may have a tendency to lecture or to nag. Often the issue of Catholic practice may be tied up with delicate emotional issues between you and your children.

Still, never give up. Pray for your inactive children and model more vibrantly your own Catholic faith for them. There can be opportunities for you to talk empathetically with your children about the benefits of returning to the church. It requires a great deal of emotional calm, a supernatural spirit, and an intuitive sense of diplomacy and timing!

Remember St. Monica, who never gave up on St. Augustine. She prayed for Augustine for over 30 years. During this period he restlessly tried a number of intellectual philosophies and engaged in self-centered, manipulative relationships. How painful it must have been for Monica to watch her talented son walk this self-destructive path.

It was through Monica's prayer that Augustine came home. We lift up our sons and daughters to the intercession of St. Monica and St. Augustine. We never give up on them.

Pray and Take Action

Having reflected with you briefly on the need of our outreach to 17 million inactive Catholics, I encourage you to continue with your own reflection. Think of your friends, your family, those in your sphere of influence in this Diocese of Wilmington and elsewhere.

Think about how you can tactfully speak with them and invite them back to the church. I will be praying for your efforts and will look forward to hearing about your experiences and benefiting from your own insights.

Footnotes

[1] Avery Dulles, SJ, "John Paul II and the New Evangelization," Laurence J. McGinley Lecture, Fordham University, Bronx, N.Y., Dec. 4-5, 1991, 15.

[2] Ibid., 16.

[3] A phrase used in Pope Paul VI's apostolic exhortation "On Evangelization in the Modern World," 1975.

[4] Cf. some of these ideas can be found in the recent writings of Professor Scott Hahn.

[5] Robert Delaney, "Bringing Inactive Catholics Back Top Priority for Evangelizers," http://www.nccbuscc.org/jubilee/pastplan/article1.htm.

[6] National Conference of Catholic Bishops, "Go and Make Disciples: A National Strategy for Catholic Evangelization in the United States" (Washington: U.S. Catholic Conference, Nov. 18, 1992), 6. See also Committee on Evangelization, NCCB, "A Resource Directory for Reaching Out to Inactive Catholics: A Time to Listen ... A Time to Heal" (Washington: USCC, Nov. 15, 1998).

[7] Cardinal John Henry Newman, *Present Day Position of Catholics in England*, Longman Green and Co., 390-391.

[8] See NCCB, "Our Hearts Were Burning Within Us: A Pastoral Plan for Adult Faith Formation in the United States" (Washington: USCC, Nov. 17, 1999).

[9] See Bishop Michael A. Saltarelli's Oct. 28, 1999, statement titled "The Need to Promote the Consistent Use of Catholic Funeral Rites" in the Diocese of Wilmington's newspaper, The Dialog.❖

THE RESPECT LIFE LEGACY OF JOHN CARDINAL O'CONNOR AND THE OBLIGATION OF CATHOLICS TO PROMOTE THE CULTURE OF LIFE IN AMERICAN SOCIETY

BISHOP MICHAEL SALTARELLI
DIOCESE OF WILMINGTON
SEPTEMBER 28, 2000

On May 10, 2000, President Clinton, Vice-President Gore, Republican presidential candidate George W. Bush, other public officials, ecumenical representatives and Catholics from around the world gathered at St. Patrick's Cathedral to pay their final respects at the funeral of a man who made such a difference in the last years of the twentieth century - John Cardinal O'Connor.

During his homily, Cardinal Bernard Law stated the obvious - that Cardinal O'Connor was "unambiguously pro-life". What happened after this simple statement, I believe, is what will one day be seen as the turning point in the struggle to promote the culture of life and defeat the culture of death in American society.

the Cathedral suddenly came to life. Small bits of applause crescended into a deafening standing ovation that brought everyone to their feet, including the occupants of the first rows of the Cathedral. This moment, along with the presence of the Cardinal's beloved Sisters of Life, was in a sense a reminder from the good Cardinal that he would continue to be with us in our struggle to rebuild our American society on the foundation of a respect for human life.

In 1998, the U.S. Catholic Bishops issued a statement entitled *Living the Gospel of Life: A Challenge to American Catholics* which is particularly relevant in a year when we elect a president, a vice-president and a host of Federal, State and local representatives.

The Bishops write: "Opposition to abortion and euthanasia does not excuse indifference to those who suffer from poverty, violence and injustice. Any politics of human life must work to resist the violence of war and the scandal of capital punishment. Any politics of human dignity must seriously address issues of racism, poverty, hunger, employment, education, housing and health care. Therefore, Catholics should eagerly involve themselves as advocates for the weak and marginalized in all these areas."

"Catholic public officials are obliged to address each of these issues as they seek to build consistent policies which promote respect for the human person at all states of life. But, being 'right' in such matters can never excuse a wrong choice regarding direct attacks on innocent human life. Indeed, the failure to protect and defend life in its most vulnerable stage renders suspect any claims to the 'rightness' of positions in other matters affecting the poorest and least powerful of the human community."

"If we understand the human person as the 'temple of the Holy Spirit' - the living house of God - then these latter issues fall logically into place as the crossbeams and walls of that house. All direct attacks on innocent human life, such as abortion and euthanasia, strike at the house's foundation. These directly and immediately violate the human person's most fundamental right - the right to life. Neglect of these issues is the equivalent of building our house on sand. Such attacks cannot help but lull the social conscience in ways ultimately destructive of other human rights."(#23)

Cardinal O'Connor was not one to allow the Catholic American conscience to be lulled to sleep and inaction by the rhetoric and ploys of the culture of death. He urged Catholic Americans not to check their consciences at the door of the political process but to bring their well-formed Catholic consciences and principles to the public square in a true spirit of democracy.

I urge all citizens, especially Catholics of the Diocese of Wilmington in the states of Delaware and Maryland, to embrace their citizenship in this millennium not merely as a duty and privilege but as an opportunity to participate in building the culture of life.

MARIAN DEVOTION: Through Mary to Jesus: the Spiritual Value of the Rosary

Most Reverend Michael A. Saltarelli

St. Ann's Church in Wilmington, Delaware has an unusual monstrance, the vessel used to display the Holy Eucharist for public veneration. The stem is the image of the Blessed Virgin Mary, her arms raised and holding aloft the traditional sunburst and luna which holds the Host. Inscribed is the Ignatian aphorism, "*per Mariam ad Jesum.*"

"Through Mary to Jesus." These words sum up our doctrine, devotion, and art associated with the Mother of God. The devotion to Mary is first of all rooted in the Word of God and the faithful witness of Sacred Tradition. The Fathers of the Second Vatican Council recalled Mary's prophetic words, first spoken to Elizabeth and recorded in Luke's Gospel, "all nations shall call me blessed." Our Lady's place in salvation history is also confirmed time and again in countless apparitions throughout the world. It is abundantly clear that the role assigned to her by the Father is to lead the faithful ever-closer to Jesus, the Son of God and the Son of Mary.

Authentic, vibrant, and effective Marian devotion invites us ever deeper into the mystery of Jesus and the great truths of salvation history. Beautiful hymns, both traditional and contemporary, artistic images of the Virgin mother in wood, stone, paint, and stained glass, and devotions and prayers like the Litany of Loretto, the *Memorare*, and the *Salve Regina* express our love for God's Mother and His Son. The Rosary, in particular, helps us encounter and ponder the mysteries of God's grace in Christ.

We reflect on Jesus and His so-called "hidden life" prior to His public ministry, His passion, death and resurrection, His ascension to the Father and sending of the Holy Spirit, and His heavenly ministry until His return in glory. Through His holy Mother we come to know and love Him more and

more, and we grow in our understanding, however imperfect and incomplete, of the sublime truth of Who and What Jesus is, for us each one of us personally and also for our Church and world.

Of all the ways we honor Mary and give glory to Her Divine Son, the most recognized, the most common, and the most powerful is the Holy Rosary. Consider its history, its simplicity, and its power.

The use of prayer beads, of course, is something we Catholics share with Muslims and Hindus. In our tradition, the Rosary developed in the 12th century as various tender devotions to Jesus and Mary coalesced. Since educated clergy and religious prayed the 150 psalms in their daily Breviary, the custom arose of having peasant folk pray the so-called "*Psalter*" of 150 Lord's Prayers—the beads at that time were called "*Pater nosters*," in English, "Our Fathers." The idea was copied for Marian devotions, and the words of the angel Gabriel were used to recall and relive the joy of the Annunciation. The words of Elizabeth, "Blessed are you among women!" were added to the "*Ave*" in the early 12th century.

Psalters of Our Lord and Our Lady began to apply each psalm to some aspect of the life of Jesus or Mary. At first, only the Annunciation was used for meditation while praying with beads. Later, 5, 10, 15, or 20 joys were recalled. 14th century devotion to the sorrowful Mother led to meditation on the sorrowful mysteries of Our Lady during the second "chaplet" of 50 prayers. Later, the third series of 50 *Aves* were devoted to the heavenly joys of the Blessed Mother.

Rosarium is a Latin term meaning a garden of roses, used to designate 50 phrases reflecting on Mary's joys, each attached to an *Ave*. Thus, five decades were called a Rosary, while the entire 15 decades were called a *psalter*. Some people prayed the Lord's Prayer and the Ave together, reflecting on 150 mysteries. To make the devotion usable both communally and by unlettered people, the mysteries were reduced to fifteen—these are the same as the ones currently in use, except that the Assumption and Coronation used to be combined and the Last Judgement was the final

mystery. By the 15th century, the Rosary had developed as we know it today, along with the second half of the "Hail, Mary." (Since the apparitions at Fatima in 1917, the prayer taught by Mary to the children, "O my Jesus," has often been added at the end of each decade.)

The Carthusians contributed greatly to the development of the Rosary, but it was the Dominicans who promoted its widespread use. Saints like Peter Canisius, Philip Neri, and Louis de Montfort became great advocates of the devotion, as did the popes, who attached various indulgences to its use. Praying the Rosary was credited with the victory over the Turks at Lepanto on Oct. 7, 1571, which inspired Pius V to insert the Feast of Our Lady of the Rosary into the universal Church Calendar. Leo XIII became the "pope of the Rosary," and Pius XI granted a plenary indulgence for praying the Rosary before the Blessed Sacrament.

Like other Marian devotions, "the beads" in recent years have enjoyed a tremendous resurgence in popularity. We pray the Rosary standing at the kitchen sink, driving a car, in the waiting area of a hospital emergency room, or meditating quietly after Mass. We receive Rosaries on our First Holy Communion day, and most of us will be buried with one entwined between our fingers. It appeals to us because of its childlike simplicity, its long tradition, and its familiarity far beyond the Church as an identifying mark of a Catholic Christian.

Some grew up with the mistaken notion that this devotion is simply a monotonous chain of repetitive prayers. Today, however, Catholics who pray the Rosary frequently seem to have recovered the original sense that the prayers form a kind of background music to meditation on the mysteries of Jesus and Mary. Many pamphlets and booklets use Scriptural passages and short reflections between the beads to direct our thought and prayer to the mystery of each decade. There are Rosary meditations which are directed to expectant moms, teenagers, vocations, the elderly, and others. *The Rachel Rosary* is a powerful pro-life meditation.

In this Great Millennium Jubilee Year, let us use the Rosary to reflect on the Gospel call to justice, and the plea of our Holy Father to deepen our solidarity with victims of suffering, poverty, and injustice. Following are a

few ideas which might stimulate your own creative thoughts about how to relate these ancient mysteries of our faith to "the joy and hope, the grief and anguish" of the people of our time. (cf. *Gaudium et Spes*)

The Annunciation can remind us of countless young women and girls who suddenly and unexpectedly find themselves with child. Even Mary, who conceived Jesus immaculately, was "troubled at the angel's words." Are we quick to condemn the welfare mother with many children? Do we reach out to help the woman with an unplanned, unexpected, perhaps unwanted pregnancy?

Mary's visit to her cousin, Elizabeth, reflects our special duty to the sick, the homebound, those in hospitals, and nursing homes. And those in prison are people we must never forget or despise. "Lord, when did we visit you when you were sick or in prison?" And He will say to them, "I assure you as long as you did it to one of the least of my brothers and sisters, you did it to Me."

The Nativity of our Lord, laid in a feed box, in a cave where animals were kept, is not just the romantic image of the family creche beneath our Christmas tree. The circumstances of His birth remind us of the abject poverty which Our Lord embraced, the "human condition" which He took upon Himself, becoming "like us in all things but sin." What a special love God has for the poor! How will He judge our compassion and concern for the needy in our time and place?

The Presentation in the Temple reveals the diligence of Joseph and Mary in "fulfilling the precepts of the law." It was most important to them to raise their Son in the traditions of their ancestors and the rituals and customs of the Jewish faith. How Catholic parents and grandparents grieve today over children and grandchildren who no longer come to Mass and the sacraments! Like St. Monica who wept and prayed for her son, Augustine, who later became a great Doctor of the Church, let this mystery inspire in us heartfelt prayer for fallen away Catholics and children whose parents neglect their spiritual and moral nourishment.

When Jesus and Mary realized their Son was missing, they were deeply upset until they found Him in the temple, talking with the elders. This mystery can recall for us the sad plight of missing children, and the anguish of parents trying to find them. It can remind us of the tragedy of runaway children, especially those trapped into a life of prostitution or selling drugs. This mystery also echoes the painful reality of families divided by hurt and unforgiveness, marriages and other relationships that desperately need reconciliation.

The Agony in the Garden was a time of intense loneliness for Our Lord. It pointed prophetically to the pain He would later experience when, rather than just falling asleep, His disciples would abandon Him, Peter would deny Him, and Judas Iscariot would betray Him. We might use this mystery to consider the lonely and forgotten of this world and those stung by the bitter wound of betrayal.

The Scourging at the Pillar is a powerful image that embodies the words of Isaiah: "It was our sufferings that He endured... by His stripes we were healed." This mystery reminds us of those who suffer unjustly—victims of religious persecution, economic exploitation, physical and sexual abuse. It can also represent people like police and fire fighters and those in the Armed Forces who place themselves in harm's way for the well being of others.

The Crowning with Thorns, like the words nailed to the cross, was a prophetic ridicule of Jesus' identity as the King of the Jews. Perhaps this mystery should confront us with sins like gossip and ridicule. Like the tiny wound made by each individual thorn, they can, together, cause great pain in the hearts of their victims.

Jesus takes up His cross. As difficult as it may be for many of us to bear life's burdens without complaining, our Lord's silent suffering reminds us of people who humbly and courageously accept their lot in life, even when it is the result of injustice or inequality. How often people work at rather menial tasks to provide for the comfort and convenience of the rest of us! The

crosses of others may seem small to us, but their weight grows as they are carried, often for years and years.

It is our sins that nailed Jesus to the cross. It is tempting to focus on the betrayal of Judas, the plotting of the Jewish leaders, the false accusations of the witnesses at His trial, and the cowardice of Pilate. In the same way, we can blame all the world's ills on someone else. This mystery confronts us with our need to accept responsibility, both for the death of Jesus caused by our sins and His continuing crucifixion in the flesh of those who are victimized by our greed, suspicion, fear, gossip, indifference, and unforgiveness.

The Resurrection of Our Lord is the event that "broke the chains of death" forever. Yet there are so many people in our world today who remain captives. Some, especially nations burdened by crushing debt, are enslaved by economic exploitation. Others are shackled by poverty, ignorance, and disease. Still others are enslaved by prejudice and injustice. All of these need the transforming grace of Christ's rising from the tomb.

When Jesus ascended to the Father, His disciples were standing around looking heavenward. The Acts of the Apostles records that an angel scolded them for standing around when there was work to be done! We believers always face a temptation to escape into religiosity and to neglect the Gospel call to witness to the world by lives of service. Some will be converted by preaching, but others will be touched by, and attracted to, God when we feed the hungry, clothe the naked, shelter the homeless, and care for the sick.

Pentecost marks the birthday of the Church, when the Holy Spirit came upon the disciples and Our Lady, gathered at prayer in the Upper Room. The Scriptures tell us that the apostles began to preach in many different languages, as the Spirit inspired them. It is easy to confuse unity with uniformity, yet the "Catholic," or "universal," Church embraces many rites, Latin and eastern, and "people of every race, language, and way of life." This mystery of the Holy Spirit's descent calls us to a deeper appreciation for the unity in diversity which is the Church. As our nation and community change daily with the influx and growth of various ethnic groups and an

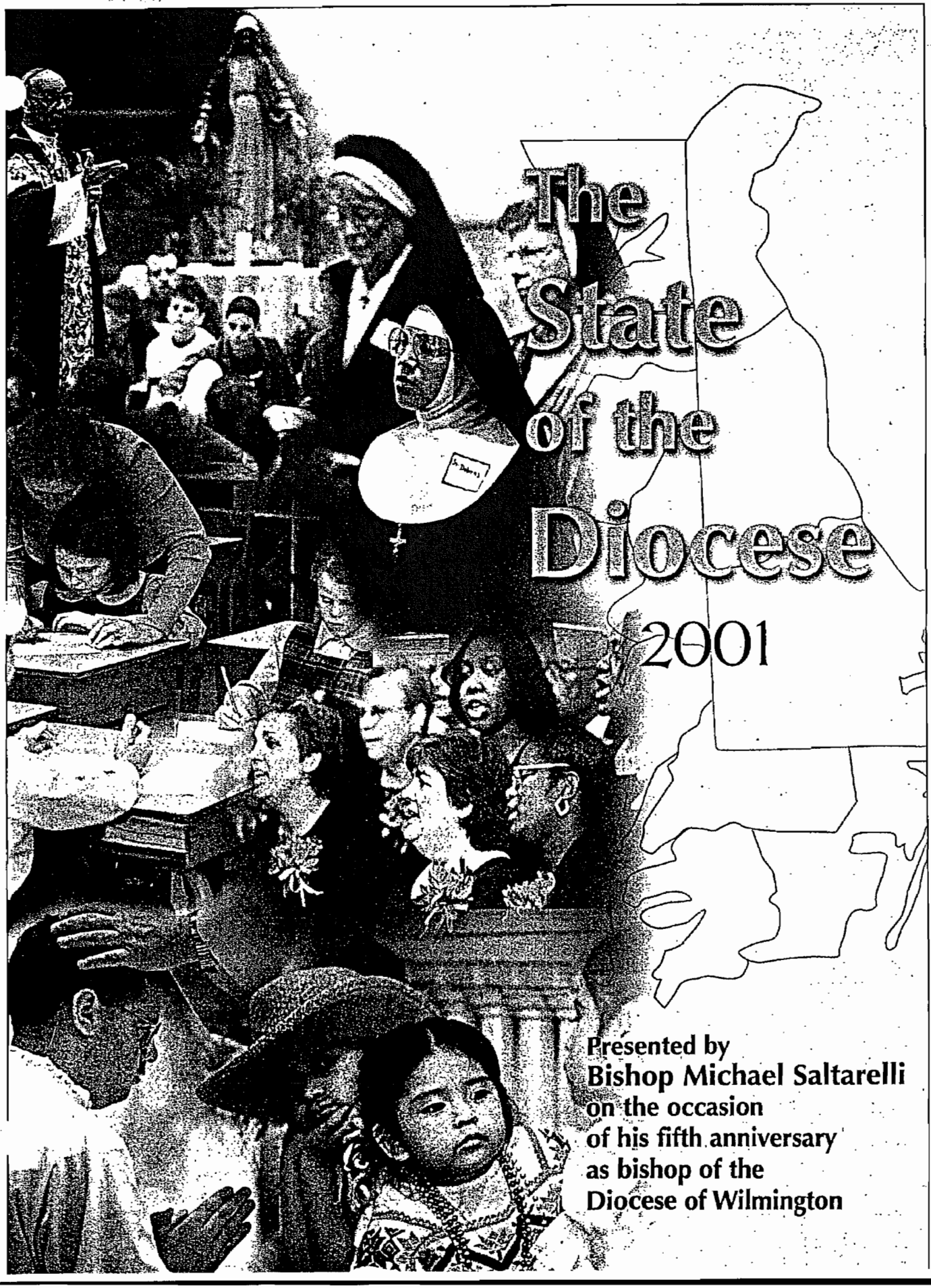
ever-larger Muslim population, these changes challenge us to demonstrate a profound respect to those who may be quite different from us.

The Assumption of Mary, body and soul, into heaven, points to the goodness of creation, the sacredness of human sexuality, and the destiny of our physical being in a life beyond this world. This mystery reminds us of the reverent care we owe to the human body, both in life and in death. It calls us to work for an end to pornography, physical, sexual, and emotional abuse, and all forms of sexism. It also reminds us of our duty to faithfully and fully observe our Catholic funeral rites.

When Our Lady was crowned Queen of heaven and earth, she also became queen of our hearts. Because this handmaid of the Lord was humble and obedient in accepting God's will, she became His first disciple and an instrument of His Divine Grace. We honor her not only by admiring her and singing her praises but also by imitating her great virtue. Perhaps this final mystery should remind us to cling to Mary not only in our life of prayer but also in our daily struggle to live the faith given to us by her Son.

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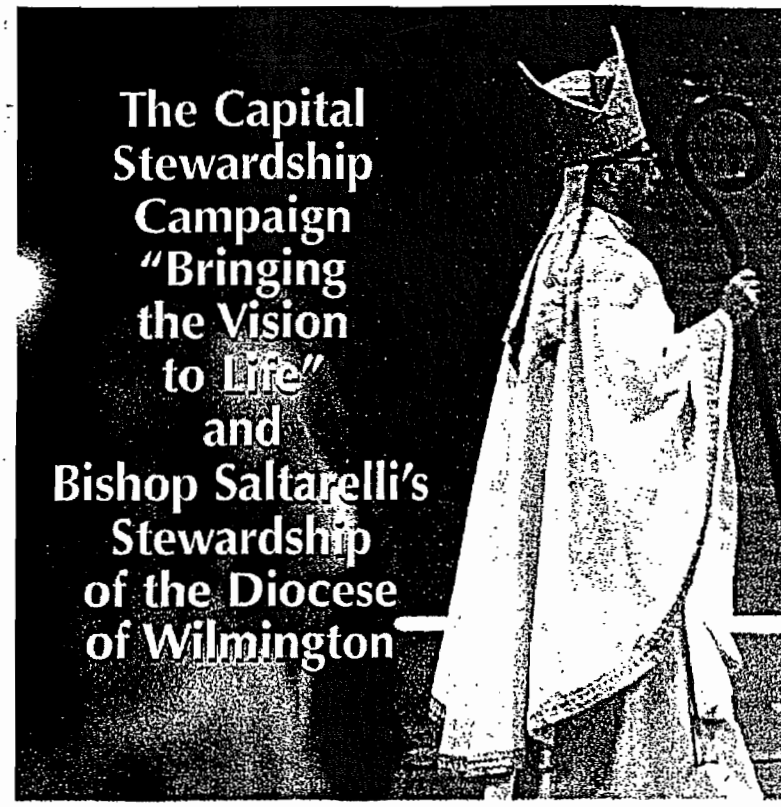
October 2000



The State of the Diocese 2001

Presented by
Bishop Michael Saltarelli
on the occasion
of his fifth anniversary
as bishop of the
Diocese of Wilmington

The Capital Stewardship Campaign "Bringing the Vision to Life" and Bishop Saltarelli's Stewardship of the Diocese of Wilmington



Dear Friends in Christ,

Jan. 28, 2001 marks my fifth anniversary as bishop of the Diocese of Wilmington. As our Capital Stewardship Campaign *Bringing the Vision to Life* gains momentum and enthusiasm, I have asked the generous people of our Diocese of Wilmington to assess and deepen their stewardship of God's gifts.

Joining with you in this spirit of stewardship, I would like to share directly with you the progress we have made these past five years in promoting the Gospel and the church's saving mission in the Diocese of Wilmington.

While reviewing with you the fruits of the Holy Spirit experienced in these five years, I look forward to the future with you as we approach the throne of Christ's grace with boldness and confidence.

+ Michael A. Saltarelli

Bishop Michael A. Saltarelli

BISHOP'S TEACHING OFFICE

As shepherd and bishop for the Diocese of Wilmington, I have a serious obligation to join with the Holy Father in proclaiming the Good News of Jesus Christ and teaching with fidelity the truths of the Catholic Church.

In addition to the preaching and teaching I do in our parishes, I have issued pastoral statements to raise the consciousness of the Catholic faithful in our diocese on contemporary issues.

In May of 1997, I issued marriage preparation guidelines that stress the need for quality one-year marriage preparation that helps couples to live Christ's teaching on permanence, fidelity and openness to children in the sacrament of marriage.

On Nov. 2, 1999, I issued a pastoral entitled "On the Need for a Consistent Use of the Funeral Rites," which emphasizes that the traditional wake service, funeral Mass and graveside services are an indispensable source of spiritual strength and comfort for families mourning the death of a loved one.

On Jan. 13, 2000, I issued "How to Reach Inactive Catholics," which stresses the need for active Catholics to reach out to inactive Catholics. This statement had more influence than I ever anticipated. It was the lead contribution in the Jan. 27, 2000, edition of *Origins* (Catholic News Service) and was used by bishops, diocesan newspapers and magazines across the country. This outreach to inactive Catholics in the Diocese of Wilmington remains one of my most pressing concerns and priorities.

On Sept. 28, 2000, I issued "The Respect Life Legacy of John Cardinal O'Connor and the Obligation of Catholics to Promote the Culture of Life." This statement recognized the inspirational pro-life leadership of Cardinal O'Connor and urged Roman Catholics to realize that without recognition and civic support of the right to human life, all other rights erode. Catholics, along with their ecumenical and interreligious brothers and sisters, are called to promote the culture of life prayerfully and assertively in every sector of society.

In October 2000, I issued "Through Jesus to Mary: the Spiritual Value of the Rosary." This statement — which was included on my rosary CD and cassette tapes distributed throughout the Diocese — was designed to deepen Marian devotion and a love for the rosary in our diocese. It blends traditional Marian piety with contemporary social justice concerns.

Future pastoral statements will address holiness in the world of work, the importance of Christian coaching in the arena of athletics and the need for a vibrant Catholic faith in our college students.

DIOCESAN SUMMITS AND SONRISE 2000

In addition to these statements, diocesan summits on vocation awareness, lay ministry and collaborative ministry have had a lasting impact on the direction of the diocese. Our diocesan summit on vocation awareness helped us realize that everyone is responsible for cultivating vocations to the priesthood and religious life. Our diocesan summit on lay ministry helped us to explore and appreciate the gifts of the laity in the ministry and mission of the church. Our diocesan summit on collaborative Ministry helped us to review and study models and approaches that could better integrate the ministry of the clergy with the many talents, skills and ministries our lay people bring to the church. Deanery-based reconciliation services brought many Catholics to the sacrament of reconciliation.



In September of 2000, our diocesan Jubilee celebration *Sonrise 2000* attracted a crowd of 5,000 for a weekend of communal faith and celebration. Who can forget the opening *Parade of Parishes*? To the singing of "The Church's One Foundation," representatives of every parish, one by one, in chronological order, brought forth a 15-pound stone bearing a nameplate engraved with the church's name and date of its founding. The foundation stone of our newest parish, St.

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"Our Catholic schools are dedicated to forming students who not only can articulate their Catholic beliefs and attitudes but who live them."

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Margaret of Scotland in Glasgow, DE, was the last stone brought up.

These symbols of history, of the spread of the faith throughout Delaware and Maryland, were laid on top of one another in front of the hall's stage to form a symbolic cornerstone of the diocese. They are not only a reminder that we stand on the shoulders and sacrifices of our fathers and mothers in the faith, but a challenge that we have to spread the faith with the same fire that they did.

PARISHES AND SCHOOLS

As you know, I have made every effort to visit our 56 parishes and 20 missions consistently. Sometimes you see me at confirmations, a Sunday Mass or another celebration in your parish.



The Holy Father has been my model. His efforts to be among his people in various continents and countries express his desire to be a missionary pope. My own efforts to be present in our parishes and to share the faith with you reflects my own desire to be a missionary bishop.

What do I see when I visit our parishes and missions? I see pastors and priests on fire with the love of Jesus Christ bringing that love and care to their people. I love to sit with pastors, priests and their staffs and to listen how they strategize to spread the Gospel of Jesus Christ.

Ongoing formation of the clergy, the continuing development of lay ministry, the thirst for a deeper knowledge of our Roman Catholic faith and deeper spiritual lives, the efforts of our parish staffs and pastoral councils to be more authentically collaborative, bold new approaches to Catholic Youth Ministry, new permanent deacons taking their place on our parish staffs, efforts to nourish families spiritually as the foundation of our communities, RCIA teams that help to create an evangelizing synergy — these are just a few of the signs that show how our parishes are thoroughly contemporary while being solidly anchored in our Roman Catholic tradition.

We can never rest on our laurels. We have to root ourselves in the Scriptures, the teaching of the magisterium, the contemplative spiritual tradition of our church and the apostolic fire of the saints while discovering new ways to evangelize Generation X and now Generation Y by using the Internet, the satellite dish, television and radio.

Our Catholic schools are an integral part of this effort. They are about much more than an extra dash of discipline and respect. Our schools are meant to be agents of evangelization — with pastors, principals, teachers and staffs completely committed to integrating the Catholic vision of life into their teaching, their curriculum and their relationships with students and parents. What a difference a vibrant Catholic school makes to a parish community! Our new regional grade schools in Glasgow, DE, and Ocean Pines, MD, as well as the expansion of St. Thomas More Academy will expand our formational and educational mission even further.

Our Catholic schools are dedicated to forming students who not only can articulate their Catholic beliefs and attitudes but who live them. Think of the way that St. Thomas More, the new patron of statesman and politicians, is held up as a model of moral integrity expressed in public life to the students of St. Thomas More Academy. These types of customs and practices are at the heart of forming vibrant young Catholics.

I am proud of the progress our Catholic schools have made in promoting an authentic Catholic identity. But we must continue to strive. We need to find new ways of inspiring the hearts and minds of our young people in the context of the culture in which they actually live and with the truths of Christ and the church which set them free.

THE SEVEN MAJOR PRIORITIES FOR THE DIOCESE OF WILMINGTON

The seven major priorities for the Diocese of Wilmington that I established early in my time as bishop include:

1) Conduct an aggressive campaign throughout the diocese to promote vocations to the priesthood and religious life.

2) Develop and implement a comprehensive pastoral plan for ministry to Hispanic people.

3) Assess diocesan offices and ministries to assure efficiency and effectiveness.

4) Establish new parishes and schools.

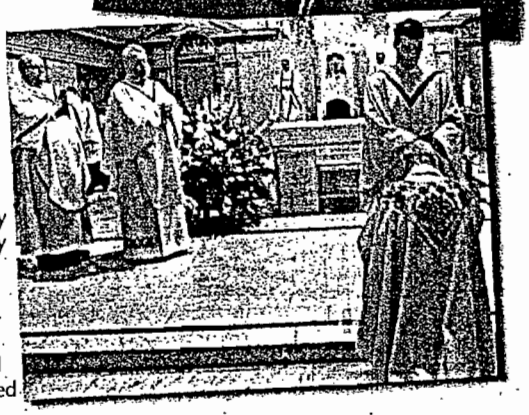
5) Explore models of parish ministry, closely examining the role of the clergy and the laity in these models.

6)Evangelize the unchurched and alienated African-American community.

7) Develop and implement a comprehensive plan for ministry on college campuses.

Let's examine our progress in pursuing these priorities.





1 TO CONDUCT AN AGGRESSIVE CAMPAIGN THROUGHOUT THE DIOCESE TO PROMOTE VOCATIONS TO THE PRIESTHOOD AND RELIGIOUS LIFE

We continue to be committed to cultivating priests who live heroic lives of prayer, sacrifice and virtue in their consecration and mission. Our priests help to model for all young people, and especially those considering a vocation to the priesthood and religious life, a commitment to proclaim the Word of God, to celebrate the sacraments with reverence and care, and to serve the people of God with the self-emptying love of Jesus Christ. We have made significant progress in the past few years. We currently have 16 seminarians studying for the Diocese of Wilmington; at one point recently we had only four. We are working with five additional men who may enter seminary formation in the fall of 2001. Our directors of vocations have worked to develop programs

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that keep vocations to the priesthood in the forefront of the minds of people throughout the diocese. The director of vocations visits sixth and 11th-graders in the Catholic schools throughout the diocese. We have used billboards with the slogans "White Collar Workers Needed" and "Inquire within," reminding people of the need to look inside oneself prayerfully to discover the call.

Attractive posters featuring our seminarians are placed in our parishes and schools. The "Pass the Word" program invites 11th-grade boys and girls to spend the day with the bishop, the vocation director, sisters and seminarians to discuss vocations and ministry in the church. Our web page — **www.priests2be.org** — helps to reach our audience.

Many lay people in our diocese dedicate themselves to praying for vocations. Some who suffer difficult physical crosses offer their sufferings in union with Christ crucified for more priests and religious. Some pray before the Blessed Sacrament in our chapels of perpetual eucharistic adoration. In every vocation story there are prayerful lay people who have encouraged the seminarian or priest. Please continue to pray for and encourage young people to consider the priesthood and religious life.

2 TO DEVELOP AND IMPLEMENT A COMPREHENSIVE PASTORAL PLAN FOR MINISTRY TO HISPANIC PEOPLE

After a year-long diocesan-wide needs assessment in 1997, I appointed a three-person team to implement a four-year plan to support local parish- and diocesan offices in establishing and strengthening services to the Hispanic community. Our four-year plan focuses on four areas: liturgy, community, formation and social justice.



LITURGY

The number of parishes offering weekly Spanish Masses doubled from seven to 14. Mass, formation and outreach services were established at four seasonal migrant worker sites. Over 300 were trained to serve as liturgical ministers. Bi-lingual Masses were celebrated at special occasions at nine parishes. Some parishes have begun efforts to transport the faithful to Mass and religious education.

COMMUNITY

I joined over 1,600 faithful gathered in June of 1998 at Holy Cross parish for the first diocesan *Encuentro*, the pentecost of the Hispanic community on a diocesan level.

Bishop Ramazzini, from the Diocese of San Marcos, Guatemala, celebrated Masses and confessions and visited 2,000 of his former Guatemalteco parishioners who are migrant laborers in the central region of the diocese. We are currently considering a sister-diocese relationship with the Diocese of San Marcos. This is a direct response to Pope John Paul II's appeal for greater solidarity between dioceses in North America and South America in his 1999 apostolic exhortation *The Church in America*. Each parish with a Spanish Mass celebrates popular feasts such as Our Lady of Guadalupe, Our Lady of Providence, Living Stations of the Cross with outdoor processions through the neighborhood, Mexican Independence Day, Saturday night parish fiestas, dances, picnics and trips.

Neighborhood evangelization projects include home visitation and door knocking, home rosaries, posadas, Bible studies and summer children camps. At least 10 parishes have appointed Hispanics to their pastoral council. There are two Spanish Catholic weekly radio programs. The diocesan Hispanic bulletin *Pueblo de Dios en Marcha* was established and is published quarterly.

FORMATION

Three diocesan priests have learned Spanish. Six Hispanic men are in formation for the permanent diaconate; seven are in the inquiry stage. Six Hispanic women are inquiring about becoming religious sisters.

An estimated 500 Hispanic Catholics took part in courses entitled "Introduction to the Sacred Scripture," "Overview of the Old Testament," and *"Fe y Exilio"* offered at local parishes and home Bible studies. Over 1,000 Spanish Bibles and over 200 cassettes of the Bible in Spanish have been sold or distributed.



Eight parishes have established Hispanic Youth and Young Adult Groups (*Pastoral Juvenil*). Over 100 have received leadership training and over 400 have participated in *Encuentros* celebrated at Immaculate Conception, Marydel; St. John the Apostle in Milford; and St. Paul's in Wilmington. Over 200 youth attended *Jornada* weekend retreats hosted by St. Paul's.

Eleven parishes established religious education programs for children. At least 900 Hispanic children participate in faith formation programs. Over 500 Hispanic adults received the sacraments of initiation after completing RCIA processes offered at parishes and special-case migrant worker sites.

SOCIAL ACTION

Most parishes with Spanish Masses have begun to establish outreach programs. Some parishes are beginning to form associations and community organizing groups aimed at empowering Hispanics to organize, unify their voices and seek just working environments, adequate housing and immigration reform. Immigration services have been strengthened. A religious sister has begun to offer counseling in Spanish in Wilmington.

3 TO ASSESS DIOCESAN OFFICES AND MINISTRIES TO ASSURE EFFICIENCY AND EFFECTIVENESS

The primary purpose of any diocesan office or ministry is to assist and enable the bishop, parishes, and church institutions to fulfill our common mission by providing resources, leadership, direction, service, and support. The common vision of all of our diocesan offices is to assist parishes in particular to become vibrant communities of faith, worship, education, service and evangelization. I wanted to assure you and myself that our diocesan organization indeed fulfills its purpose.

Work on this priority began in the fall of 1997 with the hiring of consultants charged with evaluating all aspects of diocesan offices and ministries that impacted in any way their mission, purpose, efficiency and effectiveness. The examination included a review of office structure, lines of authority, reporting, internal and external relationships, budgeting and cost, communications and planning.

Our assessors advised us that in the main our diocesan offices and services did a very good job. However, the consultants did have

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> "With God's grace and the generosity and hard work of past generations of bishops, priests and laity, the diocese had grown beyond what Bishop Becker could have imagined."

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a number of recommendations: a clear articulation of a common diocesan vision for all services; a review of departmental structure and reporting relationships; improvement of internal and external communications, particularly with the parishes; enhancement of our use of technology in the day-to-day operations; and a tighter planning and budgeting process.

The study's implementation resulted in some changes, but most importantly it offered an opportunity for our diocesan staff to examine closely the services they provide, change what needed changing, refocus, and renew their efforts in light of our common mission.

Major diocesan councils' and committees' purpose and need were carefully examined and modified where required to strengthen leadership and to identify more clearly their role and function.

Our diocesan financial health is excellent. Our finances are managed and accounted for under the direction of a diocesan chief finance officer. I approved the first lay chief finance officer in late 1996 with the advice, counsel, and full involvement of our diocesan Finance Council. We use professional investment managers and advisers to carefully manage our invested assets. We diligently develop and monitor an annual budget. We are audited by Price Waterhouse Coopers. I was most pleased we were able to forgive debts owed the diocese by parishes and other institutions during the Great Jubilee celebration.

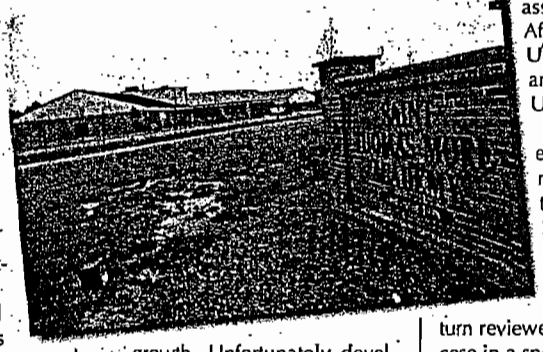
4 TO ESTABLISH NEW PARISHES AND SCHOOLS

In 1868, a 36-year-old priest named Thomas Becker was installed as the first Bishop of the Diocese of Wilmington. Only 15 small churches served the scattered Catholic community on 6,200 square miles of the Delmarva Peninsula. After his first tour of the diocese, Bishop Becker noted that he found "churches and schools, small buildings, old and poverty-stricken." But he also found dedicated clergy and faithful lay people willing to sacrifice to support and build up the new diocesan church.

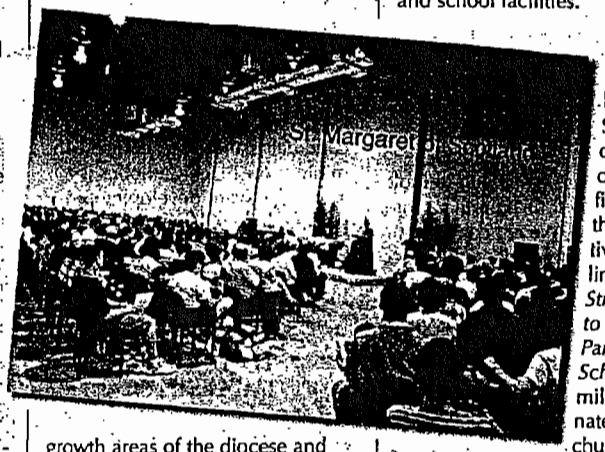
When I became the eighth bishop of Wilmington 128 years later, a very different scene greeted me. With God's grace and the generosity and hard work of past generations of bishops, priests and laity, the Diocese of Wilmington had grown beyond what Bishop Becker could have imagined.

Catholics numbered over 185,000 in Delaware and the nine counties of Maryland's Eastern Shore which now make up the Diocese of Wilmington. There were 56 parishes and 20 mission churches. Nearly 16,000 children of all ages, races, nationalities and economic status were enrolled in Catholic schools, and over 30 diocesan ministries, agencies, and offices served the Catholic population and community at large.

While the growth in those 128 years had been a great blessing, I faced a number of challenges, not the least of which was coping with that growth. Unfortunately, development in the diocese outpaced planning. As I came to know my new diocese, I recognized that there was a need to establish at least three more parishes and that several parish churches were too small to accommodate their growing numbers. Other churches required repair, expansion or renovation. Several schools and other parish facilities required expansion and/or repair. Additionally, I encountered near demands from literally hundreds of parents throughout the diocese for more Catholic schools. The challenge was how to address these issues in an orderly and effective manner.



We formed a Pastoral Planning Task Force composed of clergy and lay persons to guide the planning process and to make recommendations to me. Consultants were retained to assist in developing both the process as well as the plan. We identified the heaviest growth areas of the diocese and arranged for consultations with pastors and parish pastoral councils to obtain the local perspective. We studied data assembled by the diocesan schools office, state and county planning agencies, and sought the assistance of the Urban Affairs Department of the University of Delaware and its counterpart at the University of Maryland.



Over a period of eight months data was reviewed carefully by the Planning Task Force. Finally in the summer of 1998 a report was presented to me which was in turn reviewed by priests of the diocese in a special meeting held in August. The recommendations of the task force were also presented to our Diocesan Pastoral Council.

As you well know, the plan calls for the establishment of new parishes. The first among them is St. Margaret of Scotland in New Castle County, which was formally set up in May of 1998. We now look forward to the separation of St. Jude in Lewes from its mother parish, St. Edmond in Rehoboth Beach. We also look to the eventual establishment of St. John Neumann Church as an independent parish in Wicomico County near Ocean City.

While the plan strongly recommends founding new parishes, it also addresses the insufficiency of church buildings and calls for the construction of five new larger churches in existing parishes, two new regional schools to accommodate 600 students each, as well as the expansion of existing parish and school facilities.

In November of 2000 we launched a $50 million capital campaign to finance all the objectives outlined in the *Strategic Plan to Expand Parishes and Schools*: $30 million designated for churches and other parish facility construction, and $20 million designated for the construction of schools.

I have also directed Catholic Cemeteries to expand its services to include the founding of a new Catholic cemetery in Sussex County to service our Catholic population in the southern environs of our diocese. Our two existing Catholic Cemeteries, All Saints on Kirkwood Highway and Cathedral in Wilmington, provide the finest services and facilities to our Catholic people.

5 TO EXPLORE MODELS OF PARISH MINISTRY, CLOSELY EXAMINING THE ROLE OF THE CLERGY AND THE LAITY IN THESE MODELS

We continue to express our commitment to a renewal of our parishes and collaborative ministry in a variety of ways.

The diocesan summit on collaboration, as previously mentioned, helped to review and study models and approaches that could better integrate the ministry of the clergy with the many talents, skills and ministries our lay people bring to the church.

For many years now, we have benefited from the contributions of lay persons who work as school principals, parish business man-

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"We are committed to developing Catholic leaders who will one day be articulate and effective witnesses to Catholic principles in their professions, their families and the public square."

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agers, directors of religious education, secretaries and accountants. Our laity helped pioneer the RCIA and new approaches to evangelization and have energized our outreach to the poor. Our new Ministry Formation Institute will provide lay ministers the spiritual formation and training necessary to enrich their parishes and the church with their leadership.

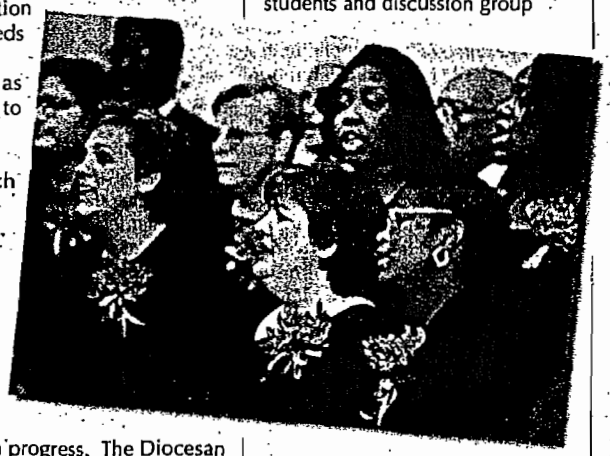
The diocese has begun to look at lay ministry formation in a more cohesive way. We are compiling a database that will allow the diocese to know who is in what ministry and where, who has earned or is earning academic credit for a ministry, and where lay ministers are needed.

In the not too distant future, this ministry will begin offering classes designed to both educate and form all new lay ministers in the diocese. Once introductory core courses are complete, the Institute will provide training, formation and certification in specific lay ministries.

The third level will be for professional ministers — religious education directors, spiritual directors or parish directors of liturgy — who are usually paid and require college or graduate school preparation.

6 TO EVANGELIZE THE UNCHURCHED AND ALIENATED AFRICAN-AMERICAN COMMUNITY

The Black Catholic Ministry encourages increased involvement and attention to the needs of black Catholics as they seek to establish programs of outreach and evangelization.



A needs assessment and census of the black Catholic community are in progress. The Diocesan Gospel Choir and Holy Cross Gospel Choir continue to share their gifts with the diocese. The Ministry to Black Catholics newsletter, first published in 1998, shares important information to the Black Catholic community as does a live radio program on WAMS 1600-AM. St. Joseph's Parish on French Street in Wilmington has two permanent deacon candidates and a seminarian. The ministry for Black Catholics is working toward developing programs which will afford more exposure throughout the diocese like the St. Martin de Porres Mass in the fall.

7 TO DEVELOP AND IMPLEMENT A COMPREHENSIVE PLAN FOR MINISTRY ON COLLEGE CAMPUSES

The diocese is committed to developing Catholic leaders on our campuses who will one day be articulate and effective witnesses to Catholic principles in their professions, their families and the public square. To accomplish this objective, we are moving ahead on a variety of different fronts.

The diocese purchased property to house the Catholic Campus Ministry at Salisbury (MD) State University. A campus minister serves the students at that campus and connects with the University of Maryland Eastern Shore in Princess Anne.

A deacon candidate coordinates campus ministry at Washington College in Chestertown, MD. There is Sunday evening Mass for students and discussion group opportunities.

Students at Wesley College in Dover will have their own campus liturgy beginning this spring and Catholic Campus Ministry is



expanding at Delaware State University in Dover.

In addition to liturgies, bible study, gatherings of students and faculty, speakers and vibrant retreats, the newest program at St. Thomas More Oratory at the University of Delaware is entitled "Conversations: Science and Religion." It helps students and faculty alike to explore the complex bioethical issues of our day from a Catholic perspective.

Many of our college students around the diocese continue to hold top leadership roles in the National Catholic Student Coalition.

OTHER SIGNS OF PROGRESS IN THE DIOCESE

Other areas of progress have positively impacted our ability to minister to the needs of our faithful people. One is the development and expansion of the **Advocate Program** in our Marriage Tribunal. The addition of nearly 30 advocates, lay women and lay men as well as religious, to assist persons applying for review of their marriages by the church's court has enabled us to respond more effectively in an improved pastoral and timely way to such requests.

The diocesan **Women's Commission,** which invites and facilitates the contributions of women at all levels of the church's life, was established in 1997.

A **Catholic Physicians' Guild** is being formed to help doctors witness to Catholic moral teaching in their medical practice and in our community.

Our plan to increase the number of **permanent deacons** who serve our parishes and diocesan ministries will help to strengthen the pastoral vitality of our diocese. After a 10-year hiatus, I authorized the commencement of a new formation class for deacons in 1997. With great joy I ordained the first eight of these new men to the diaconate on Nov. 18, 2000. These new deacons, many with graduate education in theology, pastoral ministry, liturgy, and scripture, are assigned to a variety of parishes and institutional ministries. These faith-filled servants will enrich us by their work in several pastoral fields, evangelization and adult formation.

Just this past fall, our Office for **Catholic Youth Ministry** reorganized itself to provide an improved and more comprehensive outreach to young people. While many of the traditional programs remain, we have refocused our outreach to youth, concentrating on developing youth leadership in parishes and broadening programs focused for youth at risk. The reorganization also brings us in line with our Holy Father's challenge to empower young people to live truly as disciples of Christ, to draw young people to responsible participation in the life, mission and work of the church, and to foster the personal and spiritual growth of each young person. It is also important to me to work with our staff to explore new and creative ways to infuse a Catholic Christian spirit in every level of our athletic programs and among our coaches, parents and young athletes.

Contributions to the Annual

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"The Diocese of Wilmington is a family of faith. We are the heirs of visionary men and women whose sacrifices built the churches, schools and other facilities we use today."

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Catholic Appeal continue to grow each year, enabling our diocese to respond to the needs of literally thousands of people through the social, educational and pastoral programs the Appeal supports. I am at times overwhelmed by your magnificent generosity as we ask for your support not only of our own diocesan needs but of the needs of the church in this country and around the world. Your gifts to any number of collections taken up throughout the year, be it the Campaign for Human Development, the Religious Retirement Fund or the Bishop's Overseas Appeal, far exceed on a per capita measure the donations given in many other dioceses.

Finally, I must salute the many lay women and lay men who give time and talent not only to their parishes through their participation in parish pastoral councils and parish committees, but who freely and generously give their time and talent to the diocese by serving on diocesan boards, committees, councils and commissions. I depend so much on their wise counsel and advice.

FINAL THOUGHTS AND FUTURE DIRECTIONS

As you can see from this discussion of the 2001 State of the Diocese, we have made significant progress in advancing the seven priorities and other creative initiatives these past few years. We still have a long way to go and must remain vigilant. I would like to raise some other general issues we need to be attentive to.

First, at this five-year mark, we need to recommit ourselves to a proactive spirit of evangelization in our diocese. Our parishes need to continue to go beyond a maintenance mentality to embrace an evangelizing and missionary mentality.

On Dec. 8, 2000, our church celebrated the 25th anniversary of one of the most influential documents on evangelization, issued by Pope Paul VI in 1975, *On Evangelization in the Modern World* (*Evangelii Nuntiandi*). Paul VI tells us that an authentic spirit of evangelization is only won at the foot of the Cross, with deep prayer lives, "crucifying effort" and radical conversions.

It is necessary for each of us to hear once again, with an attentive ear, the words of Christ's Gospel. But more than that is required in today's circumstances. In the United States and elsewhere in the world, society seems to have lost its sense of the meaning and the importance of the Gospel and must be "re-evangelized," renewed in its knowledge, understanding and acceptance of the Gospel. As Pope John Paul II has said: "Without a doubt a mending of the Christian fabric of society is urgently needed in all parts of the world. However, for this to come about, what is needed is first to remake the Christian fabric of the ecclesial community itself present in these countries and nations."



Re-evangelization, therefore, requires that each member of the parish respond to a personal call to renewal and holiness, for, as the Fathers of Vatican Council II declared, "all the faithful of Christ of whatever rank or status are called to the fullness of the Christian life and the perfection of charity."

Evangelization in the contemporary world means making every possible use of television and satellite dish, radio and Internet to spread the Good News of Jesus Christ and the content of our Catholic faith. A Catholic evangelizer recently told me that his appearance on a television program in a local market was the equivalent of teaching thousands of RCIA classes simultaneously. We need to draw on the expertise of our Catholic laity to explore more deeply the opportunities we can pursue.

Holistic evangelization reaches both the heart and the head. Stimulating faith experiences which reach the heart, and stimulating study experiences of the content of the *Universal Catechism* which are age appropriate, are both necessary and complementary. Our Holy Father reminds us that Roman Catholics have always treasured the unity that exists between faith and reason.

You all know the special place that inactive Catholics have in my heart and in my prayers. Each one of us needs to continue to reach out to these Catholics with the reconciling heart of Christ.

In the fall of 2000, the document *Dominus Iesus* reminded us of the constant Vatican Council II teaching that the Church of Christ subsists in the Roman Catholic Church and that the church is the universal sacrament of salvation. At the same time, we remember our ecumenical and inter-religious passion and dedication in the local community. We are called to be both a missionary church that proposes the teaching of Christ and one that vigorously defends religious freedom. We continue to reach out to our ecumenical and interreligious brothers and sisters in a spirit of mutual reverence, cooperation and the hope of pursuing deeper unity.

There is a danger in church circles that we concentrate so much on the internal dimension of diocesan or parish life that we forget that our Catholic Christianity is meant to sanctify the world. The faith of our Catholic laity is meant to transform the temporal structures of our world. The U.S. bishops expressed this in *Faithful Citizenship*: "For Catholics, public virtue is as important as private virtue in building up the common good. In the Catholic tradition, responsible citizenship is a virtue; participation in the political process is a moral obligation. Every believer is called to faithful citizenship, to become an informed, active, and responsible participant in the political process." All Catholics have a special obligation to promote respect for human life at all its stages. Our Catholic laity is called to be leaven in society, salt and light to the world. The conclusion of the Catholic Mass launches our lay Catholics boldly into the secular world so that they can live an authentic unity of life that connects their faith, spirituality and sacramental life to their family, professional and societal lives.

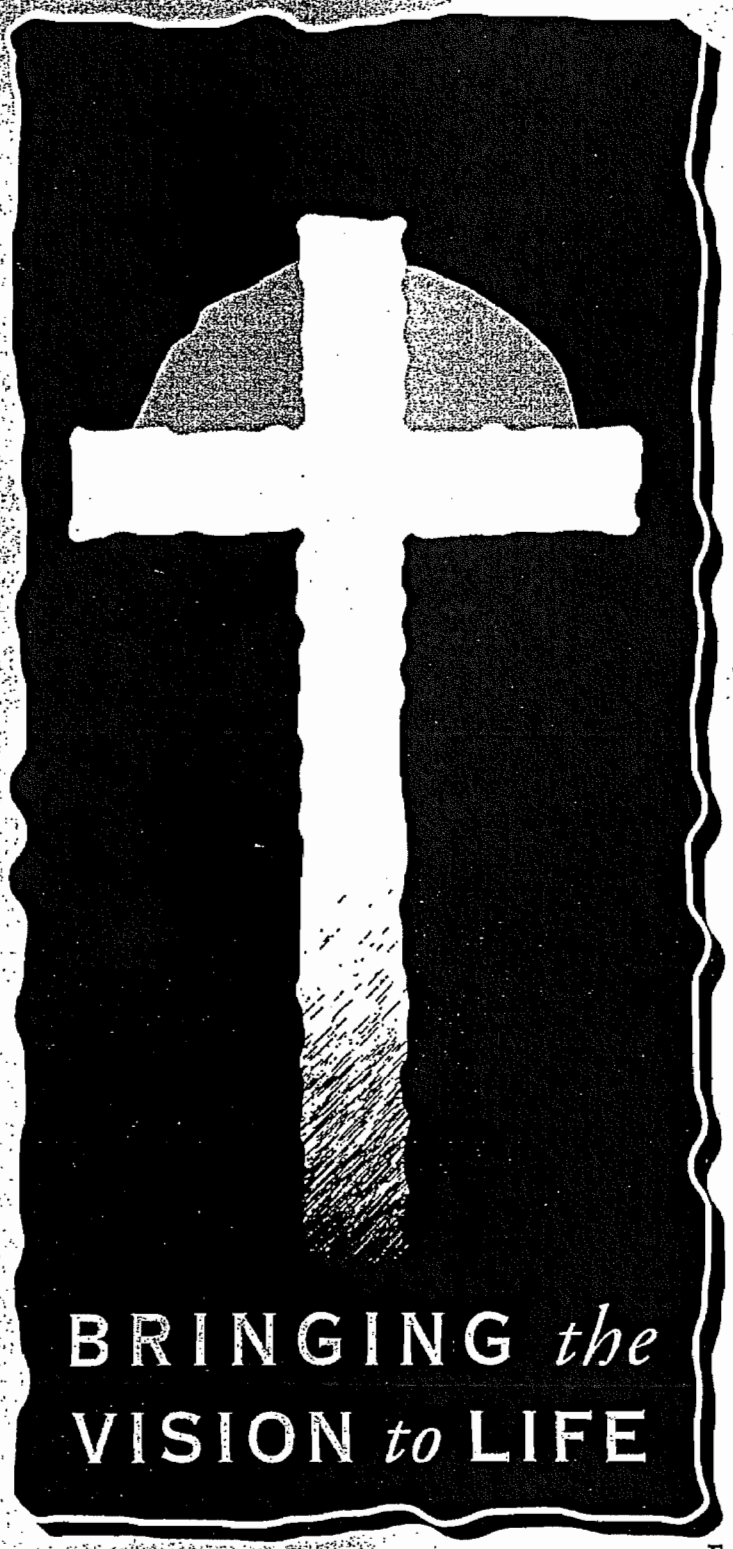
Pope John Paul II has repeatedly expressed his desire to beatify and canonize a married couple. I need to ask you all this question: why shouldn't that couple come from the Diocese of Wilmington? So many of the couples of our diocese live the Gospel and the church's teaching in ways that edify and inspire me. We need to continue to point to role models of marital commitment to our young people. We need to turn the tide in our divorce culture and point to the truth that indissoluble commitment in marriage — even when facing challenges, crosses and difficulties — leads to true happiness, fulfillment and holiness.

The Diocese of Wilmington is a family of faith. We are the heirs of visionary men and women whose sacrifices built the churches, schools and other facilities we use today. These structures are concrete expressions of their faith. Our diocese continues to need to open new parishes, strengthen existing parishes and expand school facilities. Our Capital Stewardship Campaign, *Bringing the Vision to Life*, requires our bold investment in the church of the future. It is *your* faith and *your* commitment that gives me the courage and determination to pursue this campaign.

Each member of the diocese is joined in one faith, one Lord and one baptism. Our common faith makes us responsible for one another. We are united with all who have gone before us and all who will come after us. Our shared faith goes beyond a particular place and time. As a member of a larger family, we are all called to support the mission of the church beyond our parish boundaries.

It is our turn to *bring the vision to life* for generations to come.

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Bishop Michael A. Saltarelli

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Holiness in the World of Work

"One common error is to believe consciously or unconsciously that we strive for holiness in spite of the world, in spite of the work we do. This is a complete misunderstanding of the lay vocation in the church," Bishop Michael Saltarelli of Wilmington, Del., said in a pastoral statement for Labor Day 2001. "It is precisely in work that we are challenged to grow in holiness and through work that we are builders of God's kingdom," he wrote. "Because I believe that connecting work and faith is a great challenge," Saltarelli wrote, "I made a special effort in the last few years to learn how people in this diocese feel about work and its connection to their faith." He said: "What I hear from throughout the diocese is that for many of you work serves to strengthen your faith, and your faith strengthens your work. In your efforts to connect faith and work, you do meet obstacles, which at times seem insurmountable.... But you draw on your faith to overcome these obstacles." Four things every Catholic can do "to make Christ's presence more of a reality at work" were examined by Saltarelli: 1) build constructive human relationships in the workplace; 2) resolve to counter cynicism; 3) uphold the dignity of all and oppose injustice in the workplace; and 4) reflect in prayer about how better to integrate work and family obligations, addressing issues such as workaholism, for example. The bishop commented that "when Gospel values such as respect and compassion are practiced at the upper level of management, respect and compassion tend to flourish throughout the workplace.... By contrast, workers find the connection between faith and work more difficult to make when they feel that management lacks integrity or does not respect the opinions and ideas of the workers." Saltarelli said that "every task, project, meeting and deadline can be made holy," and he discussed several Catholic spiritual traditions that provide guidance for integrating life in Christ with work in the world. Saltarelli's statement follows.

In his letter to the Galatians, St. Paul gives a short mission statement to all Roman Catholics striving for holiness: "It is no longer I who live, but Christ who lives in me" (Gal. 2:20). Every aspect of a Christian's life is part of our ongoing conversion in Christ. This includes our work life. Work, whether in the home or outside the home, is an opportunity for living out our call to discipleship.

Jesus was a craftsman like St. Joseph. He belonged to the working world, and his thoughts and teachings were never far from the everyday reality of people at work. In his parables Jesus constantly proclaims the kingdom of God through the lens of the human worker: the shepherd, farmer, sower, homemaker, servant, steward, fisherman, merchant and laborer. Some of the most memorable people in the Gospels are described not by name, but by the work they do: the woman at the well drawing water who proclaims the message of Jesus; the centurion, whose extraordinary faith Jesus held up as an example to all. Jesus even calls Peter, Andrew, James and John in the midst of their daily work as fishermen. Likewise, he calls Matthew, the tax collector, from his accounts.

In the contemporary world Jesus calls each of us to open our hearts to his message and to place the work we do in the service of God's kingdom. The Second Vatican Council expressed it this way: "Those who engage in human work, often of a heavy kind, should perfect themselves through it, help their fellow citizens and promote the betterment of the whole of hu-

man society and the whole of creation; indeed, with their active charity, rejoicing in hope and bearing one another's burdens, they should imitate Christ, who plied his hands with carpenter's tools and is always working with the Father for the salvation of all; and they should rise to a higher sanctity, truly apostolic, by their everyday work itself" (Dogmatic Constitution on the Church, 41).

> "In his parables Jesus constantly proclaims the kingdom of God through the lens of the human worker: the shepherd, farmer, sower, homemaker, servant, steward, fisherman, merchant and laborer. Some of the most memorable people in the Gospels are described not by name, but by the work they do."

In the secular realm, after family, work is typically the most significant activity around which we organize our lives. All work involves personal toil, requires self-discipline and sacrifice. Work often demands hard choices about how to allocate our time and energies. Work creates opportunities not only for us as workers, but for others as well. Work provides us with income and creates goods and services other people value. Work provides opportunities to develop meaningful relationships, to contribute to society and to transform the environment. Work is indeed God's gift.

When I speak of work, I refer not only to labor we perform for pay, but any activity where we make a personal decision to invest time and physical or mental energy to accomplish a goal. Thus housework, home schooling, child or adult care, volunteer work and the pursuit of an education all constitute work even though they usually go without pay and often without recognition.

Work is most powerfully and most essentially an apostolate of the lay faithful. You are on the Chrysler or Saturn assembly lines, in the offices of MBNA, Gore, DuPont or Astra-Zeneca. You work in the department stores and the shopping malls. You are the technicians, the service workers, the nurses and physicians. You are the state and local government employees, the police officers and firefighters. You are the service men and women at Dover. You are the teachers and the coaches. You are the prosecutor and the public defender. You are the social workers, the correctional officers, the child-care providers, the countless volunteers in so many programs for the needy, the elderly and the young. All are called to discover Jesus Christ in work.

Every task, project, meeting and deadline can be made holy. How do we accomplish this? First, we can draw strength from the grace and meaning of the eucharist, the source and summit of our life as Catholic Christians. Second, we can contemplate Catholic social teaching tradition on work and be edified by it. And third, we can allow the example of other holy men and women to inspire us.

Work and the Body and Blood of Christ

Catholic Christians make connections between faith and work primarily in the way they allow the eucharist to be the center of their life. At every Mass, during the preparation of the altar and the gifts, we hear these words: "Blessed are you Lord, God of all creation. Through your goodness we have this bread to offer, which earth has given and human hands have made. It will become for us the bread of life."

Human hands create the ordinary bread that is transformed into the bread of life. Human feet traditionally crushed the grapes that are transformed into the precious blood of Christ. The central mystery of our life as a liturgical community – the real presence of Jesus on the altar – presupposes human work, which prepares the elements that will be consecrated and become our life-giving sacrament.

Everything in our workaday lives is given meaning by the eucharist we share. The joy, love, compassion and forgiveness that we experience in the eucharist are meant to become part of the way we interact with family, friends and co-workers through the rest of the week.

Work done with the love of Christ is work that changes lives and brings others to Christ. Our Lord has given each of us qualities, aptitudes and interests. We need to be responsible stewards of these gifts and talents and remember that they are meant to serve God.

Our vocation in the world of work is an essential part of our baptismal vocation. Quality work requires the integration of virtues such as diligence, justice, fortitude, perseverance, prudence, friendliness, fairness and truthfulness. A deep connection exists between our daily relationship with the Lord and our daily practice of these virtues in the workplace. Jesus wants us to sanctify our work.

One common error is to believe consciously or unconsciously that we strive for holiness in spite of the world, in spite of the work we do. This is a complete misunderstanding of the lay vocation in the church. It is not in spite of work or against work that we pray and strive to be holy. It is precisely in work that we are challenged to grow in holiness and through work that we are builders of God's kingdom. The Catholic concept of living a "unity of life" means that we become holy both through prayer and sacraments and the everyday secular work we offer to Jesus Christ.

So whatever we do as work must also show forth the presence of God. We are called through work to implicate ourselves in the ministry of Jesus. We do this not only by allowing the Holy Spirit to transform us but through a daily transformation of our homes, offices and workplaces to places of justice, peace, respect and dignity. We should work in a way that reflects the attitude and the mind of Christ as expressed in the Beatitudes. And the product of our labor should be compatible with the values we profess. Our work thus contributes to human dignity and divine purpose.

I am under no illusion just how difficult this is to accomplish. Because I believe that connecting work and faith is a great challenge, I made a special effort in the last few years to learn how people in this diocese feel about work and its connection to their faith. I did this by talking with some of you individually, and through a committee of people who conducted interviews and surveys on my behalf. I also listened to the insights of our diocesan pastoral council, which is the chief consultative body I use to consult the laity in our diocese.

What I hear from throughout the diocese is that for many of you work serves to strengthen your faith, and your faith strengthens your work. In your efforts to connect faith and work, you do meet obstacles, which at times seem insurmountable and challenge you to question whether your work contributes to God's plan or even if faith has any role in work. But you draw on your faith to overcome these obstacles. I listen to you, and I learn from you. I am humbled and awed by the challenges that you encounter every day.

I know you experience difficulties and tensions. How, for example, can a mother continue to perform volunteer

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work with the needy, which perhaps draws her closer to God than any paying job could, when her labor is needed for the financial support of her children? How can a father plan and hope for his family's future when he works each day in an atmosphere clouded by endless rounds of cost-cutting and layoffs? The problems you face have no easy solutions. The best advice I can give you is that any problem can draw us closer to God if we trust him to help us understand it and cope with it. So long as we seek a closer relationship with God through our work, even trials and tribulations will strengthen our faith, and our faith will enhance our work.

> "Everything in our workaday lives is given meaning by the eucharist we share. The joy, love, compassion and forgiveness that we experience in the eucharist are meant to become part of the way we interact with family, friends and co-workers through the rest of the week."

Perhaps because of the challenges of many modern work situations, many of you remain unaware that your work matters on a grander scale. Does our work result in a more humane, equitable and just society? Do we work in a manner that preserves the environment and offers hope for future generations? What effect does our work have on the poor, children, family life (including our own), immigrants, the homeless, our customers, co-workers, neighbors? Reflecting on these indirect issues sheds light on our immediate circumstances in fresh and unexpected ways and can actually help us in personal decisions, actions and plans.

Holy Men and Women

There is no shortage of examples from the lives of the saints of how holy men and women throughout the history of the church have integrated their life in Christ with their work in the world. In fact, one could argue that we remember the saints precisely for that reason. We see in their joys, sufferings and labors situations that shed light on our own and encourage us to respond to grace and strive for holiness.

Several Catholic spiritual traditions give us solid guidance in how to go about this. As was noted when she was made a doctor of the church, the "Little Way" of St. Terese of Lisieux offers encouragement and hope to modern people whose work life seems to be toil and monotony and who are seeking holiness in the very ordinariness of life. She showed us how a way to God can be found in daily human interactions of the most routine kind, and she emphasized that love must always be put into action.

An aspect of the spirituality of St. Francis of Assisi involves moving from action to contemplation and then returning to action changed. This approach locates holiness not only in our private relationship with Jesus and in meditation on God's word, but also in the work we do. The Franciscan model of the active-contemplative is a way of incorporating prayer into our work life and vice versa.

Our diocesan patron, St. Francis de Sales, was a great champion of lay Christians. He devoted his life to leading people to a deeper spiritual life. He taught that each one of us, regardless of our calling, may find in our life and work a means to deepen our love of God. His admonition to "be who you are and be that well" is an affirmation of the worth of each individual and the potential for holiness in every walk of life.

There are many other examples from the lives of the saints: We have great achievers like St. Thomas More as well and men and women who did simpler work like St. Isidore the farmer or St. Zita the homemaker. Recently, the Holy Father announced that he would beatify a married couple, Luigi and Maria Beltrame Quattrocchi. Luigi, a lawyer and civil servant, died in 1951 at the age of 71. Maria, who dedicated herself to her family and to several Catholic charitable and social movements, died in 1965 at the age of 81. Like Luigi and Maria, so many couples in our diocese live the Gospel and the church's teaching heroically and dedicate both their work in the family and their work in the marketplace to the glory of God.

And do not overlook the holy men and women who may be on the assembly line with you, in the cubicle down the hall or among your customers. I believe that throughout our community men and women of many faith traditions successfully live Spirit-filled lives on and off the job. They are easy to find: By their fruits you will know them. These individuals often are very willing to share with you their journey of faith and help guide and encourage others.

Special Word to Migrants

I recently returned from a Catholic Relief Services trip to the Diocese of San Marcos, Guatemala. I saw many of the relatives of our own people who live in Georgetown, Selbyville, Milford and Marydel and work in the poultry, agricultural, construction, service and tourist industries. To our migrant workers, whatever your immigration status may be, I want you to know that our diocese and our parishes are committed to serving your spiritual and human needs. Your lives often involve separation from loved ones, long and difficult work hours, and challenging living conditions. We want to do all in our power to ensure that through our diocese, our parishes and our people you experience the compassion and strength of Christ as you struggle to adjust to life in this country.

In this regard, I call upon the people of the Diocese of Wilmington to live the Gospel of hospitality and welcome. A century ago the church in America responded effectively to the spiritual and human needs of immigrants who came to this country seeking freedom and opportunity. Following the example of our Catholic ancestors, we must respond with open hearts to our brothers and sisters who today come from Latin America, the Caribbean, Asia and the Pacific Islands, and elsewhere. It was Pope Pius XII who said that "the émigré Holy Family of Nazareth fleeing into Egypt is the archetype of every refugee family."

What Can We Do Tomorrow?

There are certain things that every Catholic can do immediately to make Christ's presence more of a reality at work.

1. We can endeavor to build constructive human relationships in the workplace. Jesus always looked past the job or the title and into the heart of every person he encountered. With many technologies making the workplace less personal, it is all the more important that we interact with others in our workplace in a civil, genuine manner. Courtesy and caring are authentic expressions of love in action.

2. We can resolve to counter cynicism. Cynicism is a great barrier to hope in God. Once the atmosphere of the workplace has been poisoned by fear and rumors, or repeated insults and injustices, despair follows. For Jesus, trust in the Father's love and goodness was always paramount. The Christian worker is a realist who lives in hope even in the face of problems and setbacks. We defeat the tendency toward cynicism in ourselves and in others when we enter into our work every day with a determined at-

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titude of patience, kindness and generosity.

3. We can uphold the dignity of all and oppose injustice in the workplace. Each of us must choose to treat others fairly and with respect. This is especially important for those in positions of authority, but it is the responsibility of all. Jesus gave us the ultimate example of leadership by demonstrating that the leader first and foremost serves. Servant leadership will not always be expressed the same way, but when practiced it will be unmistakable. In the workplace we must be prepared to be our brother's or our sister's keeper by standing in solidarity with those who are being taken advantage of or treated unfairly. We must be prepared to speak out against practices that hurt or injure people or which do violence to the environment.

"All of us face different challenges in our marriages, our families and our workplaces. These challenges – when faced with the love and perseverance of Christ – lead us to holiness."

4. We can reflect in prayer about how better to integrate our work and family obligations. Workaholism is a specifically American form of spiritual lukewarmness rooted in the consumerism of our culture. Seeing our careers and work life as a way to holiness prevents us from turning our work into an idol that alienates us from our faith, our spouses, our families and ourselves. Workaholism results in a damaging fallout. Marriages fail or are strained. Children do not receive the attention and nurturing they need. Families experience little or no time together. Family meal times rarely occur. Family celebrations are few and far between.

All of us face different challenges in our marriages, our families and our workplaces. These challenges – when faced with the love and perseverance of Christ – lead us to holiness. Let us turn to the Holy Spirit to help us to discern how to love our spouses and our families more deeply and more creatively, and how to balance our work more productively and effectively.

Good News

I am encouraged that many of you have expressed that you find joy in your work and that through your work, you feel closer to God. I am also encouraged that many view work as a place to use ther talents, to develop personal and professional skills, to define themselves and to leave their mark on the world.

People find evidence of God in the workplace through their relationships with others. When Gospel values such as respect and compassion are practiced at the upper level of management, respect and compassion tend to flourish throughout the workplace. In those positive environments, workers enjoy the freedom and energy to explore deeper meaning in work and relationships.

By contrast, workers find the connection between faith and work more difficult to make when they feel that management lacks integrity or does not respect the opinions and ideas of the workers. In those cases people are more apt to see work as a means of economic survival and not as God's gift.

What is most encouraging to me, however, is that an active life in the church seems to support people in their effort to make the connection between faith and work. People who pray, attend Mass regularly, and participate in parish and community activities seem to have a greater sense of meaning and possibility in their lives. Perhaps it is the support of a faith community that enables those of us who practice our faith to make the connection between faith and work. Or perhaps it is their cooperation with God's grace that empowers our sisters and brothers to identify, address and overcome the worldly obstacles we face in order that we may ultimately identify ourselves with and for God.

Whatever the reason, the message and challenge for all of us, my dear friends, is that work offers a Christian both an evangelical opportunity and an apostolic opportunity. By conducting ourselves always as disciples of Christ, even in the most challenging and unlikely of work circumstances, we bear witness to others that the good news of Jesus Christ is the ultimate source of meaning and strength in our lives. In so doing, we preach the Gospel through our very presence on the job.

By endeavoring to make our work a force for good, our work becomes part of the building of God's kingdom. It takes on a new meaning, a meaning that is rich and fruitful for the individual and for the community.

As we take time to relax with family and friends this Labor Day weekend, I encourage you to spend some quiet moments in prayer. Thank our heavenly Father for the good things that come to us through the gift of work and ask that the Lord continue to bless our labors as we offer them for the fulfillment of his plan and in the service of all God's people. ❖

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Catholic Schools: A Gift of the Church

Dear Friends in Christ:

A day after the September 11 terrorist attacks, I celebrated a Mass at St. Peter's Cathedral. With the trauma and the television imagery still fresh, I faced the challenge of preaching to an assembly that included the children of St. Peter's grade school. I wondered how best to interpret the events in the light of our faith and how to discuss the devastating evil with the children in a way that was direct, honest and comforting.

It was a striking moment, not only to grieve together but to be thankful for the power of Catholic education. While our schools, like most schools, took full advantage of the expertise of counselors to help our children, we could also talk to them about the power of Jesus and His cross to rise above evil and to give us strength in the midst of these modern-day experiences of Calvary. We could talk to them about the power of Christian sacrifice exemplified by heroic firefighters and police officers who gave their lives for their brothers and sisters. We could talk about the power of their prayers and participation in the Mass for the souls of the victims and for the strength and comfort of their families. We could ask them to pray for world leaders and the crucial decisions they would make.

I have heard so many stories of how, in the days after September 11, our Catholic school teachers and staffs helped the children in our schools to turn instinctively to God and to do so in the community of their Catholic school, where they daily engage in conversation with and about our Father. This was nothing new; turning to the Lord is part of the daily rhythm and experience of life in Catholic schools.

In all my years as a priest and bishop supporting and promoting Catholic education, the events of September 11 illustrated for me in a new and dramatic way the benefit of a Catholic education. After that Mass I stood outside the cathedral and shook the hand of every child who emerged into the early autumn sun on their way back to school. St. Peter School has been serving and giving a lived experience of church since the 1830's, when the Daughters of Charity came to the parish to open a school. The Daughters are still there ministering in the heart of our city.

Out of that foundation sprang out present impressive array of schools that today educate 16,000 students. These schools stretch from Claymont to Salisbury and every one is a first-rate institution of which we all can be proud. The word "Catholic" that appears before "school" has always indicated a superior quality of academic education in the context of our faith. For generations that has been the mission of Catholic schools.

To monitor academic excellence, each of the schools in our diocese goes through a rigorous educational assessment under the auspices of the Middle States Association of Schools and Colleges. All our schools are certified through this professional educational association. A dramatic indicator of quality and excellence in education is the annual presentation of the coveted Blue Ribbon of Excellence awarded by the United States Department of Education. Our own Corpus Christi Catholic School, which is supported by the parishes of Elsmere and Hockessin in a unique partnership, was so honored this past year. This is the second time Corpus Christi has received this national recognition. St. Matthew Catholic School and Padua Academy have also been awarded the Blue Ribbon.

Catholic schools are a unique legacy from our shared past as church in this country. In many ways these institutions are unparalleled in their impact on our church and society today.

There have been critical moments in the history of Catholic schools. The bishops of the United States, meeting in Baltimore in 1884, mandated that every parish should have a school even before a church building, because the immigrants from western Europe were quickly losing the faith of their mothers and father in religious-neutral public schools, which were often blatantly anti-Catholic. Thus was born the system of Catholic schools as we know it today.

The decade of the 1970's saw a dramatic decrease of women and men religious as teachers in Catholic schools. Many people could not imagine these schools existing without these men and women, and thus predictions abounded that Catholic schools would be a thing of the past by the close of the decade. In 1972, the U.S. bishops wrote a pastoral titled "To Teach As Jesus Did", which made it clear that the schools were an educational and evangelizing mission of the church and that they existed because of this and not because of who happened to operate the schools. By 1980 the schools had successfully made the transition from mainly religious to lay staffs, and they continue to flourish nationwide to this day. Wilmington is among a number of dioceses that are opening new schools and expanding others.

I believe we are living in another critical moment for Catholic schools as we enter this new century. Good and intelligent people are wondering out loud if the age of the Catholic schools has not finally come to an end. Some see our schools as anachronistic and no longer essential to the life of the church. Others see them as not truly Catholic in the sense we understood in the 1950's. Still others see them as schools available only to those who can afford them, not open to all in our church.

Many people who hold these views rightly acknowledge the role played by Catholic schools in preserving the religion and culture of the western European immigrants who came to our shores in the 19th and early 20th centuries. They claim, however, that once those immigrants became assimilated into the American ethos after World War II, the need for the schools lessened because Catholic children were no longer being raised in a society hostile to their religious heritage and public education was

no longer perceived as anti-Catholic. Why not, they argue, take advantage of an increasingly better public school system and handle religious training in the home? Besides, the argument continues, Catholic schools no longer even pretend to educate the majority of Catholic children, as was the case in the 1950's, when some dioceses could lay claim to having every Catholic child in a Catholic school.

I submit, however, that Catholic schools are not only necessary as we venture into a new century, but they are so necessary that the mission of our church would be seriously handicapped if Catholic schools ceased to exist.

Consider the bishops' compelling argument from "To Teach As Jesus Did". Observing that school programs incorporated into Christian Education are intended to "make one's faith become living, conscious and active through the light of instruction," the bishops say:

"The Catholic school is the unique setting within which this ideal can be realized in the lives of Catholic children and young people. Only in such a school can they experience learning and living fully integrated in the light of faith. The Catholic school strives to relate all human culture eventually to the news of salvation, so that the life of faith will illumine the knowledge which students gradually gain of the world, of life and of humankind. Here, therefore, students are instructed in human knowledge and skills, valued indeed for their own worth but seen simultaneously as deriving their most profound significance from God's plan for His creation. Here, too, instruction in religious truth and values is an integral part of the school program. It is not one more subject alongside the rest, but instead it is perceived and functions as the underlying reality in which the student's experiences of learning and living achieve their coherence and their deepest meaning." ("To Teach As Jesus Did", National Conference of Catholic Bishops, November 1972, pp. 28-29)

What the bishops saw in 1972 I see even more dramatically in 2002. Catholic schools are one of the last remaining formal ways in which the traditions, stories, experiences, and teachings of our Catholic community are consciously and effectively preserved, celebrated and promoted among our youth and, by extension, among the adults associated with them.

Because of this, the schools in our diocese and throughout the United States are, in truth, one of the major formal vehicles for promoting and expanding the lived faith community we call "church". Each year these schools send into the larger community men and women who are specifically trained in the message and ministry of the Catholic Church and who, according to every recent study about Catholic schools, enrich and enliven parish communities across our land. Further, as these schools continue to attract a growing number of people who are not of our faith, they are increasingly a major means of evangelization. The newly elected president of the U.S. Catholic Conference of Bishops, Wilton Gregory, for example, is an African American convert whose first experience of our church came through the Catholic school he attended.

Closer to home, this unique position of Catholic schools in the life of the church was dramatically articulated in a plan entitled "A Church Called to Serve", which resulted from a diocesan study conducted in the early 1990's. This plan, which spelled out pastoral directions for our diocese, characterized Catholic schools as bringing the community dimension of the church and the parish into "clear and particular' focus. "A Catholic school," the document went on to say, "is a community of adult men and women with students who share not only a common faith in Jesus Christ but also share the tasks of teaching and learning together." The gift of the Catholic school to the diocesan community, therefore, is that it serves as a living model of the church at large – learning, living and growing together into the vision of Jesus which He called "The Kingdom".

Today we have witnessed a diminishing and a realignment of the traditional communities of the family, the civic establishment, public education and, yes, even of Catholic parishes. This movement has been so pervasive that it is difficult to name a strong and consistent community today that steeps people in powerful, vibrant traditions and that gives focus and meaning to the developing life of the you. Such communities of the past, it seems, have been partially replaced by fictional communities portrayed in the media and by life models that emphasize a rugged individualism that promotes personal development over, and sometimes to the exclusion of, vibrant human communities. Could the failure of so many marriages, for example, be laid at the doorstep of an educational process and a societal and family model that prepare the young for individualized living rather than for the building of deep communal commitments that are at the essence of a fully human life?

This concept of community is essential to our church, yet today we see precious few models of it in society. For many of our people, even the parish has become a place of weekly worship but is hardly a community force that comes into play every day of the week. The Catholic school, I believe, stands dramatically alone as not only a model of community but as a model of the church that we proclaim in so many ways but seldom see made flesh.

My decision in 1998 to embrace and continue our historic diocesan commitment to build new schools was a reflection of all I have cited here and my own lifelong commitment to Catholic school education. Further, diocesan studies of the 1990's made it abundantly clear to me that we have a new generation of young Catholic parents who live far from a Catholic school but who are strongly committed to giving their children the positive experience of education they themselves had in Catholic schools. How awesome is that commitment in light of the personal and financial sacrifices needed to make this education possible.

How equally awesome is the unselfish commitment of teachers, administrators and pastors who daily make Catholic school education possible. We as church need to make sure they are justly compensated for the service they render to the entire church. This beautiful commitment not only to educate but to do so by teaching

as Jesus did is indeed a gift to our diocese, one that needs to be nurtured as much now as at any time in church history.

To make sure that we move together as good stewards of our God-given community in faith, I have commissioned a study of the commitment to education in our Catholic schools. This study will assure us that as we expand our educational commitment we do so in the context of a comprehensive diocesan plan. We grow best when we have a realistic picture of our history and our present story as it gets told in our institutions. A task force of talented people has been formed to assist in this study and to recommend to me how we best should move forward with a plan for Catholic school education in the diocese over the next few years. As we work to "Bring the Vision to Life" we need to realize that we best respect any vision when we continually shed on it the light of reality and prudence. Our study will assist us in this effort.

The mission statement of our diocese says, in part, that "in communion with the pope, who is the bishop of Rome, and guided by the pastoral care of the Roman Catholic bishop of Wilmington, we are called and commissioned: "To be a community of faith living the love poured into our hearts by the Holy Spirit; To proclaim the good news of salvation announced through Jesus Christ and confided to the church; To celebrate the liturgy, especially in Eucharist, the saving act of God in Christ; To strengthen our allegiance to the Gospel and deepen our understanding of it;" and finally, "To serve all our brothers and sisters as Jesus taught us."

Our Catholic schools actively respond to and live out each of the five calls of our diocesan mission. There are few institutions that do this so formatively and so consistently. Yes, our faith is shared in many ways and through may programs involving hundreds of dedicated people, but the schools reflect the calls of our mission in a way that is unmatched.

The strength and the unique contribution of Catholic schools lie in the amount of "quality time" in which they are present in the lives of children and adults and in how schools daily form community. The mission to education is not caught by a personal whim or left to changing fads, but is anchored in the lived faith of that evolving community. The way Catholic schools consistently address the five calls of the mission statement makes them unique and essential to the life of our diocese. They are, indeed, our strongest and most reliable model of the church at large, living and growing together into the vision of Jesus which He called the Kingdom.

My prayer is that we may never lose our sense of appreciate of the gifts that have come from the church of the past and that we will never tire in reworking them for the church of today and tomorrow. If we do that, then indeed we will always be about the common journey of "Bringing the Vision to Life".

Most Reverend Michael A. Saltarelli
Bishop of Wilmington
January 24, 2002

SEPTEMBER 11TH ONE YEAR LATER

A Pastoral Statement by Bishop Michael Saltarelli

As we remember the souls of the victims of September 11th in our parishes and Catholic liturgies one year later, I would like to reflect with you on some of the spiritual lessons of that day. In these past months, we have been able to discern that even in a calamity of such magnitude, God's grace and goodness was revealed in large and small ways, in public and private moments. From these we can take heart and we can grow in hope.

We remember the Dead in our Prayers

We recollect that last September 11, there was not one but three sites of terror and destruction: The World Trade Center, The Pentagon, and the crash of an airliner in Pennsylvania. At each location there have been remembrances of the dead as families and friends, colleagues and comrades – along with countless other Americans – have sought to pay tribute to those who died.

One of the most poignant of these was a beautiful series that ran in *The New York Times*, in which individual portraits were created for each person who perished at the World Trade Center. There were employees of the Windows of the World restaurant, investment bankers, security guards, office workers and of course the firefighters and police officers. The people represented every religion, ethnic background and economic level. The *Times* portraits captured their particular humor and personality, their hopes and dreams, their relationships with their families. This series emphasized that the victims of September 11th still matter, still count and are, mysteriously, still with us.

Roman Catholics are at home with these sentiments which are deeply rooted in our theology and spirituality. In our tradition, we believe that friendship and our connection with loved ones goes beyond the chasm of death. Those of us still on pilgrimage in this life, those saints who are at the throne of God, those who are in a state of purification called purgatory -- we are all united in a bond of love with Christ at the center.

We remember the Cross of World Trade Center beams that emerged from the debris as a symbol of hope and resurrection in the midst of evil and tragedy. Our prayer for the dead connects us with

the Cross of Christ and mysteriously gives us strength in carrying the Cross of our grief and trials as we stand in solidarity with those who suffered that day and with their loved ones who suffer still.

We understand more deeply the Biblical Spirituality of the Fragility of Life

The video footage of the Towers collapsing, the grainy photographs of people standing on the ledges of the upper floors of the World Trade Center in their last moments, the recorded and written transcripts of final cell phone conversations between family members served to remind us of a prominent theme of biblical spirituality that can be traced throughout the Old and New Testaments -- the fragility of human life. How eloquently, for instance, do the psalms remind us that generations come and go in a flash and that we need to keep our hearts vigilant and grounded in the love of God in the present moment.

But this deepened sense of the fragility of human life that terrorist attacks thrust upon us should not make us cower or uncertain about how to live. It is an incentive for us to reassess the direction of our lives. It is an invitation to become more humble and cooperative instruments in the hands of Jesus Christ.

St. Ignatius of Loyola, the founder of the Jesuits, invited people in his *Spiritual Exercises* to meditate on the scene of their own death bed. Death is a reality of life. When we meditate on what our Catholic Tradition calls "the Last Things" -- Death, Judgment, Heaven and Hell -- we are in touch with the desire for holiness and virtue, the desire to be a saint that is within each one of us. We are able to separate the essential from the non-essential in life. We understand that life is fragile, but the gift that awaits us is eternal life.

We learn from the Parables of September 11th

The Gospel parables continue to move us after two millennia because in their hearing we experience the Kingdom of God. There are numerous "parables" that have emerged from the events of September 11. Firefighters rush to the upper floors of the World Trade Center to lay down their lives for complete strangers. A young husband and father bids goodbye to his wife on a cell phone and says "Let's roll!" as he leads a selfless struggle on the already doomed jet to prevent even greater loss of life. With the elevators shut down, an able-bodied office worker stays with a wheel-chair-bound friend

rather than escape down the stairs – sacrificing his life so his friend would not die alone. A dead priest is laid out in front of the altar of sacrifice by firefighters who instinctively understand the connection between priesthood and the Eucharist in the oldest Catholic Church in New York.

These parables of heroism and sacrifice are a modern commentary on the Gospel of Jesus Christ, a Gospel which is ever new. These parables inspire us to be generous, to go the extra mile, and to appreciate the treasure of our families. We should continue to tell the stories of September 11 to one another and to our children. We recognize that while the Gospel is the written Word of God, it is also the testimony of the lives of saints among us such as those who struggled, who died, and who helped to save one another that day.

We Sanctify our Work

What were people doing in the morning hours of September 11th at the Pentagon and the World Trade Center? People were going about the business of their daily work lives when their lives were turned upside down. Secretaries were at their desks making phone calls and scheduling appointments. Early morning meetings were winding down. Trades were being made and contracts signed. A young man who grew up in our Diocese was working as a naval weatherman at the Pentagon; another man from our Diocese was working as a flight attendant on a flight from Newark Airport.

One of the ways we honor the memory of the victims of September 11th is to dedicate our work to Christ and to sanctify our everyday work in many small and practical ways.

We can endeavor to build constructive human relationships in the workplace. We can resolve to counter cynicism. We can uphold the dignity of all and oppose injustice in the workplace. We can reflect in prayer about how better to integrate our work and family obligations.[1]

We Strive to be more intensively "Catholic" in a World of Globalization

"Globalization" refers to the modern reality that because of a variety of technological and economic advances, there is a more intimate interaction between countries and continents, governments and economies.

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[1]Cf. Bishop Michael Saltarelli's Pastoral Statement *Holiness in the World of Work* (*The Dialog*, August 30, 2001 and *Origins*, August 30, 2001).

September 11th brought this reality home in a new and powerful way. Suddenly, there was a need to understand the culture and history of a country like Afghanistan. There was a need to understand and distinguish between various forms and practices of the religion of Islam. As always, we needed to understand more deeply the complex historical roots of modern conflict in the Middle East.

The dark side of globalization is that it implies a kind of ruthless and impersonal force: wealthy sectors of our world will simply become more wealthy at the expense of the poor who will become more destitute. We hold up to the new reality of "globalization" the timeless reality of our church which is "Catholic" or universal. Now is the time for us to rediscover what it is to be authentically "Catholic." We are called to have the universal heart and outlook of Jesus Christ as we interact more closely with cultures, regions and histories that are so different from our own.

In addition, interreligious dialogue and understanding -- so often relegated in practice to low priority status -- has taken on a new importance for our Church. In their Pastoral Message on September 11th, the American Bishops state: "People of all faiths must be united in the conviction that terrorism in the name of religion profanes religion. The most effective counter to terrorist claims of religious justification comes from within the world's rich religious traditions and form the witness of so many people of faith who have been a powerful force for non-violent human liberation around the world."[2]

There is a great need for Catholics who are firmly rooted in the theological and contemplative tradition of our Church to reach out in intellectual and contemplative understanding and conversation to the religions of the world.

Pope Paul VI explained this need so beautifully in *On Evangelization in the Modern World:* "The Church respects and esteems these non-Christian religions because they are the living expression of the soul of vast groups of people. They carry within them the echo of thousands of years of searching for God, a quest which is incomplete but often made with great sincerity and righteousness of heart. They possess an impressive patrimony of deeply religious texts. They have taught generations of people how to pray. They are all impregnated with innumerable 'seeds of the Word' and can constitute a true 'preparation for the Gospel...'"[3]

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[2] U.S. Conference of Catholic Bishops' November 14, 2001 Pastoral Message *Living with Faith and Hope After September 11.*

[3] Pope Paul VI's Apostolic Exhortation *On Evangelization in the Modern World*, December 8, 1975.

We remember too that one of the sad casualties of September 11th was our nation's turning away from some historic breakthroughs in immigration laws between the United States and Mexico. There is no question that our government has had valid national security concerns, but we continue to pray for deeper ecclesial bonds of solidarity between North America and South America. We seek the intercession of St. Juan Diego, the newly canonized saint of Mexico, who experienced directly and deeply the love of Our Lady of Guadalupe, the Patroness of the Americas.

We Reaffirm the Sanctity of Human Life

Massive, premeditated terrorism is one of the darkest manifestations of the Culture of Death and the ongoing spiral of violence. Our national grief and the warm comfort we received from our brothers and sisters around the world remind us powerfully of the inherent dignity of each human person and the immeasurable value of human life.

As always, our Church stands up valiantly against every form of terrorism that would violate the sanctity of human life -- terrorism conducted in the womb, terrorism that many in our society would like to conduct against the elderly, the terrorism of capital punishment, the implicit terrorism in human cloning and immoral forms of stem cell research as well as the terrorism of chemical, biological and nuclear weapons. September 11th reaffirmed dramatically for us the call to be consistent and coherent in our efforts to reassert the sanctity of human life in all its stages.

We Embrace Our Vocation of Peacemaking and the Church's Teaching on War and Peace

The best tribute we can offer the dead and their families who continue to grieve is to resolve to work for peace and social justice in our world and to invest our lives more deeply for the glory of God and the salvation of souls.

The events of September 11th and their aftermath led me back in prayer and study to the Pastoral Letters of the American Bishops on War and Peace issued in 1983 (*The Challenge of Peace: God's Promise and Our Response*) and 1993 (*The Harvest of Justice is Sown in Peace*).

I encourage all Catholics and non-Catholics alike in the Diocese of Wilmington to read and pray over these timeless documents. Their holistic approach to questions concerning biblical spirituality

and Catholic moral teaching, terrorism and international conflict, the call to peacemaking and formation of conscience, their emphasis on securing human rights and assuring sustainable and equitable development make these pastoral letters as relevant today in the post-September 11th world as they were when they were first issued.

We are called to embrace our vocation to peacemaking in our families, our communities and our world. In his January 1, 2002 Message for the World Day of Peace, Pope John Paul II reminds us: "Prayer for Peace is not an afterthought to the work of peace. It is of the very essence of building the peace of order, justice, and freedom. To pray for peace is to open the human heart to the inroads of God's power to renew all things."

May the Queen of Peace comfort all who grieve the loss of loved ones from terroristic attacks on this one year anniversary of September 11th. And may we all step boldly into the future with the love of Christ as our guide.

PUBLISHED: September 12, 2002

THE DIALOG

MOST REVEREND MICHAEL A. SALTARELLI, DD
BISHOP OF WILMINGTON

Bishop Michael A. Saltarelli was born in Jersey City, New Jersey on January 17, 1933 to Michael A. and Caroline Marzitello Saltarelli. Bishop Saltarelli is one of seven children.

He attended Holy Rosary Elementary School and Ferris High School, both in Jersey City. In 1956 he received a Bachelor of Arts degree from Seton Hall University and commenced the study of Theology at Immaculate Conception Seminary, Darlington, NJ. In 1975 he received a Master's Degree in Religious Studies from Manhattan College.

Ordained to the priesthood in Sacred Heart Cathedral, Newark, by Arcbhishbop Thomas A. Boland on May 28, 1960. Bishop Saltarelli was subsequently assigned to Holy Family Church, Nutley, NJ. He served there from June 1960 to August, 1977. He was appointed Pastor of Our Lady of Assumption, Bayonne, NJ and remained there until August, 1982. Bishop Saltarelli remained there until August of 1982, when he was appointed Executive Director for Pastoral Services in the Archdiocese of Newark, by Archbishop Peter L. Gerety. In 1984, Bishop Saltarelli was named a Prelate of Honor with the title of Monsignor by Pope John Paul II. On June 1, 1985 he was appointed Pastor of Saint Catherine of Siena Church, Cedar Grove. In November 19876 Archbishop Theodore E. McCarrick appointed him Vicar for Priests.

Bishop Saltarelli has served as Dean of North Essex, Dean of Bayonne and Dean of West Essex. He served two terms as a member of the Priests' Personnel Board, one term as President of that Board, and was also a member of the Archdiocesan School Board.

The appointment of Bishop Saltarelli as Titular Bishop of Mesarfelta and Auxiliary Bishop of Newark was announced on June 12, 1990. He was Rector of Sacred Heart Cathedral, remained Vicar for Priests and in 1992 was appointed National Episcopal Moderator of the Holy Name Society. He was also New Jersey State Chaplain of the Knights of Columbus.

On November 21, 1995 Pope John Paul II appointed Bishop Saltarelli to be the Eighth Bishop of the See of Wilmington.

November, 1996 - United States Catholic Conference of Bishops Committee on Education Sub-Committee on Catechesis (3 year term)

January, 1997 - United States Catholic Conference of Bishops Committee on African American Catholics (3 year term)

November, 1997 - Elected to the Board of Trustees for Catholic Relief Services USCCB (3 year term)

January, 1998 – Appointed to the Advisory Board of the National Religious Retirement Office for the USCCB (3) year term

November 1999 – Appointed to Committee on Laity of the USCCB for 3 year term.

November, 2000 - Re-appointed to Board of Trustees Catholic Relief Services

December, 2000 – Appointed Chairman of the Finance Committee for Catholic Relief Services. (Unspecified term)

August, 2002 - Appointed to Board of St. Mary's Seminary

August, 2002 - Appointed to Board of Overseers of Seton Hall University

November, 2002 - Re-appointed to Committee on Laity of the USCCB for 3 years

November, 2002 - Appointed to Nominating Committee of the USCCB for 3 years

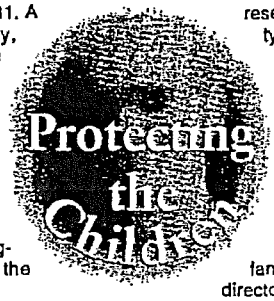
September, 2003 - Appointed to USCCB Communications Committee for 3 years

Members of the review board

Judge Vincent A. Bifferato, 65, retired in 2000 after 32 years as a judge on the Delaware Superior Court. He was a state legislator from 1964 to 1966, a member of the state Public Defender's staff until 1967 and from 1967-1969 was chairman of the Delaware Alcoholic Beverage Control Commission. He is a member of the American and Delaware Bar Associations and the Board of Consultors at Villanova Law School, as well as an adjunct professor at Widener University School of Law. A member of St. Anthony's Parish, he is married and has three children.

Dr. Mark S. Borer, 47, has been a child and adolescent psychiatrist and president of Psychiatric Access of Central Delaware, a private practice in Dover, since 1988. He serves as a consultant to the Division of Child Mental Health and numerous private agencies, including Catholic Social Services in Dover and Georgetown. He received a medical degree from State University of New York. He is certified by the American Academy of Child and Adolescent Psychiatry and the American Board of Psychiatry and Neurology. A member of Holy Cross Parish, he is married and has four children.

Justin M. Carisio Jr., 49, is manager of executive communications for the DuPont Co., where he has worked since 1981. A graduate of LaSalle University, Philadelphia, he has a graduate degree from the Writing Seminars at Johns Hopkins University. In 1987 he professed his permanent vows in the Secular Franciscan Order, San Damiano Fraternity. Carisio is a lieutenant colonel in the Delaware Wing, Civil Air Patrol-United States Air Force Auxiliary. He belongs to St. Mary Magdalen Parish in Wilmington and is the married father of two children.



Judge Maurice A. Hartnett III, 75, retired in 2000 after six years as a Delaware Supreme Court Justice. Before that, he was vice chancellor of the Delaware Court of Chancery for 17 years. He was president of the Board of Commissioners of Rehoboth Beach and the Kent County Bar Association and remains active in the American Bar Association. He received a law degree from George Washington University School of Law. Judge Hartnett is a lifelong member of Holy Cross Parish in Dover, was on its parish council for 14 years and has been a parish trustee since 1988. He and his wife have one daughter.

William E. Kirk III, 52, is vice president, general counsel and corporate secretary for Blue Cross Blue Shield of Delaware, where he has worked since 1980. He was a law clerk in the Delaware Court of Chancery, an associate at Young, Conaway, Stargatt & Taylor in Wilmington, and a deputy attorney general. He has served as a member and president of the advisory board of Catholic Charities. Since 1997 he has been an assistant Scout master of Troop 99 of the Boy Scouts. He is married with three children and belongs to the Cathedral of St. Peter, Wilmington.

Father Daniel McGlynn, 63, was recently appointed pastor of Holy Cross Parish in Dover after serving as pastor of Immaculate Conception Parish in Elkton, Md. since 1993. He has been associate pastor of St. Francis de Sales in Salisbury, Md., St. Elizabeth in Wilmington, Immaculate Conception, and Corpus Christi, Elsmere. Before becoming a priest he worked in personnel with the Navy and with the Department of Health, Education and Welfare. He was ordained to the priesthood for the Diocese of Wilmington in 1982. He has a master's in theology from St. Mary's Seminary and University, Baltimore, and a master's in pastoral counseling from Loyola College, Baltimore. He has served on the Priests' Personnel Committee, the Priests' Continuing Formation Committee and the Council of Priests.

M. Kathleen Phillips-Giles, 44, is manager of human resources for the DuPont Dow Elastomers at the Chambers Works in Deepwater, N.J. She has also worked in finance, payroll, compensation, benefits, personnel services and employee/labor relations during her 23 years at DuPont Dow and DuPont. She is on the board of directors of St. Mark's High School and was on the board of the Catholic Press of the Diocese of Wilmington. She has a bachelor's degree in accounting from the University of Delaware and is certified as a Professional in Human Resources. She is married and is a member of St. John the Beloved Parish.

Harvey B. Rubenstein is an attorney who recently retired from private practice to work on activities related to the Delaware Bar. He served as attorney for the Delaware House of Representatives and for New Castle County. He is an active member and past president of both the Delaware Bar Association and the St. Thomas More Society, which gave him its annual award in 1998. He has been active in public school and community groups and served twice as president of Adas Kodesch Shel Emeth Congregation in Wilmington. He has three children.

Dr. M. Eileen Schmitt, 58, is a family doctor and currently medical director of the St. Clare Outreach (medical van) of St. Francis Hospital. She was president of St. Francis' medical staff and vice president of medical management until she was appointed hospital president and CEO, a position she held from 1999 to 2001. She has also been in private practice and provided care for migrant workers, hospitalized prisoners and residents of the Salvation Army. A former member of the Grey Nuns of the Sacred Heart in Philadelphia, she taught junior and senior high school in New York, Atlanta and Philadelphia. In 1980 she earned a medical degree from the Medical College of Pennsylvania. She was an intern and resident in family medicine at the Wilmington Medical Center. She is a member of St. Joseph's Parish, French Street.

Gerard M. Walsh, 47, has been senior vice president and chief operations officer since 2000 for Shore Health System of Maryland Inc., which includes two full-service hospitals with outpatient services and a network of primary care physicians on Maryland's Eastern Shore. He had been vice president of operations at Dorchester General Hospital and held a variety of hospital administrative posts in Forest Hills, N.Y. He has a graduate degree in health systems management from Iona College, New Rochelle, N.Y., is a member and past president of the Dorchester County Chamber of Commerce, a member of the board of directors of the Maryland Chamber of Commerce and serves on the board of the Dorchester County YMCA. He belongs to St. Mary Refuge of Sinners Parish, where he serves on the parish council. He is married and has two children.

THE GAVIN GROUP, INC.

October 22, 2003

Most Reverend Michael A. Saltarelli
Bishop of Wilmington
P.O. Box 2030
Wilmington, DE 19899-2030

Your Excellency:

Enclosed please find the Executive Summary of the audit of your Diocese. Any commendations, recommendations or instructions were presented to you at the termination of the audit by the auditors.

If recommendations or instructions were presented to you, a response was requested on a specific date. Needless to say, you can reply prior to the date but you are respectfully requested to reply on time.

If you have any questions concerning any aspects of the audit, please do not hesitate to call me.

Sincerely yours,

WILLIAM A. GAVIN

One Seal Harbor Road • Suite 704 • Winthrop, Massachusetts 02152
Tel: 617-539-1717 • Fax: 617-539-1126 • bgavs@aol.com

Executive Summary
Wilmington Diocese

An audit was conducted at the Diocese of Wilmington, DE, from October 13, 2003 – October 17, 2003. This audit, performed by V. Dave Kohl and Louis E. Bracksieck, was to test the compliance with the *Charter for the Protection of Children and Young People* (Charter), established in June, 2002, by the U.S. Conference of Catholic Bishops (USCCB).

The Wilmington Diocese covers a 5307 square mile region of the State of Delaware and the Eastern Shore area of Maryland. The Catholic population of the diocese is approximately 215,000. There are 208 diocesan and religious priests serving 57 parishes and 20 missions. Additionally, there are 29 religious brothers and 77 permanent deacons. More than 15,500 students attend 41 Catholic elementary schools and seven high schools. The diocese was established in 1868. The Most Reverend Michael A. Saltarelli was appointed Bishop of Wilmington November 21, 1995.

This audit consisted of file reviews of diocesan records, public documents and personal interviews to include the Bishop, Vicar General, Chancellor, Vocations Director, Vicar for Priests, Legal Counsel, Review Board Chairman, Review Board member, Human Resources Director, Communications Director, Victim Assistance Coordinator, Director Catholic Youth Ministry, Superintendent of Schools, Director of Religious Education, Attorney General for the State of Delaware, Former Chief Deputy Attorney General, two parish priests and a law enforcement detective.

Articles 1 – 3: *To Promote Healing and Reconciliation with the Victims/Survivors of the Sexual Abuse of Minors*

Wilmington has established a policy to address matters related to implementing the Charter entitled, *"Revised Policy and Procedures Governing Allegations of Sexual Abuse of Minors, Diocese of Wilmington"* October, 2003. Twenty four victims/family members have been assisted or continue to be served through this policy. Catholic Charities is the primary provider and coordinator of services. The diocesan policy provides protocols for receiving reports of incidents and notifying civil authorities. The diocese has published its policy on its internet site and in the diocesan newspaper, and has furnished hard copies to all priests and school officials. Procedures for reporting incidents are clearly laid out and easy to follow. The bishop or his representative has met with all victims or families who have been willing to accept them. A Victim Assistance Coordinator was appointed in July 2002. In August 2002, a Review Board consisting of 12 members with diverse backgrounds was established. The Review Board acts as a confidential, consultative body to assist the bishop in discharging his responsibilities. The board operates under separate guidelines.

Articles 4 – 7: *To Guarantee an Effective Response to Allegations of Sexual Abuse of Minors*

The bishop has met with the Delaware Attorney General (AG) and the diocesan attorney has contacted most of the Maryland State's Attorneys. A protocol was agreed to for reporting all allegations. In the meeting with the AG, the bishop disclosed all information requested on all known cases for the past 40 years. An editorial in the *New Journal,* dated January 29, 2003, praised the diocese for its swift and open handling of three abuse cases. Wilmington's policy provides for a prompt and thorough investigation in accord with canon law and due process. It also details the procedures for placing offenders on administrative leave and, if necessary or warranted permanent removal from ministerial duties. At the same time, offenders are offered professional assistance for their own healing and well-being. In all cases in which clerics have been found to have committed sexual abuse of a minor, they have been dismissed from ministry, laicized or have been found to be elderly and infirmed to the extent they are confined to an institution. Canonical and civil representation is encouraged for any alleged offender. Separate and specific conduct standards have been delineated for priests, permanent deacons, seminarians, religious sisters and brothers, employees, and volunteers through covenants. Each requires a signed acknowledgement of receipt/covenant. These are maintained at the Chancery or in personnel files. The standards are publicized in "*For the Sake of God's Children,*" Part II - Ethical and Behavioral Standards for Church Personnel. They have also been the subject of media reports in the secular and diocesan press. A written communications policy exists which incorporates concern for law enforcement, parishes, public, and sex abuse prevention, and outreach programs. The diocese has demonstrated a very open and transparent relationship with the media.

Article 9: *To Ensure the Accountability of Our Procedures*

The archdiocese has submitted the final results of the John Jay College survey.

Articles 12 – 17: *To Protect the Faithful in the Future*

A "safe environment" program has been established and detailed in the booklet entitled, "*For Sake of God's Children,*" a five part program in Wilmington, and is the subject of a separate commendation. The material contained in this document has been presented in a series of meetings held for priest, deacons, seminarians, employees and parish leadership. Parish leaders have responsibility for introducing the programs at the parish level. Training is reinforced by administrators. Catholic schools have a self esteem series and a program called Door of Hope for students. A Catechesis in Human Sexuality program for grades 1-8 is an adjunct to the CCD program. Augmenting this program are procedures for conducting background checks. In July 2002, a committee of 14 was established to implement all aspects of the background check system including a 5 year cyclical review. As of September 2003, over 6,000 individuals have undergone background checks. They anticipate an additional 4,000 will have checks completed by the end of the year. A stringent screening and evaluation process is used for prospective seminarians prior to acceptance using an 11 point program. Seminarians are continually

screened and evaluated until ordination. In October 2002 the bishop met with cleric members of religious institutes and women religious to discuss the sexual abuse crisis. Bishop meets annually with major superiors of clerical institutes and the religious communities of women. The diocese established a continuing formation committee for priests that is active and effective. In January 2003 a blue ribbon task force drafted priestly standards regarding celibacy and sexuality. The bishop maintains a consistent focus on healthy, balanced priestly celibacy, sexuality and ministerial ethics.

The diocese was commended for its 'safe environment program."

Conclusion:

This audit finds the Diocese of Wilmington to be in compliance with the Charter.

IV

LITURGICAL AND SACRAMENTAL LIFE, THE CULT OF THE SAINTS

IV. LITURGICAL AND SACRAMENTAL LIFE, THE CULT OF THE SAINTS

A. Statistics

	JAN 1, 1998	DEC. 31, 2003
1. NO. OF INFANT BAPTISMS -	3,051	3,014
PERCENT OF CATHOLICS WHO DO NOT HAVE CHILDREN BAPTIZED	n/a	n/a
2. NO. OF ADULT BAPTISMS	201	169
3. NO. OF FIRST HOLY COMMUNIONS	2,685	2,982
4. NO. OF CONFIRMATIONS	2,055	2,275
5. NO. OF CANONICALLY CELEBRATED MARRIAGES	562	520
• MARRIAGES CELEBRATED IN THE EXTRAORDINARY FORM	0	0
• MARRIAGES CELEBRATED WITH DISPENSATION FROM CANONICAL FORM	33	21
• MARRIAGES CELEBRATED BEFORE A DELEGATED LAY PERSON	0	0
• NO. OF MIXED MARRIAGES	463	456
6. APPROX. NO. OF PERSONS RECEIVING SACRAMENT OF ANOINTING OF THE SICK	n/a	n/a

- Diocesan statistics are not kept on this subject. Hospitals and nursing homes are covered by fulltime, part time or parish priests. Homebound sick and disabled people are visited regularly by the clergy. Registers are kept in parishes and institutions of those receiving the sacrament.

	JAN. 1, 1998	DEC. 31, 2003
7. PERCENTAGE OF SUNDAY MASS ATTENDANCE (DISTINGUISH THE FOLLOWING PERCENTAGES:	66.5%	67%

The Diocese of Wilmington has instituted the practice, as in other dioceses, of asking for a count of Mass attendees each October since that seems to be the month when attendance is normal with the difference that changes of seasons bring to cities, urban, rural and vacation areas. There are other Catholics certainly who are inactive. Parish priests are concerned that parents are not as attentive as in the past to bringing their children to church. Because of distances from church, children without parental support cannot attend Mass.

Attendance at Masses seems to be increasing on college campuses. However, young people are still reluctant to take an active interest to the same degree in Catholic activities.

B. Description

The Director of the Office of Worship assists the bishop is carrying out his functions as promoter and guardian of the liturgical life of the diocese. Thus, the Director becomes responsible for the development and coordination of the liturgical life of the diocese. The primary responsibilities of the director include: the development and direction of liturgical catechesis for the proper preparation of liturgical celebrations in the parishes and diocese; the development and direction of formation programs for liturgical ministries; the development and coordination of formation programs for the proper implementation of the Rite of Christian Initiation of Adults (RCIA) in the diocese; the development and direction of the formation programs for the parish liturgy committees, and the implementation of all recommendations, directives and guidelines promulgated and approved by the Ordinary.

The Director of the Office of Worship serves as the Executive Secretary of the Diocesan Liturgical Commission. The Commission assists the Director of Worship and the Ordinary by suggesting policies and guidelines for the liturgical life of the diocese and by serving in an advisory capacity to the Director of Worship as he discerns the liturgical needs and goals of the diocese. The Commission is composed of thirteen clergy and lay members who are appointed to three year terms by the Bishop. There are two standing committees of the Commission: the Music Committee and the Committee on Design and Renovation of Worship Space. The Commission meets at least six times a year. The Commission is guided by a Constitution and By-Laws which have been approved by the Ordinary.

1. Liturgy in general

a. The Sunday obligation is well kept by the people of the diocese and the norms for the proper celebration of the Eucharist are observed. The changes in the liturgy mandated by the GIRM were implemented in Advent 2003. Corrective measures are taken if any departure from approved norms are noted by the Bishop personally, by the Director of Worship, or by others. The Sacrament of Penance is celebrated weekly in parishes and more frequently as necessary throughout the diocese with increasing numbers. During Advent and Lent there are communal celebrations of the Sacrament of Penance in most parishes. The ongoing liturgical formation of the faithful is accomplished through the parish and diocesan sponsored workshops.

b. All parishes use the approved liturgical texts and valid matter and form for the celebration of the sacraments. The norms governing the use of "general absolution" are observed. Communal Penance Services are coordinated through the periodic meeting of priests of the deanery so there are enough priests at each service to provide for individual confessions. There are no occasions of which I have knowledge when general absolution has been given. Diocesan Guidelines exist for the priests to refer if there is ever a reason to warrant it.

c. The Sacred Liturgy is of the highest priority in the diocese and is celebrated with great care and dignity. The churches of the diocese are well maintained as are the vestments, vessels and furnishings. All parishes provide for congregational singing at Mass. There is also a Gospel Choir and a Gregorian Mass Choir that provide music in parishes throughout the diocese.

d. The parishes stress the importance of Advent and Lent and provide special liturgical services and programs during those seasons. The Easter Triduum is the highlight of the liturgical year and great emphasis is placed on the celebration of the Easter Vigil.

e. The Funeral Rites are celebrated according to the Order of Christian Funerals in all parishes. The Diocese of Wilmington has three diocesan cemeteries in New Castle County and one recently opened in Sussex County. The Rite of Committal may be celebrated both at graveside or in a chapel in each cemetery when the weather is adverse or interment in mausoleums or garden crypts. Approved liturgical books for the service is provided to the priests and deacons who officiate at the services. At this time there is no pastoral need for lay persons to officiate at cemetery services.

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Eighteen parish cemeteries also exist in the diocese but only provision for in ground interment is provided, whereas, the diocesan cemeteries provide opportunities for interment and entombment.

Cremation is not yet widely chosen as a means of disposing of the body. About 5% of burials involve cremated remains. Christian Burial Guidelines reinforce the canonical and liturgical rules when cremation is chosen. Cemeteries make special provision for the cremated remains. The indult permitting Bishops in the USA to allow cremated remains in church for the Mass of Christian Burial was implemented by the Bishop on November 1, 1997.

The sacramentals are provided for the faithful. While Catholic religious goods stores are few in number some parishes provide religious articles stores on a small scale for the people.

f. The Rite of Election and the Chrism Mass are extremely well attended and are celebrated with great reverence and received by the faithful with much enthusiasm.

g. The Liturgy of the Hours is celebrated publicly in an increasing number of the parish churches during Advent and Lent. Public recitation, however, is not as well received by the laity as was visualized when the Divine Office was put into the vernacular.

h. Opportunities for popular piety are provided by the parishes in the diocese. Most churches have First Friday and First Saturday devotions. On First Friday in several parishes there are Eucharistic devotions with exposition and benediction of the Most Blessed Sacrament accompanied by special prayers for priests and for an increase of vocations to the priesthood. In addition, some parishes also have a half day of adoration of the Blessed Sacrament on days other than First Friday as part of their ongoing Eucharistic devotion. Some parishes also have public recitation of the Rosary either (1) before Mass or (2) after Mass and especially on the First Saturday of the month, in some churches this happens on a daily basis. There are also parishes that provide novenas to Our Lady of Perpetual Help and Miraculous Medal. Most parishes have May Devotions to Our Lady that feature participation of young people. The Stations of the Cross are celebrated during Lent. Some parishes celebrate the Stations of the Cross in an ecumenical context with our separated brethren. A biennial diocesan pilgrimage is held to the Basilica Shrine of the Immaculate Conception in Washington, DC and this pilgrimage usually attracts some 1,500 people.

2. Individual Sacraments

a. The Holy Eucharist. The celebration of the Eucharist on Sunday is the major activity of each parish and the resources of the parishes provide for the full, active participation of the faithful in its celebration. The clergy prepare their homilies well and the homilies are doctrinally sound. Anticipated Masses are celebrated in all the parishes. There are no instances of a Sunday celebration in the absence of a priest. The norms for bination and trination are observed. The Ordinary of the Diocese has issued new guidelines for the proper training of the Special Ministers of the Eucharist. Viaticum is administered when needed. The Holy Eucharist is securely reserved in all parishes. The indult to use the *Missale Romanum* of 1962 is given in two locations in the diocese.

St. Ann's Parish and Immaculate Heart of Mary Parish in Wilmington, and Holy Cross Parish in Dover all have perpetual Eucharistic adoration. lay people have enthusiastically volunteered to spend an hour in front of the Blessed Sacrament during the week. Some of our men in the seminary mention their consistent prayer in front of the Blessed Sacrament at these sites of perpetual adoration as one of the reasons they responded to a call to the priesthood.

The people of the Diocese have benefited from the rich teaching contained in Pope John Paul II's recent encyclical *Ecclesia in Eucharistia.*

b. Christian Initiation. The Rite of Christian Initiation of Adults (RCIA) is mandated in all parishes in the diocese. The response has been very gratifying with the numbers of people who are joining the Church. The Christian initiation of children and young people is provided through this Rite. Most infants are baptized within a reasonable period of time after birth. Every parish has a required preparation program for parents of children to be baptized. Confirmation is celebrated at age 14 and above in the diocese with the Ordinary as the celebrant. The Sacrament of Penance is duly celebrated before the reception of First Holy Communion which takes place at 7 years of age. The parishes provide training for parents to assist them in the preparation of their children in the celebration of First Penance and First Holy Communion.

c. Penance. The ongoing formation of conscience concerning the meaning of sin and conversion is part of every parish's mission. The integrity of the Sacrament is maintained. Even in penance celebration opportunities for private declaration of sinfulness to the priest is provided. Generally these penance services take place in Advent and Lent. All parishes have proper settings for the celebration of the sacrament with provision for anonymity. The observance of penitential days is well practiced with a great response to the practice of charity and the works of mercy during Lent.

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d. Holy Orders. Candidates for the priesthood are normally ordained to the diaconate in their respective seminaries. Ordinations to priesthood, when candidates have received the necessary ecclesiastical approval and have been called to Holy Orders by the Ordinary, is celebrated with great dignity and solemnity in the Cathedral with the full, conscious and active participation of the faithful. During the quinquennium, nine men were ordained to the priesthood and thirty-three to the permanent deaconate for service in the Diocese.

e. Marriage. The diocese has issued new guidelines for the preparation of couples for the Sacrament of Marriage and is in the process of implementing them. The previous program had required a minimum of four months of preparation for the Sacrament of Marriage with diocesan sponsored Pre Cana, Engaged Encounter or Couple to Couple training in addition to meetings with the clergy. The revised guidelines now require a year long period of preparation which is more in keeping with the *praenotanda* of the revised *Ordo celebrandi Matrimonium* of 1991. The approved liturgical texts are used in the liturgical celebrations of marriage. The Office of Worship, with the approval of the Ordinary, has also issued music guidelines to assist both couples and musicians in selecting suitable music for the celebration of Matrimony within the sacred context.

f. Anointing of the Sick. The proper understanding of the criteria for administration and the repetition of the sacrament is had by the clergy and is implemented. The sacrament is readily available to the faithful. Full time chaplains are provided at large hospitals in the See City. Because of the number and size of some nursing homes in the Wilmington area, one priest is assigned full time to cover approximately 12 homes. In other areas of the diocese parishes take responsibility for celebrating the sacrament in hospitals and nursing homes in their territory. Some parishes have public Anointing of the Sick with proper criteria as to whom is to receive it. Priests are assisted in ministry to the sick by lay people trained according to diocesan guidelines for visiting the sick or taking communion to them in hospitals or at home. Priests are instructed to visit the homebound at least once a month, usually on First Friday, to provide opportunity for confession.

3. The Cult of the Saints

a. There are no beatified or canonized saints of the diocese.

b. There are no processes of beatification or canonization under investigation.

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V

CATHOLIC EDUCATION

V. CATHOLIC EDUCATION

A. Statistics

	JAN. 1, 1998	DEC. 31, 2003
1. Major seminaries & total number of seminarians for the diocese.	0	0
2. Minor seminaries & total number of seminarians for the diocese.	0	0
3. Catholic universities, number of students, etc.	0	0
4. State or secular universities & number of students enrolled.	1-20,000	1-20,000
5. Ecclesiastical faculties, number of professors & students enrolled in each faculty, degrees granted.	0	0
6. Other Catholic institutions of higher learning, number of students enrolled in each, degrees granted.	0	0
7. Number of schools:		
a) Catholic	37	39
b) Non-Catholic state/secular	n/a	n/a
c) others	n/a	n/a
pre-school/kindergarten		
primary or elementary		
secondary schools		
8. Number of those enrolled in schools		
a) Catholic	15,431	15,495
b) Non-Catholic state/secular	n/a	n/a
c) others	n/a	n/a

	JAN. 1, 1998	DEC. 31, 2003
9. Number of teachers in Catholic schools		
a) pre-school/kindergarten and primary or elementary	642	729
c) secondary	374	407
Distinguish in each group		
priests	21	15
religious	71	60
laity	943	1075
non-Catholic teachers	172	219
10. Special Catholic Schools	1	1
a)pre-school/kindergarten	(not graded)	(not graded)
b)primary or elementary		
c)secondary		
11. Percentage of Catholic children attending non-Catholic schools who receive religious instruction	50%	n/a

12. Number of priests, religious, laity who teach religion in	Laity	Priests	Religious	Laity	Priests	Religious
a)elementary schools	452	5	28	580	0	26
b)secondary schools	325	9	3	354	12	14

13. Priests, religious & laity teaching Theology or Canon Law in an Ecclesiastical Faculty, etc.	1	1

N.B. There is one diocesan priest teaching Moral Theology at St. Charles Borromeo Seminary, Overbrook, PA

B. Description

1. The Promotion of Vocations

During the quinquennium, the Vocations Office continued to manage a number of programs which had been previously successful in promoting vocation awareness throughout the Diocese. Some efforts were parish-based; some were targeted at specific age ranges. Some programs were

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geared toward priesthood *and* religious life; others were more specifically focused on diocesan priesthood.

a. Parish-Based Initiatives

i. Parishes were provided with vocation-related bulletin announcements and suggested prayers for the General Intercessions. Homily materials and bulletin inserts were sent to all parishes to coincide with the World Day of Prayer for Vocations and Vocation Awareness Week.

ii. Parishes (and other diocesan institutions) were provided with posters that bore photographs of our seminarians as well as contact information for those interested in learning more about priesthood and religious life.

iii. Altar Server Appreciation Days were held during which seventh and eighth grade altar servers gathered with the Bishop, clergy and local religious for prayer and fellowship with a focus on vocation awareness.

b. Vocation Program for Young People

i. Elementary and Secondary School Visitations: This program ensured that students attending diocesan schools in the sixth and eleventh grades (approximately 11 and 16 years of age) were given exposure to local clergy and religious whose visits included presentations on the priesthood and religious life and provided opportunities for questions and answers.

ii. Vocation Video: The Diocese produced a fifteen-minute videotape about religious vocations; the videotape featured local clergy and was used in presentations to elementary and secondary students in Catholic schools as well as to Catholic youth groups.

iii. Pass the Word: Assisted by the faculties of Catholic secondary schools in the Diocese, the Vocations Office invited young men and women in the 11th and 12th grades (approximately 16 to 17 years of age) to spend a day in prayer and discussion centering around the issues of priesthood and religious life. The young men were

taken to the major seminary of a nearby diocese; the young women were taken to a diocesan retreat house. Participants included the Bishop, the Director of Vocations, diocesan clergy and local religious.

c. The College Program: Taking place at the University of Delaware, this program offered students the opportunity to participate in a five-day retreat-like experience on campus during Lent. The gatherings included prayer, workshops and the chance for individual meetings with diocesan priests and religious men and women, giving students a chance to reflect on the journey to which God might be calling them.

d. Discernment Programs

   i. Weekend Discernment Retreats: During the quinquennium, the Diocese offered single men and women the opportunity to pray and reflect on where God might be calling them in terms of vocation. The principles of spiritual discernment were presented along with presentations on the priesthood, religious life, single life and marriage.

   ii. Vocation Discernment Group: In the first year of the quinquennium, men who were interested in considering a vocation to diocesan priesthood were invited to monthly evenings of prayer, fellowship and reflection at a parish rectory. Each meeting was devoted to a different topic related to priesthood (celibacy, prayer, seminary formation, et al). A team of four priests coordinated this effort.

e. Encouraging the Faithful to Accept Responsibility in Promoting Vocations

   i. Use of *The Dialog* (Diocesan Newspaper): Throughout the quinquennium, interviews with seminarians, priests, and religious were published. These articles served the dual purpose of allowing the larger diocesan community to grow in its understanding of how people experience God's call while at the same time raising the awareness of local Catholics in terms of the need for all women and men to take seriously their part in helping others realize

their vocational call. During Vocation Awareness Week, *The Dialog* published a vocation-themed insert which included pictures and interviews with the seminarians.

ii. Annual Seminary Collection: In conjunction with this annual collection, priests were encouraged to promote vocations to the priesthood. Many pastors invited seminarians to share with the Catholic faithful the story of their vocation journey and their hopes and aspirations, impressing on them the Church's appreciation for their prayerful support.

f. Mass-Media Efforts

i. Billboards: Early in the quinquennium, the Diocese sponsored billboard advertisements along a small number of heavily traveled roads. These signs were similar to those used in other dioceses throughout North America and had the secondary and welcome effect of generating news in the local press.

ii. Website: In the last year, the Diocese sponsored a website specifically devoted to the Office of Vocations. The site included a letter of welcome from the Bishop, information on seminaries used by the Diocese, a description of the typical program of formation, answers to frequently-asked questions and contact information for those who wished to receive more information from the Office of Vocations.

iii. CD-ROM: The Diocese produced a CD-ROM disc that contains a presentation on vocations to priesthood and religious life. The content of the disc also allows users to connect to various vocation-related sites on the World-Wide-Web.

iv. Flying Banner: A banner attached to an airplane was flown over beaches within diocesan boundaries during one summer season when the beaches were crowded with young people. The banner contained language used in the aforementioned billboard campaign.

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The Diocese of Wilmington also participated in national efforts to promote vocations. The Diocesan Director of Vocations, the Director of Seminarians, and priest-members of the Diocesan Vocations Board are all members of the National Conference of Diocesan Vocation Directors (NCDVD). This Conference has working relationships with the Bishops' Committee on Vocations, the NCEA Seminary Department, and the National Council of Religious Vocation Directors (NCRVD).

2. Major Seminaries

No major seminary exists within the Diocese of Wilmington. During the quinquennium, the Diocese sent seminarians to St. Mary's Seminary (Baltimore, Maryland), Theological College at the Catholic University of America (Washington, DC), Immaculate Conception Seminary at Seton Hall University (South Orange, New Jersey) and Blessed John XXIII National Seminary (Weston, Massachusetts). (The program offered at Blessed John XXIII National Seminary is specifically oriented to men whose decision to enter formation for priesthood has surfaced later in life.)

The concern of the Bishop, the Director of Vocations and the Director of Seminarians is the proper formation of men for the priesthood in light of the needs of the People of God in the local Church of the Diocese of Wilmington. The seminaries listed above have proven useful and helpful to that end. All formation programs are in keeping with the Program of Priestly Formation issued by the United States Conference of Catholic Bishops.

The Vocations Office also plays an integral part in the ongoing formation of candidates for priesthood. During the quinquennium, certain functions previously administered by the Director of Vocations were split off from that position and became the basis for the newly instituted position of Director of Seminarians. The Director of Vocations has responsibility for vocation awareness programs and for recruiting potential seminarians and recommending them to the Bishop for acceptance by the Diocese and placement in specific formation programs; once a man formally begins seminary studies, he falls under the purview of the Director of Seminarians, whose responsibility it is to monitor the man's academic, pastoral and spiritual formation. Both the Director of Vocations and the Director of Seminarians visit each seminary twice a year, once in the Fall and once in the Spring. The goals of these visits include the pastoral support of the seminarians, the fostering of an ongoing relationship with those charged with the proper formation of the seminarians for the Diocese of Wilmington, and the opportunity to keep the Vocations Office abreast of both the needs and concerns of the men in formation as well as developments in the various programs of formation.

Seminarians are also given the opportunity for 10-week parish placements during the summer after their second and third years of theology. Some choose to enter parish placements prior to those required times and the Vocations Office, with the support of local pastors, does all within its power to make this a reality for those who desire it. During the quinquennium, seminarians in such placements met as a group weekly with the Director of Vocations (or with the Director of Seminarians, since the creation of that position) and the Vocations Staff (four diocesan priests who are charged with assisting the Director of Vocations and the Bishop). These gatherings included time for prayer, discussion of parish pastoral incidents shared by the seminarians, and the opportunity to address concerns. At the end of each summer, evaluations were written by the seminarians and the pastoral supervisors in the parish; these were shared with the Vocations Staff, the Bishop, and the seminary.

Each summer, the Vocations Office arranged for a three-day gathering for all seminarians. These times of prayer and reflection also provided opportunities for the seminarians to get to know each other better.

A program is in place to monitor and support the transitional deacons' movement from seminary to diaconal ministry to priesthood. Transitional deacons were assigned to parishes after consultation with the Director of Vocations, the Director of Seminarians, the Vocations Staff, and the Priests Personnel Committee. Careful consideration was given to this very important first ministerial assignment and to the pastors with whom the deacons would be ministering. Group supervision occurred once a week until priestly ordination and twice a month during the first year of priesthood.

The Bishop himself remains an integral part of this entire process. During the quinquennium, the bishop met frequently with the seminarians, attended seminarian gatherings, and made contact with them whenever he was in the vicinity of one of the seminaries and his schedule allowed.

3. Formation of candidates

Candidates for the permanent diaconate undertake a four-and-a-half year process of spiritual, academic and pastoral formation, beginning with a year long aspirancy period. The academic program includes courses in Foundational Theology, Introduction to the Bible, Gospels, Church History, Old Testament, Ecclesiology, Christology, Moral Theology, Sacramental Theology, Catechetics, Applied Pastoral Theology, Liturgical Praxix, Homiletics, Spirituality, Canon Law and the Theology of Preaching. In addition, they have two years of pastoral formation that overlay their last two years of academic courses. For the fall term, 2003, there are currently 12 men in their fourth year of formation in an English

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language track along with three in their third year of formation in a Spanish language track. A spiritual formation team of deacon couples, religious and priests accompanies both cohorts.

4. Minor Seminaries
No minor seminary exists within the Diocese of Wilmington. During the quinquennium, the Diocese sent seminarians to St. Andrew's College Seminary, affiliated with Immaculate Conception Seminary at Seton Hall University (South Orange, New Jersey).

5. Formation of Candidates for Priesthood Who Are of a Mature Age:
As noted in the first paragraph of section 2 ("Major Seminaries"), the Diocese used Blessed John XXIII National Seminary for this purpose during the quinquennium. Everything else concerning formation in that section also applies here.

6. Ecclesiastical Faculties
Since there are no major or minor seminaries in the Diocese, there are no ecclesiastical faculties.

7. There are no Catholic colleges or universities in the territory of the diocese.

8. Pastoral Care in Universities

9. Catholic Schools
Importance of Catholic Schools
On January 24, 2002 Bishop Saltarelli issued a pastoral letter entitled "Catholic Schools: A Gift of the Church". In that document he clearly enunciates the importance of Catholic Schools in the Dioceses of Wilmington when he says:

> "I submit...that Catholic Schools are not only necessary as we venture into a new century, but they are so necessary that the mission of our Church would be seriously handicapped if Catholic Schools ceased to exist."
>
> "...the schools in our diocese and throughout the United States are, in truth, one of the major formal vehicles for promoting and expanding the lived faith community we call 'church'. Each year these schools send into the larger community men and women, who are specifically trained in the message and ministry of the Catholic Church and who, according to every recent study about Catholic Schools, enrich and enliven parish communities across our land."

Our Bishop so believes in Catholic Schools that he called upon the entire Diocese to join with him in a massive effort to "Bring the Vision to Life" and that effort has resulted in the opening of two new Catholic elementary schools and the expansion of a Diocesan high school.

Relation to Civil Authorities

Catholic Schools are independent of the civil authority in the United States. Our schools, however, take advantage of local, state and federal programs that assist us in the education of children without jeopardizing our mission to operate manifestly religious schools.

Financial State of the Schools

Our schools are mainly supported by tuition from parents who opt for these schools for their children and from subsidies provided for those schools that are a part of the mission of local parishes. For many years the Diocese has had a foundation established to assist needy families in taking advantage of a Catholic School education. Thousands of dollars are awarded annually in financial assistance. The Diocese, further, completed a study of the financing of schools in the winter of 2003 as a means of determining how to more creatively finance all our schools and to assist those institutions that are or maybe in danger of closing because of lack of financial support. Generally, most schools in the Diocese are fiscally responsible.

School Related Associations

Each of our schools has a Home and School Association which is a way that parents, teachers and administrators can work together for the benefit of the education of children. Every parish school has a board or a Christian Formation Committee which assists in an advisory way some of the governing operations of the schools. There is a Diocesan School Board and under that Board there is an association of parents who assist in promoting legislative activities on behalf of the schools.

Inclusion of the Scholastic Community in Parish/Diocese

Schools actively promote social awareness and responsibility among their students. Most schools have programs of outreach that bring the students into contact with people and causes which have specialized needs and concerns. Catholic School students continue to be actively involved in the liturgical life of the parishes and at time of the Diocese. Catholic School students compose a major part of the annual March For Life efforts every year in Washington, DC.

Future Outlook for Catholic Schools

The Diocese of Wilmington is expanding its school efforts and thus the future appears to be bright. There are challenges from other educational institutions

which look very much like Catholic Schools (Charter Schools, etc.). Catholic Schools will survive and thrive to the extent that they creatively market their Catholicity and the features that make them truly unique.

Catholic Identity

There is a uniform curriculum for religious instruction on all levels of learning. The Office of Religious Education oversees that instruction in the schools and in religious education programs apart from the schools. The courses and the programs of the schools provide ample opportunities for developing the spiritual lives of the children. The teachers are encouraged to model the living of a spiritual life. The schools provide wonderful opportunities for students to become actively involved in the liturgical life of the parishes and of the internal liturgical life of the schools. Students are trained as lectors, etc.

Every teacher in our schools is required to participate each fall and spring in the Religious Formation classes conducted by the Office of Religious Education. These classes help the teachers in developing a solid religiously oriented life and in keeping current with the issues important to the Church.

Principals are required to assure the authenticity of Catholic teachings and the office of Religious Education in concert with the Office of Catholic Schools makes sure that the materials used in the instruction of children are reflective of the teachings of the Church.

Each fall every teacher new to teaching in a Catholic School attends a day sponsored by the Office of Catholic Schools during which they are exposed to the history of Catholic School Education in the United States and come to a better understanding of the role of teacher as catechist and minister. This experience is reinforced by an annual retreat required of every teacher in each school and by religious activities that permeate the school experience. These experiences move teachers to become more patently pastoral in their instruction and to become more visibly models of Christian living.

VI

CATECHESIS

VI. CATECHESIS

A. Statistics

	JAN 1, 1998	DEC. 31, 2003
1. NUMBER OF CATECHISTS IN DIOCESE	1600	2070
2. ASSN. WORKING IN FIELD OF CATECHESIS.	1	1

INFORMATION CONCERNING THEIR EFFECTIVENESS

The diocese has a well formed and articulate process for the formation and certification of catechists. The catechists in the Catholic Schools are given time within the school year to obtain the necessary courses required for certification. Parish catechists must achieve such certification on their own time. They are most generous in attending courses on the weekend and at night. The parish catechists experience a higher turnover rate than the school catechists. Thus, the overall level of their training is less than those in the schools. However, their enthusiasm for the faith is contagious and often makes an indelible impression on those they catechize. Our catechists are formed well to carry out their tasks.

Overall, the catechetical instruction in the schools and the parishes is good. Its effectiveness is limited by the amount of parental support and engagement with the parish community. These are essential factors in gauging any long term effectiveness. We are attempting through numerious avenues to assist parents in a more intentional effort to pass on the Catholic faith.

Youth formation is a great challenge. Many adults do not see a need for ongoing growth in their knowledge of the faith. In the last few years, parishes have increased their efforts to encourage and challenge the adults to become more active in adult faith formation. The small faith communities, prayer groups and Scripture study groups continue to be sources of vibrant faith life.

B. Description

1. The Bishop works with two boards, one for Catholic Schools and one for Religious Education. They recommend policy to him for guidance of the educational and catechetical programs. The diocese maintains a comprehensive

array of policies that provide direction for the catechetical efforts. The policies are updated and revised on a regular cycle.

During the past five years, the Office of Religious Education has undertaken a major initiative to implement the US bishops pastoral plan for adult faith formation, "Our Hearts Were Burning Within Us." Ten parishes were selected to be part of a pilot program for developing the local adult formation programs. An extensive survey of the people preceeded the development of the programs.

As part of the Jubilee Year effort, the diocese undertook a major initiative to rekindle a love for the Sacrament of Reconciliation among our people. Educational materials were prepared for the children, youth and adults. A series of articles by respected theologians and pastors on various aspects of the Sacrament were commissioned for our diocesan newspaper. In each deanery there was a major celebration of the Sacrament with numerous confessors available for the faithful.

There has been an increased effort to provide bilingual services for the new immigrants, especially the Spanish speaking.

In 2003, the bishop issued a call to all parishes and schools to participate in a parish based, diocesan wide process called: *Faith for Tomorrow: On Good Soil.* Beginning with parish discussions about important issues of faith for our children, our adolescents, our new members, our schools, our families, our catechists, our whole parishes, the process will proceed to regional gatherings. In March of 2004, there will be a diocesan convocation to reflect on the conversations and suggest directions for the future.

2. Personnel and Educational Materials

a) Catechist Formation is one of the highest priorities of the diocesan catechetical effort. There is collaboration with the Schools Office in this work. All catechists in the parish programs and Catholic schools are expected to participate in the diocesan certification and recognition program. Even teachers in the Catholic schools who do not teach religion are requried to particpate. They are given "recognition" rather than "certification." Catechists are certified at various levels by participating in ten hour courses. The courses include methods and theology and personal spirituality. They must continue to take courses until they reach the advanced level. With the support of the Catholic Schools Office, we have been able to certify the majority of the school catechists. The parish catechists present unique challenges. They are persons who generously give their time to the parishes as a response to a call of the Spirit. Most of them have jobs outside of the home and many are parents raising school

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aged children. They have limited time. We have introduced a video assisted basic formation element to our program. It has enabled many more persons to achieve a basic level of certification. One discouragement is the turnover of parish catechists. On average, they do not stay for more than three years. Thus there is a constant need for recruitment and training. Every effort is made to maintain unity and some uniformity in the presentation of material.

The diocese has initiated a program to financially assist the graduate education of those who would like to become parish Directors of Religious or religion teachers in the Catholic Schools.

b) The United States is blessed with a rich variety of catechetical materials which are of the highest quality. There are several text series for elementary and secondary children and youth. The materials have been corrolated with the Catechism. New materials are reviewed by the Office to determine their conformity with the Catechism. In the diocese, we have corrolated our elementary and secondary curricula guidelines with the Catechism. Our catechist formation courses have been reshaped to reflect the content of the catechism.

The publication of the General Directory for Catechesis has been extremely helpful. Since its publication we have conducted numerous workshops for diocesan and parish staffs on the document. It is also a basic text for the Catechetics course for the permanent deacons. It continues to be a guiding light for us. The diocese was very active in the consultations for the National Directory.

We continuously promote the integration of media into the learning process. The children and youth of this country are very media literate and their secular learning includes use of many forms of media. We are still attempting to find ways to incorporate computers into the learning process. On the other hand, the popular media has a pervasive, often deliterious, impact on our people. A part of our education must include helping Catholic Christians become more sophisticated in their judgment about the suitablity of various media representations.

3. Forms of evangelization and of catechesis:

a) Pastors and parochial vicars are engaged in catechesis. Where there are Catholic schools, every effort is made to ensure visability and participation in teaching on the part of the clergy. Pastors also exercise their leadership role by supervising the directors of religious education. Clergy take important leadership roles in the sacramental preparation programs and most especially in

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the RCIA. With the emergence of the role of the parish director of religious education as one of leadership in catechesis, it is important that we keep clergy actively engaged in this vital ministry. At the diocesan and parish levels, every effort is made to do so. Our guidelines emphasize the pastor's leadership role in catechetical and evangelization ministries.

b) The diocese sees the time when children prepare for the celebration of the sacraments for the first time as important moments for evangelization and catechesis not only of the child but of the family. Immediate preparation for First Confession and First Eucharist are done separately from the regular catechetical program. Parents must participate in the process. Overall, these programs have achieved their purpose of engaging the parents in the catechetical process and making these times special moments in the faith development of the child and family. The changing nature of the family is creating challenges for this approach. More and more of the families are ecumenical families with both parents being Christian but not Catholic. Single parent families and families where a divorce has taken place create special circumstances for the local programs.

Such programs have proven to be fertile grounds for evangelization. Parents who have been alienated from the church, when dealt with in a pastorally sensitive way, have returned to the full practice of their faith. Parents who have had irregular marriages have been invited to consider engaging in the appropriate canonical processes to regularize their unions. Thus, the fruits of such special programs have been many and diverse.

Preparation for Confirmation has posed a different challenge. Many parishes have modeled their programs on the processes established for Initiation. The preparation is spread over an extended period of time. Often there is a parish sponsor as well as the sponsor chosen by the candidate. Many of the programs are very well done and evoke a strong faith response from adolescents.

Revised Marriage preparation guidelines have been in place for the past five years. The preparation time for most couples has been extended to one year. The process includes several meetings at the local parish with a member of the clergy; a series of workshops and small group meetings with a married couple in the home parish.

Catechesis for the Disabled. The diocese sponsors several centers for children with mental challenged. Each center is staffed by specially trained catechists and aides. Christ the Teacher Elementary School has three children enrolled with Down's syndrome among its students. The curriculum developed through the Kennedy Foundation is in use. The diocese also supports a "Faith and Light"

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community based on the "L'Arche" method of being with the disabled. A permanent deacon has been assigned to this ministry. The Knights of Columbus have given their support to many of the efforts of this ministry. Each year the Bishop celebrates a special liturgy with the mentally challenged and their families.

A separate ministry exists to meet the needs of the hearing impaired. A chaplain fluent in sign language celebrates a monthly liturgy. He is also available for other sacramental ministry and counseling. One of our parishes has a weekly liturgy with interpreters for the deaf. There are special religious education classes for the deaf children at the parish. The diocese has a local coordinator of the ministy who is deaf.

The Rite of Christian Initiation has been restored in the diocese and the parishes. The Rites called for are celebrated in the parishes and at the diocesan level (Rite of Acceptance, Neophyte Mass). We have revised our guidelines for the RCIA to better reflect a distinction between catechumens and those being brought into full communion. Most parishes have teams established to assist in the formation and instruction of the Catechumens, Inquirers and those seeking union with the church. Many parishes have particular programs for the unbaptized and uncatechized children. The process of initiation modeled in the RCIA has been a great gift to the catechetical community. It is a model for all forms of catechesis. We are still learning how to adapt the model to different cultural and catechetical settings.

c) Since the publication of the US bishops plan for adult faith formation, "Our Hearts Were Burning Within Us" there has been a renewed emphasis on adult faith formation. This is in line with the GDC's support for the priority of adult faith formation. The diocesan office has offered numerous workshops and support services for the parishes . Overall parishes have increased their efforts to provide adult education opportunities across a wide range of topics. Parishes are attempting through surveys and other means to elicit the needs of the adult community and to provide programs that meet these needs. Programs tailored to young mothers, senior citizens, parents and single persons are meeting with some success. The diocesan office for religious education has been exploring ways to use the Internet for some forms of adult learning. While there are certain drawbacks to this approach, it allows an individual to engage in learning that meets their own schedule.

Young adult ministry (22-35) has been greatly expanded. *Theology on Tap*, an outreach program to young adults during Advent and Lent has been very successful in providing a gathering place for young adults to discuss significant theological and spiritual issues. There are also now three "clubs" for young

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adults in various parts of the diocese. The ministry on the secular college campuses has been expanded. A full time campus minister has been hired for Salisbury University/University of Maryland Eastern Shore.

d) Parishes are offering retreats and missions througout the year, but especially in Advent and Lent. Our society makes many demands on people's time. In many families (more than 60%) both spouses work outside of the home and at some distance from the home. When they return home, they have much to attend to especially care for their children. There is a need, therefore, to introduce more spirituality into the homes. Whether it will ever be possible to regain the Sabbath rest, is questionable.

Our people are craving a deeper spirituality to counteract the shallowness of the culture. Our great challenge is to proclaim the gospel in a way that speaks to their hunger and allows the Lord to fill their longings.

There is a growing effort to support the popular religiosity of the more recent immigrants, especially the spanish speaking. At the same time, good catechesis, especially by our Hispanic Ministry team, keeps the expressions of faith and devotion grounded in sound Catholic theology.

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VII

LIFE AND MINISTRY OF THE CLERGY

VII. LIFE AND MINISTRY OF THE CLERGY

	JAN 1, 1998	DEC. 31, 2003
1. No. of priests incardinated in diocese-ministry within the diocese	88	88
- No. of religious priests -ministry within diocese	85	86
- Priests incardinated into other diocese who serve within the diocese	9	8
- Priests who were formerly religious priests accepted into the diocese	1	4
- Diocesan priests working/assigned outside the diocese	12	10
- Diocesan priests with a license or doctorate in Theology or Canon Law	6	15
- Diocesan priests with a License or Doctorate in other disciplines	4	4
- Median age of priests	54	57
- Median age of retired priests	72.5	84
- The ratio of priests to faithful	1 to 1863	1 to 2,500
2. No. of Permanent Deacons incardinated in diocese	37	64
- Permanent deacons incardinated into other diocese who minister within the diocese	9	12
- Proportion between celibate ____; married_____; widowed_____.	n/a	C - 3.7%; M- 92.6%; W – 3.7%
- Median age of permanent deacons	64.7	63.3

	JAN 1, 1998	DEC. 31, 2003
3. Total no. of parishes	55	57
- Average no. of faithful per parish	3,019	3,860
- Single parishes & groups of parishes entrusted to a single pastor (c. 526.1)	1	27
- Parishes entrusted to diocesan clergy	46	53
- Parishes entrusted to religious clergy	4	4
- Parishes entrusted to several priests under the moderation of one priest (c. 517.1)	1	1
- Total no. of priests who care "in solidum" for such parishes	2	0
- Parishes without a pastor entrusted to a priests who directs the pastoral care with the help of deacons or non-ordained faithful(c.517.2)	1	0
- Ecclesiastical offices besides parishes which attend to the *cura animarum*	3	8
- Priests working full-time in offices outside of parochial ministry entrusted with the *cura animarum*	10	10
- No. of pastors with an appointment *ad tempus indefinitum*, & those appointed for a set period of time	a) 3 b) 43	3 43
- No. of parochial administrators	5	1

4. Associations of clergy present in the diocese:

There are no associations of priests in the diocese. Interests and concerns of the priests to the Bishop are channeled through the Vicar for Priests, Deans who meet regularly with priests and Priests' Council made up of ex officio, elected and appointed members. Some priests are members of Jesu Caritas.

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-The purpose of each and an evaluation of their presence & influence in the diocese.

5. Numerical data concerning Basic Christian Communities	There are none.

II.	1998-2003
Number of priests ordained for diocese	9
Diocesan priests who have died or retired	16
Diocesan priests who have left priesthood	
a) without dispensation	0
b) with laicization from the clerical state	0
c) priest who have left & returned to active ministry	0

B. Description

1. The Diocese is currently involved in an "open-listing" process for clergy appointments. Parish openings are published, priests are interviewed by the Clergy Personnel Board and with one another, recommendations are then made to the Bishop on the basis of preference and diocesan needs.

The office of the parish priest remains stable and collaboration remains the goal of all pastoral relationships.

Pastoral/Parish Councils have been in existence in the diocese since 1968; specific guidelines for the councils were issued in 1993 and they seem to be working well depending upon priestly leadership. Most priests see the Pastoral Council as effective instruments in the direction and vision of the local parish.

The diocese has just completed its policy for retired priests. Priests may retire at age 70. At 75 they must resign from administrative office on the parish and diocesan level. Depending upon the health of the retiree, pastoral ministry is recommended to the degree the priest is able. A retired priest may live in a rectory, his own home or apartment, with relatives or in an assisted living facility provided by the diocese. The diocese has a pension and medical benefits program. Considering the number soon to be eligible for retirement and the continued longevity of the clergy, plans are being considered for additional facilities and especially accommodations for nursing care of the totally disabled. Programs are being considered to help clergy of all ages to prepare physically, mentally and spiritually for their retirement years.

Priests are provided with grave space in Catholic cemeteries of the diocese in a spot designated for them, or they may choose burial in a family plot. Opening and closing of the grave is provided free of charge and also provided is memorialization of the grave if necessary. Some priests have elected entombment which is largely at their expense. Only one priest so far has chosen cremation but it followed a Funeral Mass with the body present and was done privately in 1988.

2. The clergy is currently fairly well distributed with a significant number serving city parishes in New Castle County where our parishes are closely situated.

Thus far, we have been blessed with not having to merge parishes or place two under the leadership of one pastor. Consequently the solidarity of the faithful and their proper parish priest remains solid. No parishes as of this time have had to be given to a deacon or non-ordained person for administration.

3. The clergy of the diocese seem to be well adjusted with a good spirit and a firm life of piety founded on the Eucharist. Celibacy and life style are accepted. When problems arise there are people and systems in place to address the needs. When required proper ecclesiastical attire is worn and clergy involvement in political affairs is monitored with regular directives.

Appropriate housing and sustenance for priests is under the direction of special committees which make recommendations to the Bishop at regular intervals. The spirit of poverty and detachment is a constant source of renewal and personal growth.

Generally the attitude of the clergy regarding obedience and the acceptance of assignments is good. When difficulties arise they are addressed by the Bishop.

Presently most priests are accepting to transfers and will respond to needs. Due to our current circumstances, i.e. facing shortage in the local Church, we are reluctant to go elsewhere for ministry.

Presently there are no "Fidei Donum" priests in the diocese but we do have several retired priests from outside the diocese plus several who are on leave from outside the diocese. Care is taken to assure proper credentials for all extern priests who are welcomed into the diocese for pastoral work.

In the period 1998 to 2003, four priests have left active ministry due to credible allegations of clergy sexual abuse. These cases and the pre-1998 cases are all being handled in accord with the Charter and the Essential Norms and being referred properly to the Congregation for the Doctrine of the Faith (see *The Crisis in the Church and the Diocese of Wilmington in section III).*

One priest is presently on a leave of absence. Another priest who had been working in parishes in the Diocese of Venice, FL and the Diocese of Orlando has made a decision to seek voluntary laicization. Neither of these cases involved the sexual abuse of a minor.

4. Continuing Formation of the Clergy

Priests' Retreats - An annual retreat is provided for all diocesan priests. All priests gather for the diocesan retreat once every four years. The Bishop participates in every diocesan retreat. Themes for the past years:

A) Retreats

Required	1998	"Imitate the Mystery You Handle: Searching for an Effective Spirituality for the Diocesan Priests" Director - Reverend Paul L. Cioffi, S.J.
	1999	"Companionship with Jesus" Director - Reverend James R. Conroy, S.J.
	2000	"God of Mystery and Wonder" Director - Priests of the Norbertine Community, Daylesford Abbey
	2001	Retreat cancelled - Director was called away for three weeks before the retreat
Required	2002	"Absolutely Nothing Works Except Holiness" Director - Right Reverend Lambert Reilly, O.S.B.

Days of Reflection and Study Days - In addition to the retreat opportunity, days of reflection and Study Days are sponsored annually. The format consists of day conferences and extended two-day conferences. Themes include:

B) Study Days/Priests' Conferences

1998	"The Challenge of Ministry" Presenters - James J. Gill, S.J. and Reverend John C. Linman, C.S.U.
1999	"Compassionate and Responsible Servants" Presenters - Reverend John Heagle and Sister Fran Ferder
2001	"Priesthood - A Commitment to Spiritual Renewal, Personal Wellness and Presbyteral Vitality" Presenter - Reverend Stephen Rossetti
2002	"The Basic Plan for the Ongoing Formation of Priests: The Call to Holiness" Presenter - Mr. Michael Morton
2003	"For the Sake of God's Children" - Ethical Stands for Priests Facilitators - Ethical Standards Writing Committee

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C) Days of Reflection

1999 Lenten Day – Childs, MD
Presenter – Reverend Dominic J. Maruca, S.J.
2000 Lenten Day – Childs, MD
Presenter – Most Reverend Francis Malooly
2002 May 2002 – Sprint Day – Childs, MD
Presenter – Msgr. Thomas Beven

D) Sabbatical Programs

The Diocese encourages priests to participate in extended sabbatical programs. Most years one or two priests have participated in the sabbatical program at the North American College in Rome. Opportunities are also available for shorter programs at the Seminary Schools of Theology in the United States. The difficulty of getting suitable coverage when a priest wants a sabbatical means that permission for extended sabbatical must be rethought.

E) Study Weeks

A Study Week is held every four years for the priests of the Diocese. The Study Week is an intensive learning experience designed to update and/or educate the priests concerning a specific issue or area of concern. The week also promotes the common celebration of the Eucharist, common celebration of the Liturgy of the Hours, and fraternity and support for priests.

STUDY WEEK – Attendance is required

2000 "Our Experience of God – Beginning the Third Millenium"
Philadelphia, PA
Presenters – Msgr. James P. Lisante: Rev. Donald Senior, CP; Rev. Martin Pable, OFM; Rev. Stephen M. Fields, SJ; Rev. Robert Leavitt, SS
2003 Will be held February 2-6, 2004, Lancaster, PA

F) Memberships

The National Organization for Continuing Education of Roman Catholic Clergy
The National Federation of Priest Councils
- The committee also provides materials for all priests regarding continuing formation published by the Committee on Priestly Life and Ministry, USCCB

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The Statutes of the Priests' Council

Preamble

The Bishop and the Priests of the Diocese of Wilmington share in the one Priesthood of Jesus Christ by their Baptism and, in a special way, by their call to Holy Orders. While all members of the church belong to the one Body of Christ, priests, by their ordination, are called to a unique ministry in the church. The Bishops and Priests are called to the same purpose: To proclaim the kingdom of God and to build the Body of Christ.

As a sign of unity in ministry, the Priests' Council enables the Bishop and his priests to work collaboratively in proclaiming the gospel of Jesus Christ to the faithful of the Diocese of Wilmington.

Article I: Name

The name of this body shall be "The Priests' Council of the Diocese of Wilmington".

Article II: Purpose

The purpose of this Priests' Council shall be:

1. To serve as a consultative body, representative of both diocesan and religious priests of the diocese.

2. To assist the Bishop in the governance of the diocese.

3. To provide a forum for the full and free discussion of issues of pastoral concern in the diocese.

4. To research, deliberate and advise the Bishop on those matters pertaining to the pastoral mission and well being of the entire diocese.

5. To search for and propose ways and means for effective pastoral ministry.

Article III: Membership

Section 1

The Bishop of the Diocese of Wilmington is the President of the Priests' Council and presides at all meetings.

Section 2

Other members shall be the Vicars General, the Moderator of the Curia, the Chancellor, the Vicar for the Clergy and the Chairperson of the Priests' Continuing Education Committee. These members serve in an ex-officio capacity.

Section 3

One priest shall be elected from each of the eight Deaneries of the diocese.

Section 4

The Bishop may choose as many as four appointed members. However, it is recommended that at all times at least two associate pastors should be on the Council.

Article IV: Terms of Office

Section 1

The term of office of elected and appointed members is three years. Elected members may serve a second term. Appointed members may be re-appointed by the Bishop for a second term. A member whether elected or appointed shall not serve more than two successive terms in the same category of membership.

Article V: Officers

Section 1

The officers of the Priests' Council shall be the President, the Executive Officer and the Secretary.

Section 2

The President of the Council shall be the Diocesan Bishop. He shall preside at all meetings of the Council.

Section 3

The Executive Officer coordinates the work of the Council in seeking the opinions and views of the presbyterate. The Executive Officer assists the Bishop in preparing for meetings and implementing the proposals of the Council accepted by the Bishop.

He is elected annually by the Council membership.

Section 4

The Secretary shall record the acts of the Council and see to it that the Council minutes are given to the Chancellor for the Diocesan Archives. It is the Secretary's responsibility to prepare and forward the minutes to the presbyterate. He also shall assist the Bishop and the Executive Officer in preparing for meetings.

The Secretary is elected by the Council members for a two year term.

Article VI: Elections

Section 1

All priests comprising the presbyterate of the Diocese of Wilmington, retired priests and those religious engaged in parish or diocesan ministries, are eligible to vote, to be nominated and elected.

Vacancies due to death, resignations or transfers shall be handled by a special election to complete the unexpired term unless the Bishop decides this is impractical in a particular case.

Ex-officio members serve on the Council as long as they hold office in virtue of which they are members of the Council.

Those members who were chosen as Consultors and whose term on the Council expires during their tenure as Consultors remain as Consultors but cease to be members of the Council unless the Bishop freely appoints them to a vacant appointed seat or, if qualified, they are elected to a Council seat.

No one may decline service on the Council unless excused by the Diocesan Bishop.

Section 2 - Election Process

The process for nominating and electing members to the Priests' Council respects the principle that each deanery be represented on the Council at all times.

To this end, nominations and elections occur within each deanery. Only members of a particular deanery are eligible to vote, be nominated, and elected.

If a vacancy on the Council occurs by reason of a transfer from one deanery to another or by resignation or death, the seat is automatically vacated.

The Secretary of the Priests' Council shall inform the deans when an election within their deanery is warranted.

Normally, elections will occur in September. Using the resources of the Chancery, the dean for his deanery will conduct the nomination and election process which shall be by mail.

a) Two priests are nominated from the deanery.

b) From these nominations one is elected to serve on the Priests' Council.

c) The results of this deanery election are forwarded by the dean to the Secretary of the Priests' Council. The Secretary in turn advises the Bishop and members of the Priests' Council.

d) The newly elected member takes his seat on the Priests'Council at the next regularly scheduled meeting.

Article VII: Meetings

Section 1 - Time

The Council shall meet at least four times a year.

A majority of the members exclusive of the Diocesan Bishop (who must also be present) is a quorum for purposes of a meeting. At any time the Bishop may make exceptions to the above.

Section 2 - Ad Hoc Committees

Encouragement is given to all members of Council to participate fully. This participation includes submission of topics for the agenda, open and frank discussion, respect for all opinions, and the attempt to adopt a consensus approach to deliberations.

The Priests' Council does not have any standing committees. If warranted the Bishop may form an "ad hoc" committee with a Council member as the convener. Such committees will serve to assist the Bishop and Council in studying, evaluating and making proposals concerning those matter assigned to it. The convener will be urged to choose committee members from among the Presbyterate. Special attention should be given to those who may have a particular interest or expertise in the said topic.

The ad hoc committee will meet and make its report and recommendations to the Bishop and Priests' Council. Normally at that time the work of the ad hoc committee will cease.

Should the term of the convener end before the work of the ad hoc committee is finished, and he is not re-elected or appointed to another term, he will stay on Council as a non-voting member until the work of the committee is finished.

Section 3 - Executive Committee

The Executive Committee consists of the Bishop, the Executive Officer, the Secretary, a representative of the Deans, and two elected members chosen by the Council. Others may be invited by the Bishop as the need arises. Its function shall be to assist in the preparation of the agenda prior to each meeting and to carry on the business of the Priests' Council between regular meetings.

All members of the presbyterate are encouraged to submit agenda items through their deanery representative or through any elected or ex-officio member or by submitting the agenda item to the Bishop.

Article VIII: Competence

The Canonical responsibilities of the Council as listed in the Code of Canon Law are the following:

a) To give counsel to the Bishop on the diocesan assessment (c. 1263).

b) To give counsel to the Bishop on the permanent use of a Church for other purposes besides divine worship (c.1222:2).

c) To select those who serve on the group which deals with issues related to the removal of pastors (c.1742:1), and the transfer of pastors (c.1750).

d) To give counsel to the Bishop on whether a pastoral council is to be established in each parish (c. 536).

e) To give counsel to the Bishop in the erection, suppression, or notable alteration of parishes (c. 525:2).

f) To give counsel to the Bishop in his decision on whether to convoke a diocesan synod (c. 461:1).

g) To give counsel to the Bishop on "matters of greater moment" concerning the governance of the Diocese (c. 500:2).

h) To give counsel to the Bishop on the allocation of the fund to be established among the parish accounts for offerings of the faithful given for parochial functions done by persons other than the pastor of the parish (c. 531).

November, 1996
Approved November 18, 1996

5. Permanent Diaconate

All deacons ordained since 2000 have received copies of the "Directory for the Ministry and Life of Permanent Deacons." This document serves to guide the Diocese of Wilmington in directing the ministry of permanent deacons. Most deacons are assigned to their home parish or one near where they live. Two presently serve full-time as pastoral associates. Several are involved extensively with prison or hospital ministry. 19 deacons and many of their wives also serve as advocates for the Tribunal, in addition to their formal diaconal assignment. Apart from a handful who are in paid ministries, most work without compensation.

Increasingly, deacons have been well received by their pastors and parishes since the first permanent deacons were ordained for the Diocese of Wilmington in 1980. Over 80% of the parishes in the Diocese of Wilmington now have one or more deacons assigned to them. Deacons are evaluated in their ministries every three years although each year they must report on their continuing formation for the prior year and on their plans for the upcoming year. The Office for Deacons sponsors an annual retreat and at least one continuing formation workshop each year. The Office for Deacons is collaborating with other diocesan offices to promote jointly sponsored continuing education opportunities in order to share resources and to promote collaborative ministry with the offices of Worship, Catholic Education, Youth Ministry and Family Life.

Twelve deacons incardinated in seven other dioceses presently serve in the Diocese of Wilmington with the permission of their ordinaries. Four others were incardinated into the Diocese of Wilmington last year. The Director of the Office for Deacons interviews them individually and ensures that they are fully integrated into the local community of deacons. Pastors across the Diocese continue to identify men they believe would make good deacons. Approximately one quarter of the deacons in the Diocese are over age 70. Bishop Saltarelli has ordained 33 men to the diaconate since 2000.

VIII

INSTITUTES OF CONSECRATED LIFE AND SOCIETIES OF APOSTOLIC LIFE

DIOCESE WILMINGTON

VIII. INSTITUTES OF CONSECRATED LIFE AND SOCIETIES OF APOSTOLIC LIFE

A. STATISTICS:

1. Men's Religious Institutes and Societies of Apostolic Life	Purpose	1998 Houses/Members			2002 Houses/Members		
Congregation of Holy Cross Eastern Province/Brothers	Education, Service to Elderly	1	9		1	5	
Congregation of the Most Holy Redeemer (Redemptionists)	Ministry to Poor, Pastoral Ministry		2	4		1	2
Missionary Fraternity of Mary	Latino and Migrant Rural Ministry	1	2		0	0	
Congregation of Marians of the Immaculate Conception	Pastoral Ministry, Social Services	1	2		0	0	
Missionary Servants of Christ (Religious Institute)	Ministry to poor, Social Work	1	8		0	0	
Order of Friars Minor - Holy Name Province	Pastoral and Spiritual Ministry to Poor Evangelization	1	4		2	1 Brothers 6 Priests	
Capuchin Franciscan Friars	Ministry to Poor, Evangelization, Spiritual Ministry	2	6		3	3 Brothers 3 Priests	
Canons Regular of Premontre (Norbertine Fathers)	Education, Community Service	1	14		1	9	
Oblates Apostles of the Two Hearts	Ministry to Latino Community	1	3		1	7 Brothers 3 Priests	
Oblates of St. Francis de Sales	Pastoral and Educational Retreat Ministry/Retirement Community	7	10 Brothers 65 Priests		7	14 Brothers 48 Priests	

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1. Men's Religious Institutes (Continued)	Purpose	1998 Houses/Members		2002 Houses/Members	
Brothers of St. Francis Xavier (Xaverian Brothers)	Education	0	0	1	1
Order of St. Augustine (Augustinians)	Education Ministry with Poor Pastoral Ministry	0	0	1	1
Order of Friar Servants of Mary	Retired	1	1	0	0
Maryland Province of the Society of Jesus (Jesuits)	Pastoral Ministry	1	1	1	1
California Province of the Society of Jesus (Jesuits)	Ministry to Poor	1	1	0	0
St. Joseph Society of the Sacred Heart (Josephites)	Pastoral and Spiritual Ministry	1	2	1	2
	TOTALS	**22**	**132**	**20**	**37 Brothers 76 Priests**

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2. Women's Religious Institutes and Societies of Apostolic Life	Purpose	1998 Houses/Members		2002 Houses/Members	
Adorers of the Blood of Christ	Educational, Pastoral Ministry	1	1	1	1
Carmelite Sisters of Charity of Vedruna	Ministry to Latino Rural/Migrant Poor	1	3	1	4
Congregation of the Sisters of Divine Providence	Ministry to Poor	1	1	0	0
Sisters of St. Joseph of Carondelet	Educational Ministry	1	1	0	0
Sisters of St. Joseph of Peace	Pastoral Ministry	1	1	1	1
Congregation of Sisters of St. Felix of Cantalice	Educational Ministry, Ministry to Poor, especially children in need	2	14	1	9
Congregation of St. Bridget	Education, parish work, counseling	0	0	1	1
Daughters of Charity of St. Vincent DePaul	Educational and Pastoral Ministry	1	5	1	6
Servants of the Immaculate Heart of Mary Scranton, PA	Educational, and Pastoral, Liturgical Ministry	4	9	4	9
Leaven of the Immaculate Heart of Mary Sisters		0	0	1	2
Little Sisters of Jesus of Mary	Ministry to Poor	1	6	2	10
Little Sisters of the Poor	Ministry to Elderly Poor	1	12	1	9
Mission Helpers of the Sacred Heart	Religious Education	1	1	1	1
Missionary Servants of the Most Blessed Trinity	Social Services/Pastoral Ministry	1	2	1	2
Dominican Congregation of Our Lady of the Rosary, Sparkill, NY	Retired		2	1	1
Sisters of St. Dominic - Racine Dominicans	Retired		1	0	0

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2. Women's Religious Institutes (Continued)	Purpose	1998 Houses/Members		2002 Houses/Members	
Sisters of St. Benedict: Monastic Community	Educational and especially with Poor	4	40	3	33
Sisters of St. Basil the Great	Retired House	1	3	1	3
Sisters of St. Clare	Education and Pastoral Work of All Kinds	0	0	1	1
Franciscan Sisters of Allegany, New York	Pastoral and Social Service	1	1	1	1
Franciscan Sisters of Our Lady of the Sacred Heart	Ministry to the Poor	1	3	0	0
Sisters of St. Francis of Philadelphia	Educational, Migrant, Social Services, Healthcare and Pastoral Services	20	70	17	50
Oblate Sisters Francis de Sales	Educational Ministry & Community Service	1	12	1	11
Order of St. Ursula/Roman Union "Ursulines"	Educational, Pastoral Ministry Ministry to Homeless and Poor	1	16	1	20
Poor Handmaids of Jesus Christ	Tribunal Judge	1	1	0	0
Religious Sisters of Mercy of Merion, PA	Educational Ministry, Service to Poor	7	7	3	4
Religious Sisters of Mercy of Baltimore, MD	Parish Ministry	1	1	1	1
Sisters of Charity of Cincinnati	Education, healthcare, pastoral ministry Professionals of all kinds	0	0	1	1
Sisters of Charity of St. Elizabeth	Social Services Rural/Migrant Ministry	1	5	1	5
Sisters of Charity of Nazareth	Education, healthcare, pastoral ministry especially with the economically poor and women	0	0	1	1
Sisters for Christian Community	Educational Ministries	2	3	2	3
Society of the Holy Child Jesus	Pastoral Care	1	1	0	0

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2. Women's Religious Institutes (Continucd)	Purpose	1998 Houses/Members		2002 Houses/Members	
Sisters of Notre Dame de Namur Base Communities Province	Educational and Pastoral Ministry	2	7	2	6
Sisters of Notre Dame de Namur Maryland Province	Educational and Pastoral Ministry and Social Ministries	2	11	2	9
Sisters of St. Cyril and Methodius	Hospital Chaplain Educational, Liturgical	1	1	1	1
Sisters of St. Joseph of Philadelphia	Pastoral Ministries	4	30	3	28
School Sisters of Notre Dame	Educational Pastoral and Social Ministries	2	5	2	5
3. Monastery of Contemplative Life					
Capuchin Poor Clares	A Contemplative Community	1	14	1	10
	TOTALS	**78**	**290**	**62**	**249**

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4. N/A

5. **Secular Institutes**

The Secular Institute of St. Francis de Sales, a group with national headquarters in Europe, has sixteen professed members and about fifty associate members. In the spirit of St. Francis de Sales, they exist to infiltrate the secular in an effort to witness to the Gospel and promote a God-centered life. There are three professed members in our diocese.

The Sisters for Christian Community are a Secular Institute who work toward creating Christian community and a spirit of unity wherever they serve. At present three members serve in schools and parishes in our diocese.

The Secular Institute of the Two Hearts is connected with the women/men communities of the Order of the Two Hearts. Their mission is to families, youth, and the establishment of devotion to the Hearts of Jesus and Mary. The Secular Institute has six members.

6. N/A

7. N/A

8. **Associations United with Institutes of Consecrated Life**

The Benedictine Sisters have a twenty-five member Oblate Community who learn to live the Gospel witnessed through the rule of Benedict.

The Ursuline Order shares their spiritual heritage and the spirit of St. Angela Merici with fourteen Ursuline Associates.

The Sisters of St. Joseph have a fifteen member Associate group with whom they share their charism of unity and reconciliation.

The Sisters of St Francis of Philadelphia have ten companions in the diocese who meet regularly to share faith and give witness to the Gospel through prayer and good works.

There are two active Secular Franciscan Fraternities who give witness to living the Gospel after the example of St. Francis of Assisi within their secular environs. St. Patrick Fraternity has nineteen professed members and two in formation. San Damiano had twenty-seven professed members.

9. **Houses of Formation/Administration:**

Formation Communities:

- Benedictine Sisters
- The Capuchin Poor Clare Nuns
- Oblate Sisters of St. Francis de Sales
- Capuchin Pre-novitiate Program (men's interprovincial)
-

Congregational Administration:

- Oblates of St. Francis de Sales
  (one religious congregation of women and one of men)
- Benedictine Sisters
- Norbertines – Canons Regular of Premontre

B. DESCRIPTION

1. The commitment and apostolic witness of religious life is an intrinsic part of the ministry of the Church of Wilmington. Religious are visibly present in every area of the diocese, serving according to their charism in a variety of ministries, including education, parish ministry and health-related services. Nine religious serve in ministries that care for the migrant and rural poor; about thirteen serve the urban poor, the homeless and disenfranchised.

   The Oblate Sisters and the OFM Caps have two/five members in formation. Over the past five years, the role of the Delegate for Religious has become a part-time position.

   The Director of the Diocesan Vocation Office works primarily with the vocations to priesthood. The Director of the Office for Religious re-established a Vocation Task Force to focus on vocations to the religious life. It is in its initial stages.

2. The prayer, community life, ministries and simple lifestyle of the religious women and men who serve this diocese witnesses to the Gospel and to the fidelity of these religious to their charism. As far as can be attested, the observance of the directives of the Code of Canon Law are followed. These religious women and men proclaim the Gospel both through their consecrated life and their dedicated apostolic service and evangelical life.

3. The Council of Religious represents all women and men religious of the diocese. Their function is to advise the Bishop as needed and or when consulted by the Bishop or his representatives; to plan and carry out social,

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educational, and spiritual activities for religious. The Delegate for Religious communicates with religious through visits and letters. The Bishop meets yearly at gatherings to which all religious of the diocese are invited. Most recently, the topic of housing, in light of shifting numbers and parish facility needs, was discussed. These meetings are well attended and provide an opportunity for healthy on-going communication. The Bishop hosts yearly meetings with Major Superiors and diocesan leadership to engage collaboratively any topics of mutual concern. Religious serve on many Boards and Commissions in the diocese including the Catholic Board of Education, the Pastoral Council and the Women's Commission.

4. Answered above

5. Religious in this diocese know first hand the support and encouragement of the local ordinary through his visible presence both at meetings designed for them and through his presence and care for the people of the local church. Not only has he articulated his support for religious, but has personally welcomed their dialogue on matters of mutual concern, especially the pastoral care of those served. The presence of the Delegate for Religious is also a witness of the Bishop's pastoral care for religious. Religious who work with the poor express their gratitude to the Bishop for the on-going diocesan commitment to the "poor and invisible" through the financial support that enables religious to be present in these ministries.

IX

MISSIONARY COOPERATION

IX. MISSIONARY COOPERATION

A. Statistics

1. None at present.

2. There are Maryknoll Sisters, Jenny Brook and Mary Reese

3. None. We do have several priests from India, Fr. Narimattam and Fr. Kandathiparampil, who are incardinated. Fr. Johnny Laura Lazo from Peru, Fr. Cesar Augusto Gomez from Colombia and Fr. Maximo Clemente, OP from Peru are engaged in Hispanic Ministry. Fr. Peter Lee Hae is engaged in Korean Ministry.

4.

	1998	1999	2000	2001	2002
SPF	$66,459	$388,746	$150,840	$1,113,706	$122,124
HCA	11,743	18,649	15,116	7,436	8,671
St. Peter the Apostle	8,066	9,129	10,072	7,239	5,885
ABCM	24,024	8,499	-	-	-

Above totals are for the calendar years indicated. Holy Childhood Association is remitted as of the end of the fiscal year. The American Bishops were no longer remitted separately but included with the SPOF remittance as of 2000.

B. Description

In the Diocese of Wilmington major education and support work is carried on by the Society for the Propagation of the Faith and the Holy Childhood Association. The Director is Rev. John P. Klevence. This position is presently a part time position for the Director.

1. Evangelization is recognized as the essential mission of the Church and, at the same time, the most precious gift the Church can offer to all people and nations.

In studying this theme and the missionary activity of the Church, the necessity of carrying out the work of evangelization, not only with respect to the true cultural values of the life of each nation and even of each person, but also the necessity of incarnating in them the vital and supreme values of Christian message, has been

emphasized in the Diocese. Yet the consideration of these elements of enculturation of the Christian message must not detract attention from the primordial element of the content of evangelization.

World Mission Sunday is celebrated on the fourth Sunday of October each year. This Sunday is dedicated to the Missions and World Missions are stressed in the homily to the people. The outlines of the homily and suggestions are sent to all the parishes in ample time for the priests' preparation. Letters are also sent encouraging priests in their efforts for the missions. A number of schools in the Diocese, both elementary and high have a World Mission Day each year. Missionaries are invited to speak to the students concerning mission work and their own particular congregations and orders in respect to vocations. The children of the parishes are encouraged by their teachings through the Holy Childhood Association to work for the missions through prayers and sacrifices using their own original ideas in their work. There is an annual mail solicitation for the Society of St. Peter the Apostle in the month of June.

When the Holy Childhood Director or his representatives visits parishes and schools to stimulate interest in the missions among the students they speak of the missionaries from our Diocese and encourage young people to become interested in mission vocations.

A course on the theology of the missions is incorporated into the curriculum of the parochial school system. Confraternity of Christian Doctrine/Religious Education programs have not as yet incorporated a mission course in the teaching of theology. However, the Director of Religious Education, Mr. Edmund Gordon, reports that teachers use materials they receive from the Holy Childhood Association. It is felt this Holy Childhood material is based on the theology of the missions and the teachers find it very practical and helpful. Mr. Gordon has stated these materials have been among the best teaching materials that have passed through his office.

Catholic Relief Services also has an annual collection called Operation Rice Bowl to which the diocese is a participant. Seventy five percent of the amount collected goes to the foreign countries. Twenty five percent stays in the diocese to help the needy. This collection is taken up during the season of Lent. Families are urged to keep mite boxes in the home to receive daily or weekly sacrificial offerings from members. Total family offerings are turned into the parish on Palm Sunday and forwarded to the diocese. This program helps create an awareness of Third World needs which indirectly raises consciousness of mission needs.

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The priests and permanent deacons of individual parishes speak on the missions and encourage membership in the Society for the Propagation of the Faith on an annual basis. The pastor chooses the weekend he deems most suitable for the appeal to be made in his parish, and the diocesan office sends out appropriate promotional appeal.

The Society for the Propagation of the Faith and Holy Childhood Association sends stipends for masses to needy missionaries in addition to voluntary contributions to missionary organizations.

2. Each year missionaries from approximately fifteen mission communities are given the opportunity to make an appeal in the parishes of the Diocese for their work. Offerings of the people they receive go directly to their Provincialate or Generalates. In the past the Mission Office has been responsible for encouraging a number of young people to volunteer for the lay apostolate. Several have gone to the Appalachians missions of our country to work for the time they would spend on the missions. Another group has gone to work among Indians in the Diocese of Gallup, New Mexico and a number have requested information on lay volunteers for the foreign missions though we do not at present have any lay missionaries serving in Third World Countries. In recent years there were two lay women who served for six months each with Mother Teresa's Missionaries of Charity in Calcutta.

3. One parish, St. Francis de Sales in Salisbury, Maryland, has twinned with a parish in Central America. Correspondence flows back and forth. The pastors and small groups of parishioners have visited each other. Periodic collections from the diocesan parish in the USA are sent to the mission parish.

The Diocesan Committee for the Millennium had a sub committee on Ecumenism and Missions which considered the diocesan sponsorship of a mission diocese as greater encouragement to parishes to involve themselves with parishes in mission lands. The sub committee favored a diocese in Central America from which the Diocese of Wilmington receives a large number of immigrants. This recently came to fruition with a covenant being signed between the Diocese of Wilmington and the Diocese of San Marcos, Guatemala. As the covenant continued to be developed all parishes of the Diocese will be asked to be working participants in the covenant.

X

THE LAITY

X. LAITY

A. Statistics

1. Identity of public lay associations in the diocese.

Local	National	International
Delaware Right to Life	Catholic Daughters of America	Legion of Mary
Delaware Marian Movement	Knights of Columbus in 55 Councils	St. Vincent de Paul Society
Delaware Citizens for Life	Daughters of Isabella	Blue Army
St. Thomas More Society	Engaged Encounter	Apostleship of Prayer
	Cursillo	Charismatic Renewal
		World Wide Marriage Encounter
		Secular Franciscans
		Secular Carmelites
		Alliance of the Two Hearts

2. Free Associations

Local	National	International
Delaware Citizens for Life	Christians United in Faith	Holy Name Society
Pacem in Terris		
Delaware Pro Life Coalition		

3. Church Associated Organizations for Formation of Youth

Catholic Youth Ministry (45 parishes), Boy Scouts (21 parishes), Girl Scouts (15 parishes). All parishes have religious education programs for youth. Several parishes have organizations for young adults.

4. Institutes for Formation of Laity

- St. Joseph's-in-the-Hills, Malvern, PA though not in the diocese the local unit organizes an annual retreat with 300 men led by two priests of the diocese the last weekend of April.
- St. Francis Renewal Center, 1901 Prior Road, Wilmington offers weekend retreats for laymen and laywomen.
- Oblates of St. Francis de Sales, Childs, MD hosts lay people on weekends and in the evening for classes in spirituality of St. Francis de Sales, Marriage Encounter (monthly)
- Berg Center, Ridgely, MD is a facility for weekend and weekly retreats
- Jesus House Prayer and Renewal Center
- Neumann College – Spiritual Training Program

Lay persons who exercise ministries in the Church such as a lector, commentator, musicians, Ministers of Holy Communion, catechists and teachers in elementary and high schools all have required courses to be taken under diocesan auspices. The Social Ministry of Catholic Charities has "Salt and Light" workshops to assist in training for social ministry.

5. All groups listed above under #1 have priests or deacons appointed as chaplains or moderators: liaisons with the diocese by the Bishop. The various groups may make suggestions for a particular priest or deacon when a vacancy occurs, but the actual appointment is made by the Bishop. The priest or deacon is chosen based on his qualifications, interest in the apostolate, and willingness to serve. No one is appointed by the Bishop without contact in advance. About 75 priests, deacons and religious serve the spiritual needs of these groups while continuing regular service in parishes, diocesan offices, schools and other diocesan organizations. No one chaplain, moderator or deacon is full time.

6. **Laymen and laywomen who exercise ministries**
   Pastoral Associates - 10
   Ministers of Holy Communion in the Liturgy and to the Sick – 4,452
   Lectors - 1,466
   Teachers - 1,368

B. Description

1. Laity in the parishes of the diocese are organized along lines suggested by Vatican Council II and the 1983 Code of Canon Law. The Parish Council and Finance Council are the channels by which the laity advise the pastor of their needs and implement his suggestions, their own initiated programs as well as programs directed from the diocesan or national level. The Parish Council is seen as the coordinating and unifying structure of the parish communal commitment to and maximal participation in the total life of the parish by all of its members. The Council is a body of elected and appointed representatives (by the pastor) from the whole parish community and serves as the means for communication, cooperation and spiritual growth. Although advisory in nature, the Parish Council's mission is to work with the pastor, his associate priests and deacons in planning, encouraging, guiding, advising and directing all aspects of parish life. In living out its mission, the Council is called to assist the pastor in defining parish needs, formulating appropriate policy and goals based upon identified needs and monitoring and evaluating the programs of the parish to meet those needs. All parishes have such councils.

In order to assist the Parish Council in fulfilling its role, permanent committees established within the Council include Christian Formation (Catholic School, Religious Education, Vocations, RCIA); Liturgy; Social Concerns (Ecumenical,

Peace and Justice, Pro Life); Building and Maintenance; Parish and Family Life (social affairs, communications, youth activities).

The pastor presides over the Council which has a lay executive officer. Each parish is also required to have a Finance Council with a separate executive officer. The diocese has issued guidelines to promote an efficient relationship between these two councils and updated them as recently as March, 1992.

On the diocesan level, there is a Pastoral Council which advises the Bishop in much the same manner as Parish Councils advise pastors of a parish. Total membership is 15 - 3 diocesan priests, 2 religious, 8 lay members, 1 delegate of the ordinary. It is a representative body reflecting the cultural, ethnic and financial groups in the diocese. Bishop Saltarelli added a youth representative to the Council when he came to the diocese and appointed the present youth representative as co-executive officer with an adult. This appointment received national attention in the media.

2. The Catholic laity are active in politics in the cities and counties of the two states that make up the diocese, and on the national level. In the city council, depending on the areas of the city where Catholics are located there will be council members elected. Wilmington, for example, has Catholic African Americans and an Hispanic on City Council. On the county and state level the Catholics are in positions of importance whether elected or appointed. A Catholic is a judge on the Supreme Court of the State. There are Catholics sitting as judges on other levels of courts but, admittedly, in the minority. On the national level there is a Catholic in Congress. On specific issues they will support to an extent church related issues but realizing they cannot depend on a Catholic vote alone to elect them they will espouse legislation that will win the votes. The St. Thomas More Society is an organization of Catholic lawyers and judges which conducts a yearly Mass and several lectures on topics touching Church teachings for its members. We are in the process of forming a St. Luke's Society for Catholic doctors. There are no institutes of Catholics of higher learning in the diocese but Catholics, again in a minority, hold positions of significance in certain institutions.

The Catholic High Schools have quality music and art programs which produce students who do go on to college and careers in these fields.

Through the work of Catholic Charities, Ministry of Caring, Delaware Citizens Against the Death Penalty, Right to Life Organizations and *The Dialog*, Catholics and others are made aware of the Church's social doctrine and are solicited for assistance in lobbying legislators on all levels when issues of importance come up.

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3. The Bishop also takes an active role in many other organizations that are largely lay directed even if they have their own clerical moderators. The Bishop, for example, attends meetings of the Knights of Columbus, the Third Order of St. Francis, the St. Vincent de Paul Society, Cursillo groups, Blue Army and is indeed considered a member of such groups. The Bishop has personally met and dialogued at intervals with young people through the sponsorship of the Catholic Youth Organization. He also takes an active interest in the Newman Apostolate at the University of Delaware. He encourages directly through meetings with leaders and through the Family Life Bureau the World Wide Marriage Encounter and the Engaged Encounter. The Charismatic Renewal Movement has twenty five prayer groups in the diocese with three hundred people participating. The movement is clergy directed. Through the Office for Religious Education courses in theology, both dogma and moral, holy scripture, liturgy and catechesis are conducted for catechists. Though designed mainly for training catechists, these courses are open to all persons in the diocese. Parishes, especially during Lent and Advent, sponsor renewal weeks with special informational programs and liturgical celebrations. Sacramental preparation programs for Baptism, First Communion, Reconciliation and Confirmation are also given the parents of candidates and are seen as opportunity for them to grow in the knowledge of the faith and to renew themselves spiritually.

4. For each committee of the Parish Council there is a diocesan office which can offer literature or training sessions which enables those on the parish level to take part in apostolic action, ecumenical activities, and liturgical endeavors.

The Liturgical Commission is a group of religious, laypersons and clergy (both priests and deacons) who advise the Bishop on educational programs for renewing and enriching Christian liturgical life. The Commission sponsors special formation programs annually to assist the laity in developing a deeper appreciation for the Sacred Liturgy and in providing for fuller participation in such areas as readers of Holy Scripture, leaders of song, special ministers of communion. It arranges for the liturgical rites of the RCIA on the diocesan level and provides training for those implementing rites of a parish level.

The Diocese of Wilmington is largely a diocese of parishes, elementary and secondary schools, a hospital and child care facilities. There are no institutions of higher learning sponsored by the church. Priests and religious who are assigned to the diocese basically do parochial and educational work. In more recent years, many administrative positions previously held by priests have been assumed by qualified laypersons; for example, the Director of Catholic Charities, the Director of Religious Education, the Director of the Family Life Bureau. Qualified clergymen for the full time work in the formation of the laity are difficult to come by.

The diocese does, however, possess a talented group of laypersons in a variety of professional fields who donate much time, energy, expertise and financial assistance in providing aid and advice, i.e. finance, administration, organization, the development of senior citizen facilities, the Board of Education, the Board of Catholic Cemeteries, the Board of Catholic Ministry to the Elderly, etc.

In order to make women's gifts available to the people to God of the Diocese of Wilmington, the Bishop has mandated the establishment of a Women's Commission. The group is consultative and advisory to the Bishop on issues concerning women and will facilitate the contribution of women at all levels of diocesan life.

The Diocese of Wilmington has consistently encouraged the active participation of women in all areas of parish and diocesan life in ministry currently approved by church law, i.e., lectors, commentators, Special Ministers of Communion, catechists, school teachers, social workers and visitors to the sick, etc. Several hold diocesan positions, i.e. Superintendent of Schools, Director for the Religious, Diocesan Development Director and Director of the Annual Catholic Appeal. In the Catholic Charities department the Deputy Director and Director Children's Services, Clinical Services, Community and Family Support Services, Development and Parish Social Ministry are all women. Women also serve on the Pastoral Council, Board of Education, Catholic Charities Board, parish councils. In accordance with civil laws of incorporation of parishes and institutions in Delaware and Maryland they may also be elected trustees and frequently are.

Our Department of Communications is under the capable direction of a layman whose expertise is respected in the community at large. He has been asked to serve on various community groups and his suggestions have been well received on the national level of our church. Bishop Saltarelli has asked him to lead the effort to establish a local chapter of the National Serra Club, a lay group which promotes vocation and the priesthood and religious life. Laypersons direct Catholic Charities and enjoy the high regard of the community at large. Catholic Charities fulfills certain functions of family and child care that not even the State handles in addition to specialized attention to Catholic families.

The diocese does recruit religious from other dioceses and countries for specialized ministry, i.e. Polish, Spanish speaking, Korean and migrant work. Laypersons from other diocese are recruited to work with migrant laborers during the summer in the lower part of the State of Delaware and along the Eastern Shore of the State of Maryland. An office has recently been set up with a lay paid and volunteer staff to assist in the regularization of the status of illegal aliens in the diocese many of whom are Catholics who come here first as migrant workers and then settle.

The diocese continues to promote the goals and purposes of the Black and Hispanic communities.

The Franciscans from the Holy Name Province of New York City, New York staff St. Joseph Parish, the traditional parish in the City of Wilmington for blacks. The diocese has assisted with the organization of a diocesan black gospel choir. Through an endorsement to the Campaign for Human Development the diocese has gotten a national grant to help Wilmington United Neighborhood Organization which seeks grass roots organizations in the inner city to better conditions there. It is the inner city where the large black population lives. Through grants it endorses from the Commission for Catholic Missions Among the Colored People and Indians, the diocese has received approximately $38,000 a year for the last five years to help inner city parishes with tuition assistance for school children who could not otherwise attend Catholic schools, outreach programs and crisis assistance to poor blacks in rural areas.

The diocese sponsored delegates to the Black Catholic Congress previously and sent 24 delegates to the National Black Catholic Congress in Chicago in 2002. This was the largest delegation ever to attend from Wilmington. Bishop Saltarelli personally attended the sessions and the dedication of the new chapel in the National Shrine of the Immaculate Conception in Washington, DC to Our Lady of Africa along with numerous other American archbishops and bishops. The delegates returning from the convention plan to bring evangelization programs to the areas of the diocese where there are concentrations of black citizens. A diocesan office for black Catholics has been established with a Director and Assistant Director. Implementation of the 8 principles adopted at the Chicago Congress are underway with various sub-committees.

Diocesan interest and activity in the Hispanic community is mentioned in the section on Pastoral Care of Migrants and Immigrants.

5. Lay associations connected with the church entitled to have chaplains receive them by Episcopal appointment based on individual merit and qualifications. The organization may suggest possible names for their chaplain but the Bishop makes the appointment which is published in the diocesan newspaper. If their constitution allows, permanent deacons and lay persons judged qualified (while not officially chaplains) may be designated as diocesan liaisons to the organization. With the shortage of priests and their obligations to the parish or diocesan office assignment, it is not always possible today to provide priests as chaplains though priests are provided when the religious events require their presence.

XI

ECUMENISM

XI ECUMENISM

A. Statistics

January 1, 1998	December 31, 2003
African Methodist Episcopal	African Methodist Episcopal - DE
African Methodist Episcopal Zion	African Methodist Episcopal Zion
Anglican	Anglican
Apostolic	Apostolic
Assembly of God	Assembly of God
Southern Baptist	Southern Baptist
National Baptist	National Baptist
Charismatic	Charismatic
Charismatic Episcopal Church	Christian Scientists
Christian Scientists	Eastern Orthodox
Christian Disciples of Christ	Church of Christ
Church of Christ	Church of God
Church of God	Baptist - Free Will
Eastern Orthodox	Eastern Orthodox
Episcopal-DE	Episcopal - DE
Evangelical	Evangelical
Friends	Friends
Holiness	Holiness
Lutheran Church	Lutheran Church
Lutheran Church Missouri Synod	Lutheran Church Missouri Synod
Lutheran Church Wisconsin Synod	Lutheran Church Wisconsin Synod
Methodist – DE and MD	Methodist - DE and MD
Nazarene	Nazarene
Nondenominational	Nondenominational
Orthodox	Orthodox
Pentecostal	Pentecostal
Presbyterian	Presbyterian
Salvation Army	Salvation Army
Seventh Day Adventists	Seventh Day Adventists
Wesleyan	Wesleyan

The Diocese of Wilmington consisting of the State of Delaware (3 counties) and the Eastern Shore of Maryland (9 counties) has a total population in 2003 of 1,215,685. Catholics made up 220,000 or 18% of the total population. Those of other religions number approximately 42% or 510,588. The number of the unchurched therefore would be 486,274 or 40%.

The mainline Protestant denominations, i.e. the Methodist, Presbyterian, Lutheran and Episcopalian continue to speak of fall off in church and Sunday School attendance. Indeed, while the number of Catholics continue to increase in the USA and diocese, the fidelity to weekly Mass attendance is not as strong a formerly though our attendance records remain stronger than for members of their denominations. The Baptist continues to be a growing group as does other fundamentalist groups like Pentecostal, Assembly of God, Christian Missionary Alliance, Seventh Day Adventist and Charismatic groups. These groups emphasize the Bible activity proselytizing particularly among the less affluent and are a constant concern to us because of their presence in the Hispanic community.

The Episcopal Church is experiencing tension over ordination of women, ordination of diverse bishops and now a bishop who is an active homosexual. A dissident jurisdiction of the Episcopal church continues to have a functioning bishop in Easton, Maryland who actively recruits Hispanics.

The diocese has received some inquiries from Episcopal married priests for conversion and ordination as Catholic priests but have not actively processed any. We do have a married Lutheran priest whom we have accepted for seminary training for ordination.

Our relations with the other denominations remain cordial but not much is done on the diocesan level together. An organized structure has been different for several years. On the parish level there is cooperation among individual parishes in food closets and social programs. The only prayer sharing takes place at Thanksgiving and the Unity Octave in January.

There is no active group of followers of Archbishop Lefebrve in the diocese. We do provide a weekly Mass in Latin at a downtown Wilmington church and in the State Capitol in Dover once a month in the Tridentine Rite.

B. Description

1. The Catholic Church is recognized as a significant force in the civic and religious community of the territory covered by the Diocese. This is true more in the northern part of the Diocese than in the southern part and in Delaware more than on the Eastern Shore. The Church is in fact considered to be a key participant in many social endeavors even of a non-denominational nature. The Diocese is looked to for its moral leadership, organizational expertise and financial backing.

An example of the respect with which the Church is held Bishop Mulvee upon leaving the Diocese to become coadjutor of Providence was asked to address both houses of the State Legislature and received the Order of the State of Delaware from the Governor - this is the highest award the State can give.

DOW 03007

Bishop Saltarelli has been well received by the civil and religious community. His first public statement after installation was in opposition to the death penalty on the occasion of a local execution for which he was commended by other civic and religious leaders regardless of whether they supported his position or not.

The former and present bishops have been asked to attend installations of other denominational executives. They have been asked to pray at public functions, i.e., Chamber of Commerce Dinners.

While not directly sponsored by the Diocese, the Knights of Columbus, a Catholic organization has been able for a number of years to place a Christmas Crib in the town square of Wilmington during the Christmas Season with the approval of local church and civil authorities. Such an event has been challenged elsewhere in the country as the forces in society continually try to remove Christ from the Christmas Holiday.

In general, the cooperation between the various churches has been good. Certain issues such as abortion (Catholic), gambling (Methodist), state approval of homosexual unions (Episcopal) have not led to a consensus, but neither have they destroyed a working relationship in areas where we can agree such as on social needs. A significant recent inter-faith venture in providing housing for the needy which is a multi-million dollar effort has received diocesan support in both Delaware and the Eastern Shore of Maryland. Interfaith Housing Delaware just celebrated its 17th anniversary.

2. The largest national organization to promote Christian unity is the National Conference of Community and Justice, formerly the National Conference of Christians and Jews. The Diocese has both clergy and lay representatives in the local chapter of this national organization which addresses common concerns in the areas of racial and religious prejudice and social concerns. A clergy dialogue group meets monthly. Topics of Theological Scripture and Pastoral Concerns are discussed from an ecumenical point of view.

Two awards dinners are held annually, one in the Spring and one in the Fall, to honor individuals who have made contributions in accord with the group goals. There is usually a Catholic honored periodically. On occasion the diocese has restricted its participation when one of the honorees has taken positions inconsistent with the Church.

There is an organization denominational executives of the major Christian and non-Christian bodies. It meets 4 times a year with a rotating chairman. Problems of mutual concern are discussed and where possible mutual support is given. The group is able to make statements if all agree. Bishop Saltarelli's pastoral statement against the death penalty was supported by the group.

DOW 03008

The Vicar General for Pastoral Services serves as ecumenical officer. He maintains membership in the National Association of Ecumenical Officers-Episcopal Region IV. An annual meeting of the group is held in a different diocese of the region to exchange information on ecumenical activities. committee. The Diocese has continuously maintained official and cordial relations with other churches and groups on several levels.

At the beginning of the quinquennium, Clergy for Life had monthly meetings, a newsletter and periodic worship services to educate and give moral support to clergy of all faiths as they preach and witness the pro-life message to their congregations. However, outside the Catholic Church, very few religious bodies in the USA are officially pro life. Therefore, clergy of these churches who are pro life have difficulty preaching a pro life message in the face of church leaders and members of their congregations who are pro choice. To be pro life in some denominations jeopardizes one's job as pastor. The organization now meets on call rather than regularly because it has so few members.

3. Inter-parish Ecumenical Organizations...A survey of parishes shows that 29 belong to groupings of churches in the communities where they are located. In these groupings, clergy meet separately and with laity. These groups sponsor ecumenical services, i.e., Thanksgiving, Chair of Unity Octave and Good Friday and food closets for the poor among other projects. Bishop Saltarelli has been invited to speak at churches of our separated brethren.

Covenant relationships still exist between two Catholic parishes and two Episcopal churches and between one Catholic parish and one Methodist church. These are arrangements for common prayer, (within approved ecumenical guidelines), on-going study of each other's traditional community concern and social enrichment.

4. Both Catholic and non-Christian immigrants come annually to work within the two state, twelve county Diocese of Wilmington. The Diocese reaches out in a special way to them to counteract the strong activities of small fundamental church groups. Catholics come from Puerto Rico, Mexico, Guatemala seeking work on farms, the poultry industry and landscape and janitorial services some temporarily and some permanently. Recently, we have experienced an influx of a number of Haitians whose religion is nominally Catholic.

XII

OTHER RELIGIONS

XII. OTHER RELIGIONS

A. Statistics

Throughout the quinquennium, the different religions other than Christianity in the diocese remains about the same. There are Jewish, Muslims, Hindus, Baha'i, Buddhist, Native Americans and Eckankar adherents.

Except for Judaism, non-Christian religions are not highly organized in the State of Delaware and Maryland's Eastern Shore. Indeed it is difficult to get exact figures in their number of adherents.

On Maryland's Eastern Shore there are substantial Synagogues in Salisbury and Easton.

The Muslim faith is in evidence among the people of African American descent. It has a particular attraction to those of the poorer classes.

Immigrants from India have brought Hinduism to the diocese. These people are both highly educated and are professionals in business and industry and also among shopkeepers.

Since there are a number of Chinese and Japanese people here, we must presume the existence of Buddhism and Shinto. However, these religions are not openly practiced in an organized way.

Native Americans are in evidence. The State of Delaware recognizes the Nanticoke Indian Tribe which has an annual pow-wow and a museum in the southern part of the State of Delaware.

Eckankar is a faith which has appeared in the diocese within the last 20 years. It is supposedly worldwide but has only 25 to 50 people who openly practice it since church attendance is not mandatory. It is a mixture of Eastern and Western beliefs. Its founder in the United States is Paul Twitchel, the former U.S. Chamber of Commerce public relations director. It dates from 1965. Its national headquarters are in Chanhassen, Minnesota.

B. Description

1. The Jewish presence is strongest in the greater Wilmington area. Their leaders are concerned about an aging population, a low fertility rate, a high rate of inter-marriage, high socio-economic status and lower levels of participation in the Jewish community by the Jews themselves.

There are a few parishes - not as many as formerly - who invite members of the Jewish faith in to give instructions about the Seder meal as background to young people and adults in preparation for Catholics to celebrate the Triduum.

There has been a noticeable increase in the marriage of Catholics and Jews - generally Catholic women marrying Jewish men. This is a matter of concern more to the Jews than to the Catholics. These are effected by observing proper rules for the Dispensation from Disparity of Cult and Dispensation from Canonical Form which allows the Rabbi to officiate outside a sacred place, and a priest or deacon simply to attend to offer a prayer or blessing. In these cases the Jewish spouse is usually non practicing. Indeed, he is more a cultural than a religious Jew. It is the parents and grandparents who are pleased that a Rabbi can be present.

To show the disapproval of the Jewish community, Rabbi who are active members of local synagogues refuse to officiate or participate in such ceremonies. The Rabbis who come are generally retired or not affiliated with any congregation. Although inactive, the Jewish spouses while consenting to the Catholic party raising children Catholic do not show any interest in conversion.

The Ku Klux Klan has appeared on a number of public occasions in both New Castle County and Cecil County with its doctrine of bigotry, racism and hate of Catholic, Jews and Blacks. All Christian churches and civil officials oppose the Klan. No significant support comes from the rallies.

2. The largest evidence of other religions practiced in the diocese comes at Thanksgiving time when there is an ecumenical interfaith service in Wilmington sponsored by the NCCJ (National Conference of Community and Justice. The members of various groups participate. The service is given wide publicity in the media.

There is really no official contact with other groups. Black Muslims are divided in loyalty between the followers of Elijah Mohammed and Louis Farrakhan. He is the leader of the Nation of Islam who preaches racial separation and W. Deen Mohammed who visited Wilmington during 1997 and is known for rejecting racial separatism. The latter was warmly received by Catholic and other Christian Church leaders. As the Catholic Priest Chaplains to the Apostolate to the Sea for the Port of Wilmington and the Delaware Psychiatric Center both priests have alerted the local Imam of the Muslim Center of Delaware of the occasional Muslim sailors who come to the Port and the occasional patient in the hospital for his attention of which he is most appreciative.

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The Mormons though small are active in proselytism among Caucasian people including Catholics. The Black Muslims who are followers of Farrakhan would be most aggressive in the black community. The other groups listed above present no real threat to the Church.

There does not seem to be any recognizable group of non believers in the diocese though according to the Glenmary Research Center, over 43% of the people in the territory of the diocese are unchurched. It seems to be a question of apathy and total secularization.

Many in the USA today see the New Age Movement with its emphasis on a personal religious experience rather than a group and cooperative experience is a continuing challenge to the Church. However, while there may be some Catholics in the diocese who have succumbed to its influence along with those of other Christian faiths, there seems to be no local organized group that represents this movement.

Asian immigrants tend to be well educated on the one hand which assures them of jobs and if less well educated they are very industrious and become shop owners. The medical profession and engineering profession has representative numbers of Indians. Their religious practice is questionable.

Immigrants from foreign countries of these religious other than Judaism who find their way to the territory of the diocese may face prejudice because of skin color and job opportunities. The church wishes all immigrants to be welcomed and would oppose any semblance of discrimination publicly. There is no present effort to enter religious dialogue and again cooperation would be through the efforts of the NCCJ.

3. The Clergy Dialogue Group sponsored by the NCCJ would be the major source for inter-religious dialogue. The diocesan seminarians would be exposed to different faiths through the curriculum of the seminaries outside the diocese in which they are trained. All of these seminaries are in major metropolitan areas where the different faiths are representative.

4. The Hare Krishna and Moonies which we classify as sects or cults seem to be a waning attraction for people within the diocese. The Moonies do maintain an address and a somewhat visible presence in Wilmington. Their effort to join the NCCJ was repulsed by its leadership.

DOW 03013

XIII

PASTORAL CARE OF THE FAMILY

XIII. PASTORAL CARE OF THE FAMILY

A. Statistics	1998	2003
1. Attacks on human life within the boundaries of the diocese:		
Live births (Delaware and Maryland's Eastern Shore)	11,000	11,000
Abortions	3,400	4,100
In Vitro Fertilization	n/a	n/a
Euthanasia (Physician Assisted Suicide)	0	0
Physician assisted suicide/euthanasia is against the law in the State of Delaware. Efforts are presently underway that would prohibit physician assisted suicide being made into law in the State of Maryland.		
Attacks on the family within the boundaries of the diocese:		
Total marriages	5,425	5,300
Cohabitation	35-40%	18,000
In rural areas of the diocese the rate is higher perhaps as high as 70-80% than in the more populated urban/ city areas.		
Total Households	192,000	299,000
Single parent families (households)	24,000	27,000
Divorce	3.580	61,000
Homosexual unions	n/a	n/a
Birthrate	n/a	60 per 1,000 women aged 15-44
2. Marital situation of the faithful in the diocese:		
Number of marriages	1,150	976
Number of separations/divorces	636	n/a
Civil marriages	n/a	n/a

Comments: The number and rate of divorces have a high correlation to: 1) age (teen marriages are far less stable than older couple marriages. Few Catholic teens marry in the Church); 2)faith-commitment (minimal liturgical practice, participation in other church related activities and sense of belonging on the part of either or both members of the couple; 3) mixed faith; and, 4) lack of adequate participation in marriage preparation programs.

3. Church sponsored pro-life organizations:

A. Diocesan Office of Pro-Life Activities - This office is involved in the following activities: Coordination of the efforts of the Diocesan Respect Life Committee and the Association of Parish Pro-Life Leaders; participation in the Diocesan Public Policy Committee; lobbying in the Delaware State General Assembly; and, chairing the Justice and Pro-Life Committee of the Maryland Catholic Conference.

B. Catholic Charities
Pregnancy Counseling
Adoption and Foster Care
Housing and support for teen moms and their children
Project Rachel (Professional counseling and support for those who have had abortions)

C. Gabriel Project - Spiritual, emotional and maternal help for women experiencing difficult, unwanted and/or problem pregnancies.

D. The Dialog - Diocesan newspaper. Though *The Dialog* is not a newspaper devoted exclusively to pro-life issues, it frequently contains articles and information about pro-life issues and activities.

E. Catholic Schools - Religious, theology and other classes in Catholic elementary and high schools provide students with a pro-life education.

Support for other pro-life efforts within the Diocese:

A. Birthright and other pregnancy centers provide pregnancy testing, material help and referral to appropriate agencies for pregnant women.

B. Bayard House for pregnant women.

C. Delaware Citizens for Life, Delaware Right to Life, Maryland Right to Life (pro-life education/advocacy groups)

D. Delaware Coalition for Life (a pro-life educational group).

There are no centers for bioethical studies and research in the diocese. Note: The Diocese sent a priest (while he was a seminarian) with a civil law background for a summer internship at the National Catholic Bioethics Center. This priest has given testimony at the Delaware Legislature on cloning and other bioethical issues.

(1) Education: Tens of thousands of persons have received pro-life education through *The Dialog*, homilies, various educational forums, distribution of pro-life material.

(2) Legislation in the last several years: 1) Required Notification of Parents of teens seeking abortions; 2) Official reporting of all abortions to State Office of Vital Statistics (for the first time this will give an accurate picture of the number of abortions in the State of Delaware; and, 3) Health Care Decisions Act, a law limiting the withdrawal of life support to patients with specified medical conditions.

4. Artificial Contraception: Artificial contraception is prevalent in the society and is used only somewhat less by Catholics than by the community at large. It has widespread acceptance and with the exception of the teachings of the Catholic Church, its morality is virtually unquestioned. There is a small group of Catholics who do use natural methods of family planning. These methods are receiving a renewed emphasis in the newly revised marriage preparation process. Recent studies by the USCCB to develop more proactive NFP programs in dioceses are currently under consideration.

B. Description

1. Cultural circumstances

Poverty and low income; unemployment; substandard housing; both parents working; care for elderly parents; inadequate day care; lack of health insurance; no fault divorce; high rate of out of wedlock births.

Legal and Social Policies

1. Welfare
2. Health care for many though not all poor families
3. Reasonably favorable adoption laws

Anti-life activities

1. Strong anti-life advocacy in state legislature
2. State abortion on demand policy
3. Capital punishment

Organization against human life within the diocese

1. Planned Parenthood
2. State Affiliate - National Organization for Women
3. Many other groups organized primarily for other reasons hold pro-choice/ pro-abortion positions

2. Pastoral Care of Families

In healthy, wholesome and holy marriages, couples are instructed by movements such as Marriage Encounter, marriage enrichment, and parenting programs conducted by Catholic Charities, various Catholic schools and parishes. Children receive a remote preparation for marriage and family living within their families. In schools and religious education programs, young people receive more formal and professional instructions in marriage and family life. In the year prior to marriage, engaged couples participate in immediate preparation for marriage. This process involves three states (one with professionals, one with priests/deacons, and one with married couples) over the course of one year. Professional and pastoral counseling is available to individuals, couples and families. Support groups exist for widowed and divorced persons as well as for singles.

Special Circumstances: Pastoral

1. Mixed marriage - The priest or deacon is to request and obtain a dispensation from the prescriptions of Canon 1086 from the local ordinary or his delegate before officiating at the wedding of a Catholic and an unbaptized person.

Permission of the local ordinary or his delegate is to be requested and obtained before a priest or deacon officiates at the wedding of either a Catholic and a baptized non-Catholic (cf. Canon 1124), or a Catholic and a former Catholic (cf. Canon 1071.4).

In either of the above circumstances the prescriptions of Canon 1125 regarding the promises are to be observed. Appropriate attention is to be given to the issues involved in marriages between persons of different religious affiliations.

2. Marriage of minors - Before consenting to witness a marriage when at least one of the parties is a minor, a priest or deacon must refer the matter to the local ordinary or his delegate.

3. Marriages when pregnancy is involved - When approached by a couple who is expecting a child, a priest or deacon should follow the general procedures for marriage preparation including procedures for other special circumstances that may apply, e.g., marriage of minors.

4. Marriages after a previous union - When one or both parties, regardless of religious affiliation, have had a prior union, the priest or deacon is to complete Form M-2 and must have proof that the prior union does not constitute an impediment to marriage (cf. Canon 1085). Proof is to be obtained before setting a date to marry and proceeding with marriage preparation. For a deceased spouse, proof consists of a death certificate. For

a former living spouse, proof consists of one of the following: 1) a decree nullity from an ecclesiastical tribunal; 2) a declaration of dissolution from the Holy See; or 3) a decree from a diocesan bishop permitting the invocation of the Pauline Privilege when the former spouse is living.

Moreover, permission from the bishop or his delegate must be obtained before proceeding with the marriage of anyone who has incurred obligations arising from a previous union (cf. Canon 1071.3). These obligations include possible financial support of a former partner and/or children and visitation/custody of one's children.

5. Convalidation of marriages - The convalidation of a couple's civilly recognized marriage necessary when at least one party was a Catholic at the time of the non-Catholic ceremony (cf. Canon 1160) is to be preceded by appropriate marriage preparation.

The one-year process is required if the couple has been married less than five years. When the couple has been married longer than five years and their relationship demonstrates the stability, commitment and fidelity characteristic of a matrimonial covenant, the priest or deacon is to determine what kind of preparation best meets the needs of the particular couple and adjust the kind of preparation and duration of the preparation period accordingly.

6. Cohabiting couples - When assessing maturity for marriage of a cohabiting couple who present themselves for marriage in the Church, the priest or deacon should consider their unique characteristics, needs and circumstances. When a couple will not separate, the priest or deacon is to encourage premarital chastity. He is to take great care in addressing the reasons underlying the couple's decision to cohabit before marriage. In addition, he is to focus on the personal and interpersonal issues which have a great potential for being overlooked by a couple who live together before marriage.

3. Activities on the part of the Church or of individuals or groups of Catholics for the defense of the family.

1. Legislation and public policy: lobbying directly for legislation that defends both the rights of individuals and families (e.g., health care, welfare, prohibition of abortion, physician assisted suicide, health care decisions that include family members when patient is incapable of making his/her own decisions, required marriage preparation, divorce adjustment and single parenting classes for those who divorce); assist Catholic groups to organize for the same purpose.

2. Influence on legislation and public opinion.

a) Legislation - some laws have been enacted

•Abortion - federal and state (DE) laws that prevent tax dollars from being used to pay for abortion in most instances, parental notification law enacted (DE).

•Welfare reform - some influence but still concerned about possible outcomes. Still too early to tell. (Maryland and Delaware)

•Health care - more poor children and families are being provided care.

•Health care decisions bill enacted into law - though not perfect, it is a far better bill than the one originally introduced into the Delaware General Assembly. Somewhat less influential on a similar bill in the State of Maryland. Close to enacting a ban on partial abortions in Delaware and at the federal level.

•Education of parents when they divorce (DE). Focus on well-being of children.

•Prohibition of same sex marriages in Delaware.

b) Public Opinion

•The biggest change is in the abortion debate. This change is somewhat favorable and is due to the efforts of many pro-life people most often led by the Catholic Church to have a law banning partial birth abortions banned.

There is a public interest in providing health care for poor pregnant women and poor families but it is not universal. There is a concern both about cost and government control.

There is a growing public concern about widespread divorce and its impact on children but the concern has not become sufficiently critical for any public policy changes.

•Initiative of diocesan agencies for transmitting Church teaching on sexual morality, marriage and respect for life.

• Bishop: Public statements, preaching, speaking engagements, lobbying.

- Parishes: Homilies, adult education programs, printed materials.
- Schools: Educational programs at elementary and high school levels.
- Religious Education Office: Parish programs.
- *The Dialog* (diocesan newspaper): Articles and editorials.
- Catholic Charities/Family Life Bureau: Educational programs, lobbying:
- Communications Office: Radio, TV and print media (enables personnel from many of the above-mentioned agencies and offices to appear on or get space in these various media.
- Clergy Education Committee: Education programs.
- Various diocesan agencies sometimes join in projects, i.e., Let's Talk and Let's Keep Talking, human sexuality programs for parents/pre-teens/teens sponsored by Catholic Charities/Family Life Bureau, Religious Education Office and St. Francis Hospital.
- Diocesan lobbyist and Maryland Catholic Conference: Lobby for bills that promote Catholic values and against those that promote values at variance with Catholic values.
- Diocesan Pro-Life Office: Education, coordinating of diocesan pro-life efforts, lobbying.
- Association of Parish Pro-Life Leaders: Education and lobbying.

4. Activities of pro-life organizations and movements in the diocese to:

A) <u>Protect the life of the Unborn.</u>

- Provision of direct assistance to pregnant mothers: medical care (Catholic hospital); pregnancy testing (pregnancy centers); housing (Bayard House, Casa); financial assistance, clothing, food, rent, etc.
- Prayer and fasting, spiritual adoptions
- Lobbying at both the federal and state levels
- Education: School groups, community groups, church groups, etc.

B) <u>Foster the dignity of motherhood</u>

- Blessings of mothers and mother to be
- Health care for pregnant mothers
- Flexible working schedules for mothers in some Catholic facilities
- Conscious efforts to create a respectful environment in Catholic institutions

C) Promote natural and morally licit methods of regulation of human fertility

- Natural Family Planning educational programs conducted by the Family Life Bureau

D) Provide for the spiritual and material assistance for the dying

- Provide a wide variety of both spiritual and material services for those living and dying with AIDS. (Prayer for and with PWA's, liturgies, spiritual direction, rent assistance, food, transportation, counseling, support groups, etc. by AIDS ministry).
- Education of clergy
- Provision of pastoral care and celebration of sacraments by priests and hospital chaplains.
- Provision of pastoral counseling by priests, deacons and other pastoral ministers.
- Provision of direct assistance by Parish Social Concerns Committee and parish outreach offices.

XIV

EVANGELIZATION OF CULTURE

XIV. EVANGELIZATION OF CULTURE

A. Statistical Note

There are no associations in the diocese whose primary purpose is the evangelization of culture. Rather, all diocesan offices as well as parishes are called to become increasingly aware of their responsibility through prayer, works and the witness of their lives for the transformation of our society.

B. Description

1. The Diocese of Wilmington is located on the Eastern Seaboard of the United States of America. It was colonized initially by European Americans. The earliest colonists in the 16th century to what is now the State of Delaware sailed up the Delaware Bay. They were Swedes. They were followed by Dutch, French and English. The Eastern Shore of Maryland was initially settled by English Catholic to be succeeded by English Protestants.

At both the beginning and the end of the quinquennium, the dominant culture would be European American representing influences by English, French, Irish, German, Polish, Italian. Hispanic influences the most rapidly growing representing immigrants of Puerto Rico, Mexico, Cuba, Guatemala, El Salvador and the islands of the Caribbean mostly Haiti. There are two Polish national parishes in Wilmington and an Italian national parish. One predominantly Irish parish in the last fifty years has become almost totally Hispanic. These immigrants both old and new have brought a Catholic or at least Christian culture to the area which makes up the northern part of the diocese. Indeed, through the earlier half of the 20th century, the Church has been appreciated for the schools and services to the poor, and its members have been present in many facets of public life.

There are African-Americans in significant numbers. These are Christians who are descendants of African immigrants and slaves freed during the Civil War. In recent years a number have been attracted to the Muslim faith. There are Jewish people, Asians (Koreans, Chinese, Vietnamese, Japanese) though smaller in numbers but influential.

Politically speaking, the leaders of the state and municipalities are largely European Americans though people of other cultures are making inroads into significant positions.

There are some political figures and especially some members of the media who are antagonistic towards the Church and the clergy. The Catholic Church has been the strongest credible voice opposed to sexual immorality and continues to witness to the indissolubility of marriage, the immorality of sex outside of marriage, the immorality of homosexual actions and the sacredness of human life. Some media personnel and some political leaders have branded the Church as intolerable and archaic.

The diocese has responded vigorously to the antagonism with reasoned offenses. The Church is not just condemning the evils of modern society. It's working to aid the poor, the widowed, the young and old, and adults, etc. Marriages are being saved. Young people's lives are being sanctified, sick and homebound people are being visited each day. It should be noted also that there has been positive media coverage of the Church and its activities. The leadership of the Catholic Church is recognized as making valuable contributions in the areas of morality, family life and spirituality. When the diocese issued new marriage guidelines calling for a year of preparation, the local newspaper in Wilmington in an editorial praised the Church for its work to promote healthy family life. Incidentally, the Guidelines received attention nationally with other dioceses requesting copies. Their presence was noted in Ireland and Germany.

2. Even though one might see European American culture as dominant it is no longer as perhaps could be said at one time Christian. Secularism and relativism pervade moral values. There is separation of Church and State so that religion does not get any financial support directly. Many people are un-churched and even hostile to values held by religious people.

There is divorce, single parent families, couples living together outside marriage, pornography, child abuse, lack of respect for human life of the unborn and the elderly. There is alcoholism and drug abuse, active homosexuality with AIDS and the consequences of HIV.

Unemployment in Delaware, according to a recent statistic, is just under 5%. However it can be said that those at the lowest rung of the social ladder are not benefiting by the expanding number of job opportunities. Skilled labor is what is in demand and not unskilled labor. The State of Delaware also had the best economy of the Middle Atlantic States Region because of the automobile, chemistry, and bank service industries.

As regards atheism, it is not organized but definitely many people can be called practical atheists.

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The diocese does not have seminaries or institutions of higher learning under its own jurisdiction, but in the schools where seminarians are trained for the diocese the setting is urban. Seminarians are made aware of the problems of society of the day. They are initiated into pastoral work largely among urban families in cities and suburbs. In the summer, placement during the theology years of study they are placed in supervisory experiences in the rural as well as urban life situations. It may also be noted that as the candidates for priesthood seem to be older, they bring with them a broad experience of the cultural life of the United States. Particularly, the permanent deacons in the latest class represent a broad spectrum of the community and include Hispanic and African American members.

3. The age in which we live in the United States promotes materialism and individualism at the expense of respecting compassion for those who lack material power. The diocese tries to nourish and sustain culture among the underprivileged in a variety of ways. The largest group of underprivileged are the Hispanics and the African Americans.

Primary among the efforts at evangelization is the celebration of the liturgy as a central element of the activity of the local church. In the Hispanic community in many parts of the diocese there are priests and sisters (admittedly not enough) who have Mass and provide religious services. Evangelization efforts among the Hispanics are: 3 Hispanic priests, 3 Hispanic deacons, 5 Anglos who are bilingual, 4 Hispanic sisters and 4 Anglo sisters who are bilingual. Catholic Charities also provides in the name of the Church important social service work.

The annual St. Martin DePorres Mass provides an opportunity for people of African American ethnic background through the American style of worship to celebrate their religious and cultural experience and witness it to other groups. The Black Gospel Choir now has European American members. There is also an annual celebration for Native Americans who have been recognized as an object of apostolate activity. A priest was appointed their chaplain.

There are three inner city schools in Wilmington which have large African American (and non-Catholic) and Hispanic enrollments. These schools give educational opportunities to people of other backgrounds that they would not have in the public schools. Tuition assisted programs exist which are funded by private donations, the diocese, and the Commission for Black Catholic Missions Among the Native Americans and the Colored People. In the southern part of the diocese the Church has funded a Latino and Migrant Program, Casa San Francisco, the Seton Center in Princess Anne and more recently the Hispanic Task Force to see what more can be done. Regularly, the diocese still has been unable to attract priestly vocations from the ethnic groups themselves.

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4. Recognizing evangelization is the essence of the Church's mission, the diocesan activity seeks to proclaim the Gospel through its parishes, its schools and institutions.

Regrettably, Sunday morning is still the most segregated time in the USA. Various races and cultures worship separately despite the fact that they may work together and go to school together. Housing patterns caused by economic diversity promote this to an extent, but more needs to be done to bring the various groups together.

An interesting program in the northern New Castle area where Wilmington is situated is the Emmanuel Dining Room run by the Ministry of Caring. Churches and synagogues take turns supplying not only food but church members as kitchen help and waiters to serve the poor and homeless in dining rooms that are attractive and well kept. This Ministry now 25 years old is well respected in the community and through a network of offices and institutions, helps the poor and unfortunate of all agencies. There is an employment agency, senior citizen facility, homes for homeless men and women, HIV/AIDS day care centers. The Ministry is served by a core of 6 Capuchin friars and many paid and volunteer lay people.

Because of the influence of the Black Catholic Congress and the Hispanic Pastoral Plan the diocese sees the challenges before us in celebrating the Millennium with renewed efforts at evangelization.

The 29 ecumenical ministerial associations to which parishes belong give Catholics an opportunity to share their faith with others and to work at sharing the faith in action with others of different faiths and ethnic backgrounds. Catholics have also joined with other groups protesting pornography, abortion, drugs and the gay rights agenda. Many are active in Alcoholics Anonymous and drug rehabilitation programs. Through the Rachel Project the Church also reaches out to those who have suffered abortion.

5. Popular religiosity has been described as an important guardian of culture, history and identity. It is not only a vehicle for evangelization in many disparate ethnic communities but also has functions as a forum to preserve what is good and noble in the heritage although admittedly also abetting the resistance to assimilation. Popular expressions of faith are celebrated voluntarily by many people. They are transmitted from generation to generation since they manifest the true identity and cultural soul of the people.

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During an average year the following ethnic celebrations can be cited:

January 16	Martin Luther King Day - African American
March 17	St. Patrick's Day - Irish
	Holy Week & Passover - Christian and Jewish
June	Greek Festival held on grounds of Holy Trinity Orthodox Church
	St. Hedwig's Festival - Polish
	St. Anthony's Festival - Italian
	St. Paul's - Puerto Rican
September	St. Andrew Kim - Korean
October	Octoberfest - German & Christian
	Columbus Day Festival - Italian
November	Thanksgiving - All American Faiths
December	Posadas - Hispanic
	Hanukkah - Jewish
	Christmas - Christian
	Kwanza - African American

Some of the events started out as secular or purely religious events proper to one group but have taken on ecumenical overtones and are positive forces for good in the community. In celebrating one tradition or identity there are opportunities to bring others of different persuasions or no persuasions together. Rich and poor, the educated and non educated, professional and blue collar, the old and the young mingle together. Other festivities start out secular and have developed religious overtones.

The diocese responds to the needs of the various groups for worship in other languages, i.e. Polish, Korean, Hispanic, Haitian. It recognizes in Hispanic culture religion is part of daily life. If the Catholic Church cannot provide the need they will turn to other churches and unfortunately many have. Yet the church recognizes the poor socio-economic condition of Hispanics and provides opportunities to insure Catholic school education wherever possible. While the diocese has tried to reach out, it realizes it has not been doing enough and there is an Hispanic Task Force with a paid director and advisory board studying how better the Church of Wilmington can minister to its Hispanic brothers and sisters.

For the Catholics of African descent, public displays of religion and popular devotion are very similar to those of non-Catholic African Americans which indeed is the dominant Black Catholic culture. African American spirituality is firmly based on the scriptures. Effective inculturation of the Gospel embraces the four major characters of the black spirituality: the contemplative, holistic, joyful and

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communitarian. The diocese has sent a representative delegation to the Black Catholic Congress. Twenty two attended the Congress in 2002 in Chicago with the Bishop. They have returned renewed in spirit to evangelize their neighbors. The staffing of the Black Catholic Ministry Office has been expanded to a lay director and an assistance with a goal to recover the lapsed Black Catholics and evangelize the unchurched.

From the title of the event, one can readily see how the ethnic groups that have been here since the turn of the century tried to preserve the tradition of their native lands. Americans of Italian, Polish, German, Irish descent continue to celebrate processions and devotions in behalf of the homeland patrons. The personal parish for the Polish has one Mass each weekend in the native tongue. The Italians have dropped Mass in their tongue. The Germans have an ecumenical service each year during the Octoberfest.

For people growing up in the USA the challenge is whether the practice of devotions or traditions of their ethnic heritage will continue as the children and grandchildren of immigrants adapt more and more to the cultures of the United States.

For the Church the challenge is how to preach the Gospel to the different groups by encouraging religious expressions that are theologically sound and cultural meaningful.

XV

SOCIAL COMMUNICATIONS

XV. SOCIAL COMMUNICATIONS

A. Statistics

1. At the present time, there are no Catholic publishing houses in the Diocese of Wilmington.

2. There are several Catholic book stores in the Diocese of Wilmington as well as non-denominational religious book stores which stock Catholic publishers. Most Catholics in the diocese are also able to purchase Catholic books and products online via the Internet.

3. The diocesan publication, *The Dialog*, has a weekly circulation of 54,000 households in Delaware and nine counties in the State of Maryland. Some Diocesan offices (Chancery, Liturgy Office, Catholic Charities, Youth Ministry, Parish Social Ministry) produce and distribute monthly or quarterly newsletters. All parishes have weekly parish bulletins.

4. There are no Catholic radio or television stations which operate within the diocese at this time. However; Eternal Word Television Network (EWTN), a Catholic satellite and cable delivered television service, is seen on a total of 10 cable systems in the diocese, systems reaching approximately 323,000 households.

5. There are no centers of formation associated with the Church in the field of communications located in the Diocese of Wilmington.

6. The most widely circulated newspapers and magazines in the diocese include The News Journal (Delaware), The Daily Times (Salisbury), The Star-Democrat (Easton), The Whig (Elkton), Delaware Today (Delaware) plus national publications such as The Wall Street Journal, USA Today, Modern Maturity, Reader's Digest, TV Guide, Better Homes and Gardens.

The most popular publications of religious interest to Catholics are The Dialog (Catholic Newspaper of the Diocese of Wilmington), Catholic Digest, St. Anthony Messenger, National Catholic Reporter, America, Wanderer, Our Sunday Visitor, National Catholic Register.

B. Description

1. The majority of the media in the Diocese of Wilmington has a largely positive general attitude toward the Church despite the extensive coverage of the Church's sexual abuse crisis that was presented in the media from early 2002 until late in 2003. Media outlets based in the diocese continue to respect the local Church due to past and continuing efforts of our Bishops and diocesan officials to deal with sexual abuse issues in a proper and open manner. For example, the most-read daily newspaper in the diocese has praised the Bishop on several occasions for his Review Board appointments and handling of allegations of abuse. The continuing media relations efforts of the Diocese of Wilmington's Office of Communications have also contributed to this attitude.

While the ideological and moral orientation of locally owned and operated broadcast and print media remains strong; the deregulation of and the resulting ownership consolidation in the newspaper and radio industries, have taken control of content out of the hands of local individuals at many media outlets. Content decisions are often made by corporate staffs outside of the diocese that lack knowledge of local community mores.

Over the past five years, an increasing number of the radio programs heard in the diocese come from outside of the diocese via syndicated shows from New York, Washington, D.C. and elsewhere. This is generally a negative development since these programs are directed at a national audience and ignore market-specific attitudes and needs. While some of these radio programs contain a great deal of sexual content and so-called "adult" language (i.e. Howard Stern) others espouse pro-family values and have an anti-abortion orientation (i.e. Dr. Laura Schlessinger, Sean Hannity, etc.)

Very little television programming originates within the geographic boundaries of the Diocese of Wilmington. Local and regional programming is mostly news and public affairs. Nationally produced broadcast and cable television programming continues to be more sexually explicit in its content and contain language that was unheard on television ten years ago.

The Office of Communications has had a long standing relationship with media throughout the diocese. Our Director of Communications makes frequent visits to the print and electronic media outlets located in the diocese.

The diocese has updated the equipment in its radio broadcast production center in the Chancery Building that has been providing programming to radio stations for many years.

The radio communications efforts began in the diocese in April of 1939 with the production of the *Catholic Forum of the Air* program; a program that is on the air to this very day. In addition, the Catholic Broadcasters Association was born in the Wilmington diocese in the early 1940's and continued until the early 1970's when it came part of the worldwide UNDA organization, now Signis.

The diocese has always looked for ways to provide the broadcaster with quality programs and distributes two additional radio programs to stations in the diocese; *Country Roads* and *Catholic Radio Weekly*. Additionally, the Hispanic Ministry Office and the Ministry to Black Catholics of the diocese each produce weekly radio programs targeted to their audiences.

Over the past several years, the Diocese of Wilmington has established and developed its Internet presence with a robust web site; www.cdow.org. The site includes over 400 pages of information and links to other sites and receives over 30,000 page requests per month.

The Director of Communications serves as the spokesperson for the diocese and assists the media in identification of resource people with additional expertise.

The Communication Office serves as the diocesan office for social communications.

2. *The Dialog* and the Diocese of Wilmington's Web site are the only Catholic communications media that originate in the diocese.

Bishop Michael Saltarelli, *The Dialog's* publisher and its editor, assure doctrinal orthodoxy and fair and honest reporting. Its financial stability is that of the diocese and it has a notable influence on the Catholic community since it is mailed each week to every registered Catholic family in the diocese.

Each diocesan department or office is responsible for the content of its own section of the diocesan Web site. Oversight of the homepage and features belongs to the Office of Communications. The Moderator of the Curia supervises the Director of Communications in this and other areas.

3. The diocese is in the process of developing a pastoral plan for communications at this time. We have no specific program for pastoral care for communications professionals. To promote and defend Christian morality in the media, the Diocese of Wilmington participated in the USCCB's Renewing the Mind of the Media campaign in 2001 and 2003.

4. The Catholic Press is actively promoted throughout the Diocese of Wilmington on an ongoing basis. As previously mentioned, all registered parishioners in the parishes of the diocese receive a copy of the diocesan newspaper. Our radio efforts are promoted on the diocesan Web site and in the diocesan newspaper. The Web site is promoted in the paper and on the radio.

Efforts are made to educate young people in our Catholic schools and religious education programs regarding the influence of media in their lives.

Diocesan priests, deacons and seminarians are involved and have been for many years in the communications efforts, especially in radio. A priest hosts our Hispanic Ministry program, a deacon is involved in each weekly Catholic Forum program and priests and seminarians are involved on a regular and reoccurring basis.

XVI

SOCIAL JUSTICE AND THE SOCIAL TEACHING OF THE CHURCH

XVI. SOCIAL JUSTICE AND THE SOCIAL TEACHING OF THE CHURCH

A.Statistics

Indicator	Delaware	Maryland
Per capita income	$23, 305	$25,614
Median Household Income	$47,381	$52,868
Percent of Families Below Poverty Level (1999)	6.5%	6.1%
Percent of Households with Social Security Income	26.9%	22.5%
Percent of Households with Public Assistance Income	2.7%	2.4%
Rate of child abuse	28.6 per 1000 children (a decrease of 25% from 1990)	22.8 per 1000 children (a decrease of 34% from 1990)
Children dying as a result of Child abuse	0	0
Children living away from their Families in out of home care	1,098 (on Sept. 30, 2000)	13,133 (on Sept. 30, 2000)
Percent of children reunited with their families when exiting foster care	79.3%	60.4%
Children enrolled in State Children's Health Program in 2001	5,578 (a 19.6% increase from 2000)	109,983 (a 15.4% increase from 2000)
Fair market rent for 2-bedroom apartment in 2002	$717 per month (72.9% of the income of a person earning minimum wage)	$895 per month (106.2% of the income of a person earning minimum wage)
Graduation rate of high school Seniors	86.1%	85.7%
Grandparents with primary Responsibility for caring for Grandchildren in 2001	6,699	45,757

B. Description

1. (a) The administration of justice and the violation of human rights.

The legal system in the diocese follows established norms throughout the country based on principles contained in the American constitution. Those accused of crimes are entitled to legal representation. If they cannot afford a private attorney, the state-financed Public Defender's Office provides such representation. In addition, the State Human Relations Division and private groups, such as the National Association for the Advancement of Colored People, the American Civil Liberties Union, and the Anti-Defamation League of

B'nai B'rith, have been established to act as "watchdog" groups for perceived violations of civil rights of certain groups.

Race is a central issue in our nation and our communities. Even when we don't give voice to it, it is present – critical, but unspoken. When we do talk about it, it is often at times of crisis, when racial divisions become apparent or racial tensions turn to violence. There are times of national awareness when the country's problems with race transfix all of us.

Questions of racism and race relations touch us every day, in personal ways. Race affects where we live, where we walk, where we shop, the jobs we hold, and how we are educated. In workplaces, schools, and houses of worship, racial and ethnic divisions persist. Misperceptions, stereotyping, fear, and distrust exist in every ethnic group toward members of other ethnic groups.

Race also has a great impact on our public life. In our communities, racial and ethnic divisions prevent us from working together on pressing common concerns such as education, jobs, and crime.

Racism has existed for hundreds of years, clashing with our founding principles of equality and justice. The wars against Native American tribes and later discrimination against native peoples; the enslavement of Africans brought to this country and the oppression of African-Americans after they were freed; the internment of Japanese Americans during World War II; and discrimination against immigrants – all of these and more have been based on the belief that some people are inferior due to the color of their skin.

In few areas are the disparities between races as evident as in our criminal justice system. The following table provides some indication of that disparity.

Incarceration Rates of Adult Males by Race			
	Rate per 100,000 of each race		
	Black	White	Black/White Ratio (Ranking)
Delaware	6,888	736	9.4 to 1 (19th highest)
Maryland	3602	353	10.2 to 1 (16th highest)
USA	4,631	482	9.6 to 1

The unborn, the aged and infirm, and the poor are quite vulnerable to a denial of rights. The unborn have no legal right to life.

Although the U.S. Supreme Court has recently ruled that no constitutional right to assisted suicide exists, there is a strong movement toward legalizing assisted suicide on a state-by-state basis. At this time, Delaware criminalizes

doctor-assisted suicide by statute and Maryland by common law. In Maryland, legislation was introduced (but killed in committee) to permit a physician to prescribe a lethal dose of a drug to a patient suffering from an incurable disease or illness that causes substantial physical pain and suffering.

The treatment of immigrants is quite varied. Legal, educated, English-speaking immigrants generally have the work ethic and skills which result in successful assimilation into society. However, there exists in the diocese a growing number of poorly educated immigrants, legal and illegal, mostly from Central America, who lack English language skills. These individuals often find employment in the area's poultry and agricultural industries, working in jobs and under conditions that most locals would not accept. There have been several raids by INS agents on these workplaces in an effort to detain and deport immigrants who are in this country illegally.

In the mid-1990s, Congress passed the largest changes in immigration law and immigrant access to public benefits since the First World War. These changes were overwhelmingly negative for immigrants.

With the release of the 2000 U.S. Census, the presence and influence of immigrants on our national landscape became impossible to deny. For communities throughout the United States, their economic contributions had become increasingly evident, along with the challenges of providing health and human services to a diverse population. Over the past few years, a number of significant legislative and administrative measures at federal and state levels had begun to address these challenges, while legislation to broaden immigration opportunities was being discussed in Congress. Most prominent during the summer of 2001 was the prospect of some kind of general legalization or amnesty for undocumented immigrants living in the U.S.

Since September 11, 2001 however, there has been no further discussion of a legalization program. In fact, the passage and signing of the USAPATRIOT Act of October 26, 2001 sent the pendulum in the opposite direction. Some have called for greater limits on immigration and other internal restrictions of immigrant rights.

(b) Violence toward ethnic minorities and against other social groups

Although race-relations in general can be strained, violent, racist actions and language directed at minority groups are rare, relegated mostly to graffiti and attitudes expressed by alienated youth. The Ku Klux Klan, the group most noted for fomenting racial hatred, is vilified in the press and by nearly all people, and, although it exists, has no influential presence in the diocese.

Minorities who are victims of crimes are generally victimized by other members of the same minority group. This takes the form of assaults, robberies, and burglaries.

(c) Socio-political problems

Welfare

With sweeping legislative action, the federal government, in 1996, dismantled 60 years of federal responsibility for public aid to families with dependent children. The federal Aid to Families with Dependent Children program (AFDC) was eliminated and replaced with the Temporary Assistance to Needy Families program (TANF). Under this new program, responsibilities for public assistance for the poor have been given to the states in the form of federal block grants with strict rules for work requirements, time limits, and stricter eligibility requirements for the most basic of cash and food assistance. Welfare caseloads have declined significantly and more former welfare recipients are working. However poverty persists despite work.

Welfare-to-work efforts create a dilemma. Even though various work scenarios allow working families to rise above official "poverty," the expenses in their frugal budget still exceed income as did the "pre-work" situation from which the family began.

Health care

Nearly one in every six Americans (42.6 million) is without health insurance. Despite the longest economic boom in history, the number of persons without health insurance dipped just 4% in 1999. With the current economic downturn, some states are already cutting back coverage, with Oklahoma mailing out termination letters to Medicaid recipients and North Carolina imposing a freeze on enrollment in the Children's Health Initiative Program.

Compared to other wealthy industrialized nations, the United States health care system provides coverage to the fewest and costs the most. In 1997, health expenditures as a percentage of the gross domestic product ranged from a high of 13.6% in the United States to 6.7% in the United Kingdom. When compared to the other highly industrialized countries in the Organization for Economic Cooperation and Development, infant mortality rates are the highest and life expectancy rates are the lowest in the U.S.

Market competition has not succeeded in bringing the U.S. health care costs in line with those of other industrialized countries. Market based reform has not expanded health insurance coverage but has rather, directly or indirectly, increased the number of under insured and uninsured Americans. Medical

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research and education have suffered and medicine's social mission has declined.

In Delaware 11.4% of the state's population lacked health care coverage in the year 2000, compared to 13.4% for the region (Maryland, Pennsylvania, New Jersey and New York). From the mid 1990's to the present, the rate of uninsured in Delaware decreased from 13.6% to 11.4%. This drop in the number of Delawareans without health insurance is credited primarily to the increased coverage of children through the Healthy Children Program initiated in January 1999.

The bulk of the 96,000 uninsured Delawareans are the working poor who do not qualify for Medicaid, are not provided health insurance by their employers, and whose income is insufficient to purchase health care coverage. The profile of the typical uninsured Delawarean: single, white, male, over age 17, working with an income above poverty level.

In Delaware and Maryland there has been an overhaul of the Medicaid program which provides health care coverage for the poor. Medicaid pays for doctor visits, hospital care, laboratory work, prescription drugs, transportation, routine immunizations for children, mental health and substance abuse treatment. The program has been "privatized," that is, contracted to private insurers which agree to provide certain benefits for a stipulated payment. This recent change has been initially positive in that a) all Medicaid recipients have a primary care physician who manages their care and b) the program covers all poor adults with incomes up to 100% of poverty and pregnant women and children up to 185% of poverty. Medicaid benefits continue for two years for those individuals who leave public assistance for employment.

Medicare is the federally sponsored health care program for those over 65. It covers hospital stays, skilled nursing facility care, home health care, hospice care, outpatient medical and surgical services, laboratory services, and certain medical supplies. It does not cover dental care, custodial care, hearing aids, outpatient prescription drugs, routine foot care, routine eye care, routine physical exams unless the individual is enrolled in a Medicare HMO plan. Recently, congress has been debating the inclusion of an outpatient prescription drug benefit in the basic Medicare plan.

Social Security

Social Security is a federal program for retirement security financed by mandatory worker and employer contributions. It is predicted to be solvent until 2025. However, like Medicare, the future of Social Security is in doubt. Those in the workforce who will retire ten or more years from now will receive less from Social Security than they contributed. This will spur proposals for

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alternative private retirement savings plans and investment options likely to be encouraged through tax incentives.

Taxation

In the U.S. approximately 35% of the average person's income goes toward federal, state, county, local, and school taxes. Despite serious tax inequities resulting from a "flattening" of the tax rates in recent years, there is still significant political support for tax cuts which disproportionately favor the well-off and for lowering the upper tax brackets even further.

(d) Labor and the problem of unemployment, unions, and other workers' organizations.

The unemployment rate in Delaware in May 2003 was 3.4% and in Maryland 4.2%. In January 2002 the rates were 4.7% and 4.9% respectively. There is some belief that the reported rates are skewed to the low end with many individuals giving up on finding employment and so not appearing in official statistics. The largest private industries in Delaware are in the areas of manufacturing, service industries, and financial, real estate, and insurance services. Maryland has a strong economic base in biotechnology, telecommunications, aerospace, and goods distribution.

The largest employers in the Diocese are the State (15,000); MBNA Bank America, the nation's second largest credit card company (10,000); the DuPont Company, an international chemical company (9,900); Christiana Care Health System (7,900); and Dover Air Force Base (7,700). Delaware experienced a net loss of 6,000 jobs in 2002.

Unionization of workers in the diocese is similar to unionization in the United Sates as a whole. In the USA 14.9% of workers are represented by a union. In Delaware the percentage is 14.6% and in Maryland the percentage is 16.7%. The states with the highest percentage of unionization are New York, Hawaii, Alaska, Michigan, and New Jersey (all between 20 and 27%). The states with the lowest percentage of unionization are North Carolina, South Carolina, Virginia, Georgia, and Texas (all under 10%).

(e) The conservation of the environment.

Government agencies, such as the Environmental Protection Agency and state departments of natural resources, and quasi-governmental agencies, such as solid waste authorities, have the major public responsibility for protecting the environment, controlling pollution, and managing waste disposal. There are also voluntary organizations which act as "watchdogs" to monitor government's handling of its responsibilities.

Using its website, Government agencies inform the public of such matters as toxic releases, polluting facilities, the status of superfund sites, pesticide information, and human exposure to environmental chemicals.

Land use planning has become the most important political issue at the county level of government. Building of new housing and commercial developments has outstripped the ability of the transportation, water, and sewer infrastructure to support the growth. There is great public concern and disagreement as to the best means of handling a population growing faster than the national average while maintaining a high quality of life.

In general, during the course of a year, the largest cities in the region, Philadelphia and Baltimore, meet Environmental Protection Agency air quality standards for carbon monoxide, sulfur dioxide, nitrogen dioxide, particulate matter, and lead. Those cities do not meet EPA standards for ozone. Of the six principle pollutants, ozone is the only one in Delaware that does not meet federal air quality standards.

The following table identifies four common environmental causes of health risks and the respective national rankings of Delaware and Maryland: the higher the ranking, the worse the problem.

Health Risk	Delaware	Maryland
Hazardous air pollutants (added cancer risk per 1 million population)	860 (7th)	870 (6th)
Chemical releases	10 million pounds (44th)	44 million pounds (29th)
Impaired surface water	49% (3rd)	26% (7th)
Animal waste	1 million tons (43rd)	4 million tons (38th)

(f) **Public order and ideological conflicts.**
There is generally a high degree of respect for the law enforcement and judicial establishments. While the crime rate in certain areas is high, especially crimes of violence in major cities, there is generally good public order with little open defiance of authority by large segments of the community. Ideological differences are usually handled by means of the electoral process.

The following table shows the rate per 100,000 population and ranking of Delaware and Maryland for crime in general, violent crime, and incarceration of their citizens.

Indicator	Delaware	Maryland
Crime rate/100,000	4,478 (17th)	4,816 (12th)
Violent Crime rate/100,000	684 (6th)	787 (3rd)
Property crimes /100,000	3,794 (19th)	4030 (17th)
Murders/100,000	3 (32nd)	8 (3rd)

(g) Conduct of Catholics in public life.
The Church has been able to maintain good communication with those Catholics who hold public office at all levels of government. They do not always support the Church's stand on issues, particularly on abortion. In many other areas of Catholic Social Teaching, Catholic officials are generally supportive.

2. (a) Agencies
The Diocese of Wilmington, having nine counties of the State of Maryland within its borders, belongs to the Maryland Catholic Conference (MCC). This past year the conference focused considerable advocacy attention on efforts to meet basic needs, assist families leaving welfare, attaining quality education for children, improve health care, address the health needs of women and the unborn, oppose the death penalty, address the problems of immigrants, and fight against the expansion of gambling.

During the past legislative session the MCC successfully fought a measure that would have required Catholic clergy to break the seal of confession in child abuse cases. Its advocacy won continuation of energy assistance funding and preservation of particularly important safety-net provisions of state welfare law. In a difficult budget year, state allocations actually increased for community mental health services, services for the developmentally disabled, and assisted living for senior citizens.

The conference also responded to bills permitting unfettered access to abortifacient morning-after pills, disposing of "leftover embryos," eliminating the sexual orientation exemption for faith-based social service organizations, human cloning, and measures to facilitate the movement of immigrants into the societal mainstream.

In Delaware, the diocese has worked on matters such as a 24-hour waiting period for abortions and opposing certain minimum mandatory sentences in favor of education, job training, and substance abuse treatment for prisoners involved with dealing drugs.

(b) Programs

The diocesan *Catholic Campaign for Human Development* helped support grass roots organizing efforts aimed at the empowerment of poverty groups. A poultry justice alliance, an Hispanic organizing group, and a community development agency promoting a campaign to increase use of tax credit programs by the poor were groups assisted this past year with national and local grants.

(c) Publications

Catholic Charities' Office of Parish Social Ministry publishes a monthly newsletter, *Points for Parishes*, and sends alerts emanating from the U.S. Conference of Catholic Bishops to parish social concerns volunteers to keep them informed of important matters of social justice. Catholic Charities also publishes a newsletter entitled *Faith.Works.Wonders*, which keeps the public informed of social service activities carried out under Diocesan auspices.

3. The primary vehicles which Catholic Charities employs to provide formation of the laity regarding Catholic Social Teaching are educational seminars and *Salt and Light Leadership Training*. Educational seminars are provided at parishes to RCIA groups, teachers, and others. This past year, there were 30 presentations reaching 364 people. The *Salt and Light* training conducted by the Office of Parish Social Ministry provides an important foundation in Catholic Social Teaching for parish social concerns leaders. This seven session training, which has been held at numerous sites for over eight years, has been revised and accepted for publication by *Ave Maria Press*.

4. Catholic Charities has historically joined with other organizations to form housing coalitions, public assistance task forces, special committees on the needs of children, aging advisory councils, pro-life committees, and other bodies to proclaim the rights of the most vulnerable and promote social change. Catholic Charities works cooperatively with governmental authorities on most issues of importance to those in need of service and to our constituencies. Communication between Catholic Charities and state policy-makers is generally good.

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XVII

CHRISTIAN CHARITY AND HUMAN DEVELOPMENT

XVII. CHRISTIAN CHARITY AND HUMAN DEVELOPMENT

A. Statistics

B. Description

1. Through its Office of Parish Social Ministry, Catholic Charities has developed a leadership training program called *Salt and Light.* Based on the 1994 statement of the U.S. Catholic Bishops on building the social concerns ministries of parishes, this program educates participants in Catholic Social Teaching, identifying the scriptural and magisterial foundations of the call to greater concern for God's people. Participants are encouraged to use the major themes and documents of Catholic Social Teaching to appreciate the fullness of the social mission and stimulate the development of appropriate social concerns activities in their parishes. The *Salt and Light* training manual has been updated to reflect changes in the principles of Catholic Social Teaching – most notably the addition of the seventh principle, "Care for God's Creation." With input from parish social ministry leaders from across the country a revision was produced entitled *Becoming a Community of Salt and Light: Formation in Parish Social Ministry.* The book will be published by Ave Maria Press and become available to the public in the Fall of 2003.

In addition, the Office conducts presentations throughout the diocese on various aspects of Catholic Social Teaching and social justice. These presentations are offered to adult education classes, RCIA classes, and teachers in parochial schools. Social justice themes are incorporated in the annual *Charity and Justice* conference which attracts 150-200 participants.

2. Poverty.
The poverty rate in Delaware for the two year period 2000-2001 was 7.6%. The poverty rate in Maryland for the same period was 7.3%. Maryland's rate remained unchanged from the previous two year period, while Delaware's declined 1.8%. The 2003 federal poverty level for a family of three is an annual income of $15,260 or less.

In Delaware in 2001, a family of three receiving only welfare and food stamp benefits was 44% below the federal poverty level. In Maryland, the same family was 38% below the federal poverty level. From December 2001 to June 2002 the number of welfare recipients declined in both states: less than 1% in Delaware and almost 10% in Maryland.

The poverty rate for a female headed household with no spouse present in Delaware is 20.4%. However, 37.1% of female headed households with a child below the age of five are living in poverty. In Delaware, 7.9% of persons 65 and older are living in poverty and 11.9% of Delaware children are living in poverty. In Maryland, the poverty rate for a female headed household with no spouse present is 18.4%. If a child below the age of 5 is present, the percentage in poverty jumps to 32.6%. In Maryland, 8.5% % of persons 65 and older are living in poverty and 10.3% of Maryland children are living in poverty.

Income disparity.
During the period from 1990 to 1998, the dollar and percent change in average income for the bottom fifth of Delawareans was -$742 (- 4.5%), while the top fifth realized an increase of +$25,228 (+22.8%).

During the longer period from 1980 to 1998, the dollar and percent change in average income for the bottom fifth of Delawareans was +$211 (+1.4%), while, for the top fifth it was +$33,604 (+32.9%) increase.

The share of income held by bottom fifth of Delawareans changed from 7.0% of the total in 1980 to 5.6% in 1996-98. During this same period, the share of income of the top fifth changed from 38.1% (1980) to 44.4% (1998).

Greatly Increasing National Income Inequality
From 1989 to 1997, the average after-tax income of the top one percent of households increased 36 percent, or $180,000 per household. This was six times the average percentage gain the middle fifth of households received. It was 90 times the average dollar gain the middle fifth received.

In 1979, the top one percent of the population received 7.5 percent of the after-tax income in the nation. In 1997, it received 13.6 percent of the income, nearly twice its share in 1979. Among the bottom 40 percent of the population, the story is reversed. This group received a markedly smaller share of the national income in 1997 than in 1979. In fact, in 1979, the bottom 40 percent of the population received nearly two and one half times as much in after-tax income as the top one percent of the population, but by 1997, the top one percent received nearly as much income as the bottom 40 percent. In 1997, the 2.6 million people who made up the top one percent of the population had as much after-tax income as the 100 million Americans with the lowest incomes.

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Programs and initiatives to realize the preferential option for the poor.
All the programs operated by Catholic Charities are operated for the benefit of the poor. Certain programs have a special focus to directly assist those in poverty who are facing an economic crisis. These programs include: emergency financial assistance for rent and utility costs, home heating assistance, emergency and supplemental food programs, emergency shelter services, and the provision of free or low-cost clothing and household goods. During the summer growing season, services are extended to the several thousand migrant farm workers who enter the diocese.

Diocesan social ministry also operates through two networks of parish-based services: the St. Vincent de Paul Society and parish outreach. These two networks function with parish volunteers and operate in most parishes. They operate food pantries and clothing closets, provide direct financial assistance, visit shut-ins, and provide special Thanksgiving and Christmas help to the poor.

Also functioning within the diocese are ministries to the poor under the direction of religious orders of men and women. The largest of these is the Ministry of Caring, sponsored by the Capuchin Fathers and Brothers. Their work includes shelters for homeless men and women, a job placement center, a day care center, dining halls, a dental clinic, a mobile health van, and a residence for men with AIDS. They are aided by many hundred volunteers from churches of all denominations who help prepare and serve meals to the poor at the dining halls.

The Benedictine Sisters in Ridgely, MD provide services to the poor on the property of their mother house. Known as St. Martin's Barn and St. Martin's House, services are provided by religious sister and volunteers. Services include emergency food, clothing, and a five unit shelter for homeless mothers and their children.

The Little Sisters of Jesus and Mary have established a multi-service center in Salisbury, MD. They provide emergency and transitional housing services, daily hot meals, food and clothing, emergency financial assistance, help in job-seeking, a child day care center, and an adult education center.

Through the *Campaign for Human Development*, the diocese seeks to assist the poor to assume greater control over their lives by addressing the structural causes of poverty. By supporting grass roots groups of the poor and marginalized, the diocese helps empower these groups to organize and advocate

for changes in laws, public and private policies, and public and private priorities, which have not been supportive of low-income people.

3. In addition to programs intended to address core problems related to poverty, the diocese, through Catholic Charities, runs programs that treat, protect, support, and enrich families and individuals. These programs, which operate for the benefit of persons throughout the diocese, include: residential group care for abused, neglected, and emotionally disturbed children and youth; adoption services; counseling services for families and individuals, including specialized intensive mental health counseling for children; drug and alcohol treatment; immigration and refugee resettlement; family life education; marriage preparation; AIDS ministry; domestic violence counseling; a nutrition program for children in day care homes; after-school and summer enrichment services for children; and adult basic education.

Several collections are taken up annually in parishes to support social justice and human development activities outside the diocese. These include: 1) The *Campaign for Human Development*, which raises over $85,000 each year, three-fourths of which is sent outside the diocese for national programs. 2) *Black and Native American Missions*, which raises $45,000 each year, three-fourths of which is sent outside the diocese for national programs; and 3) *Catholic Relief Services*, which raises $45,000 each year and is used to support the church's international aid effort.

4. Collaboration with civil authorities and with other state agencies, as well as with other churches and religions, in the relief of poverty and in the promotion of human Christian development takes many forms. Many of the services provide by Catholic Charities and other religious groups in the diocese, are funded by means of government grants and contracts. These organizations are recognized for the quality of their work and the positive values, motivation, and ideals they bring to the task. Indeed, government relies on nonprofits, religious groups, and voluntary associations to make up its service delivery network. Collaboration also occurs through participation on numerous committees and task forces (that include representatives from government, churches, and community organizations) which endeavor to assess community needs and conditions and implement human service initiatives.

XVIII

HEALTH CARE

XVIII. HEALTH CARE

A. Statistics

1. **Total Patients Served** (Catholic Facilities)	Jan. 1, 1998	Dec. 31, 2003
St. Francis Hospital (Wilmington)	187,152	177,740
St. Francis Care Center (Brackenville) 104 beds	241	139
St. Francis Care Center (Wilmington)	338	220
Birth Center – Sold 2/99	1,096	608
Primary Care Satellites	134,346	39,362
Center of Hope	2,918	4,976
St. Clare Van	250	4,418
Jeanne Jugan Residence	82	405

Assessment of Importance
St. Francis Hospital is the only Catholic Hospital in the State of Delaware. St. Francis is a major force in the Wilmington Community for advocating the needs of the poor and underserved which is evidenced throughout this document.

The St. Francis Care Centers for the elderly at Wilmington and Brackenville are the only Catholic nursing homes in Delaware along with Jeanne Jugan Residence which is conducted by the Little Sisters of the Poor. Beds in these institutions are in constant demand. They are appreciated by the community, both Catholic and non-Catholic.

2. Number of priests, deacons and religious in healthcare institutions.

	Jan. 1, 1998		Dec. 31, 2003	
St. Francis Hospital	Priests	1 FT – 2 PT	Priests	2 PT
	Religious	10 FT - 2 PT	Religious	3 FT – 2 PT
	Rel. Volunteers -	5	Rel. Volunteers -	2 PT
St. Francis Care Center (Brackenville)	Priests	1 PT	Priests	
	Religious	1 FT - 1 PT	Religious	1 PT
	Rel. Volunteer -	1	Rel. Volunteer	
St. Francis Care Center (Wilmington)	Priests	1 PT	Priests	
	Religious	1 PT	Religious	1 PT
	Rel. Volunteer -	1	Rel. Volunteer	
Jeanne Jugan Residence	Priests	1	Priests	
	Religious	12	Religious	9

The Antonian	Priests	1	Priests	1
Marydale	Religious	2	Religious	2
St. Patrick House	Priests	1	Priests	1
Vianney House for Priests	Priests	1	Priests	3

The Pastoral Care Team at the Hospital also accepts Spiritual Care referrals at both nursing homes.

3. To our knowledge, there is no Catholic or Christian association of nurses, pharmacists, or obstetricians, but there is a Christian Association of Physicians and a Christian Midwives Association. One of St. Francis Hospital's physicians is very active in the Catholic Medical Association in Pennsylvania.

4. St. Francis Hospital has a three-year Family Practice Residency Program affiliated with Temple University and Philadelphia College of Osteopathic Medicine with six students per year and eight faculty members, one of whom is part-time.

1998	2003
18 students	18 students

St. Francis does not have a nursing school but provides clinical experience for nursing students of Neumann College which is conducted by the Sisters of St. Francis of Philadelphia. In addition, it does the same for the Delaware Skills Center, University of Delaware, Salem Community College, Delaware State University, Delcastle High School, Howard Career Center and Hodson Vocational/Technical School.

B. Description

1. Organizations and their activities

Delaware's only Catholic hospital was founded in 1924 and is licensed for 395 beds. In October 2002, St. Francis launched the region's most comprehensive, state-of-the-art Open Heart program as part of its $20 million, five-year Master Facility Plan. The St. Francis Heart Center provides a full range of cardiac services from expanded cardiac catheterization services to a broad range of treatment options including bypass and other surgery and rehabilitation.

St. Francis is a full-service community hospital with the Emergency Department as part of the Delaware Trauma System; offers the Family Birthplace and considers women's health one of its specialties.

Also part of the healthcare system are the Franciscan Care Centers at Wilmington and in Hockessin. The centers provide long-term care and restorative nursing care, along with rehabilitation services. Community outreach efforts consist of the Center of Hope, a family practice center in Newark, the Tiny Steps prenatal program for low-income pregnant women and the St. Clare Van which provides medical care to the poor.

2. Results and Difficulties

The Catholic Hospital and Homes for the Elderly in the diocese enjoy a tradition of caring and commitment to quality. In 1996 and 1997 St. Francis Hospital has been awarded the Delaware Quality Award. There has been partnering with other organizations of similar values to help meet community health needs. The values of Human Life and Dignity, Holism, Preference for the Poor, and Stewardship continue to be fostered in each of our organizations.

The outreach programs sponsored by the hospital and its charity care program provided $17 million in un-reimbursed charity care. This represents 10% of the hospital's total operating expenses.

3. Pastoral Care of the Sick

Each patient is visited upon admission by one of the priest chaplains. Referrals are then made to the Spiritual Care Department. Each member of the department assumes responsibility for a specific unit. Communion is distributed daily to our Catholic patients.

Mass is celebrated daily. Recitation of the rosary precedes the daily Mass. A prayer service is held each Thursday at noon and religious music is played continuously. The priest chaplains also celebrate liturgy at the long-term care facilities.

There is interaction between parishes and the Spiritual Care Department. The most recent examples related to new HIPAA privileges.

There is an active Ethics Committee that is guided by the *Ethical and Religious Directives*. Interaction with the system office provides updates on critical ethical issues. Each long-term facility has an ethics sub-committee and ethics consults are provided as needed. Birth and end of life issues are of special concern as pro life is an integral part of our Catholic identity.

Advocacy efforts are significant. Support is again provided by system leadership.

Provision of spiritual care to staff and families is very important.

4. Promotion of Volunteerism

Volunteerism is promoted in the hospital as well as in the nursing homes. The two arms of volunteers serving the hospitals and its patients and staff are the Junior Board Members who are involved primarily in fundraising, and the Director Service Volunteers who provide service directly to patients and staff.

Volunteers are recruited via the Catholic paper and ecumenical church bulletins that alert the community to the various volunteer service positions the hospital offers.

The student volunteer program provides service opportunities to students required to do community/Christian service volunteer hours as part of their academic requirements. Also, students researching the healthcare field as a possible career, also find accommodation in the programs. Retired Sisters, Christian Brothers in the Novitiate and Lay Ministers taking time from their life to serve, also find placement that suit their needs.

The governing board and foundation board are also conduits for local volunteer involvement.

5. Questions Regarding Life, Suffering and Death

The hospital and nursing homes abide by the Ethical and Religious Directives for Healthcare Facilities. All physicians on the hospital's medical staff are made familiar with the directives, receive a copy and agree to abide by them in their service at the hospital, its satellites and outreach programs. Several of these physicians also serve as consultants to make recommendations whenever an ethical-moral question is raised. In addition to working with Diocesan Pro-Life staff, the hospital has worked closely with the Catholic Health Association in opposing assisted suicide or other pertinent legislation such as stem cell research at state and federal levels.

XIX

PASTORAL CARE OF MIGRANTS AND ITINERANTS

XIX. PASTORAL CARE OF MIGRANTS AND ITINERANTS

A. Statistics

1. There are at least 4,000 Hispanic seasonal laborers whom migrate to at least 56 migrant laborer sites scattered throughout the Wilmington Diocese. They work in a variety of settings: nurseries, farming, horse-breeding and racehorse grooming, crabbing and poultry processing.

2. There is no significant emigration of the faithful from the diocese to other countries

3. Tourism in the diocese: The diocese is located on a peninsula jutting out into the Atlantic Ocean. Surrounded as it is by water, there are innumerable bays, inlets, rivers which provide vacation homes and resorts during the summer season (June through August). In addition, an increasing number of people because of affluence are continuing to visit vacation homes on weekends in the "shoulder" season of April to June and September to November. Retired people from the large metropolitan areas of Washington, Baltimore (Maryland) and Philadelphia (Pennsylvania) along with Wilmington in the northern part of the diocese, are seeking to settle in the resort areas and now require year-round services not previously needed. Diocesan and parish structures have continued to grow in order to keep pace with this development.

B. Description

1. The fifty-six known migrant laborer camps have been divided into four regions and various pastoral agents have been assigned to coordinate each region. Sacramental, outreach and special needs services have been established at the seven largest camps. In 2003, an extensive needs assessment has begun to assist in developing ministry at the remaining camps.

Most significant challenges have been poverty, lack of education, health care, legal assistance, depression, alcoholism, prostitution and the presence of Evangelicals. The greatest hope lies in the faith-filled response of most of the migrant laborers as well as the commitment of twelve clergy and religious serving migrants and training local parish clergy and lay leaders to welcome the stranger on the move.

I promulgated *A Journey Unfolding,* our second diocesan plan for Hispanic Ministry (2003-2007), calling our clergy and faithful to continue building Hispanic Ministry in areas of liturgy, community, formation and social action. In this plan, I have emphasized that Hispanic Ministry must be parish based, the pastoral and fiscal responsibility of all pastors not just solely the Diocesan Office of Hispanic Ministry. The responses have been supportive.

2. The Apostleship of the Sea is active at the Port of Wilmington, the See City. The diocese has maintained part-time chaplaincy to Catholic seamen at the port for some years to service seamen who crew the cargo ships bringing crude oil, hard good and fruit, and taking away manufactured goods. The cultural backgrounds of the Catholic seamen are Filipino, Italian, German, Polish. The Chaplain is assisted by lay volunteers. Many services to seamen are also rendered on an ecumenical basis through the Seaman's Center staffed around the clock by volunteers of all faiths.

3. There are no international airports, railway stations or passenger terminals for ocean going vessels in the diocese.

Pacem in Terris, a local ecumenical organization, annually bring Irish youth both Catholic and Protestant from the north of Ireland to the diocese for six weeks of studying, living and working together. Local families host the young people. Our Catholic families through their parish are most supportive of this effort. They witness by word and deed how Catholics and Protestants can live together in peace in the USA. Hopefully, when the young people return, they can bring this message to their brothers and sisters.

4. Because of the insignificant number of those people emigrating to other countries, there is no need to prepare them for this experience. Through the Chancery Office, arrangements are made for those who wish to attend a Papal Audience when they visit Rome. From time to time each year, diocesan priests lead pilgrimages to the sacred sites of Europe and the Middle East.

XX

ARTISTIC AND HISTORICAL PATRIMONY OF THE CHURCH

XX. ARTISTIC AND HISTORICAL PATRIMONY OF THE CHURCH

A. Statistics:

Sacred Buildings

1998	2003
55 Parishes	57 Parishes
20 Missions	19 Missions

Parishes or missions with two churches
St. John the Baptist-Holy Angels
St. Mary Star of the Sea Mission (current church and 1767 Tubman Chapel shrine)

Total sacred buildings: 80

Historic Churches, built before the 1868 founding of the diocese:

1767 St, Mary Star of the Sea Golden Hill, MD (Tubman Chapel)*
1782 St. Joseph, Cordova, MD
1793 St. Francis Xavier (Bohemia, founded 1704), Warwick, MD*
1816 St. Peter, Wilmington, DE (transept of present Cathedral)
1819 St. Patrick, Pilottown, MD*
1819 St. Elizabeth, Denton, MD
1827 St. Peter, Queenstown, MD
1830 St. Peter, New Castle, DE
1858 St. Mary of the Immaculate Conception, Wilmington (consecrated by St. John Neumann)
1866 St. Teresa, Port Deposit, MD

Parishes maintain 76 sacred buildings in regular use as places of worship of which seven were built before the establishment of the diocese in 1868 and have considerable historic significance. Three other early churches of great historic significance, noted by * above, are not in regular use because of small size or remote location but are maintained by their respective parishes as historic shrines and used on special occasions.

B. Description

1. Conservation efforts. The historic and architecturally significant Sacred Heart Church, built in 1874 to serve German and Polish immigrants to Wilmington, was preserved with all its appointments after the parish closed in 1996, and now operates as an oratory after being transferred to a Franciscan ministry serving the urban poor. The Diocesan Real Estate Committee oversees an inventory of all land and buildings owned by the diocese or individual parishes. The Archivist maintains an inventory, with photographs, of the major diocesan artifacts of historic significance and has custody of objects not in use elsewhere. An inventory of all parish registers has been compiled, and early registers not previously microfilmed were identified and included in the filming completed in 1998. The Archivist provides technical assistance to parishes in developing archives and patrimony preservation programs, which are encouraged but not yet directed. The historic archives of the diocese were moved to a facility providing considerably more space and a larger storage area, which is maintained at optimum temperature and humidity, with sensors monitored on a 24-hour per day basis by a contracted security service. A secure fire-resistant cabinet is available for objects of intrinsic value.

2. Directives and Responsibilities. Parishes have been directed to obtain diocesan approval, through the Chancery Office, before disposing of liturgical objects, art, statuary, or building appurtenances that are no longer in use, to guard against loss of our patrimony. A lay archivist, professionally qualified, works part-time under the immediate supervision of the Vicar General for Pastoral Concerns and the Chancellor. The archivist manages the historical archives and some other inactive records, has custody of historic objects not in active use, and advises diocesan departments and parishes on records management at their request. An interpretive exhibition of some of the documents and artifacts held by the Archives is being prepared. The Archives research room is open to the public one day a week and also by appointment, and there are generally no restrictions on public access to records prior to 1968 except for microfilmed baptismal records after 1930, to which restrictions apply to protect the privacy of living persons. Programs on the care and use of the diocesan patrimony are developed and offered to parishes and agencies in response to requests or opportunities.

3. Attention to architectural and artistic quality. Construction and renovation of churches is planned by qualified professionals and reviewed by the Diocesan Building Committee and Liturgical Commission to assure dignity and suitability in design, and respect for the patrimony exhibited by existing structures and their appurtenances. A major step in preserving the musical patrimony of the diocese has been the organization of a Diocesan Gospel Choir that travels

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through the diocese to demonstrate the vitality of the African-American musical tradition in worship.

4. Collaboration with civil authorities. Ongoing cooperation over the last 30 years has resulted in nominations of a number of churches by the States of Delaware and Maryland, and their subsequent listing in the National Register of Historic Places. Register listing recognizes their historic, architectural and cultural significance to the larger community, and also offers some protection against ill-considered governmental action, as well as consultation and technical assistance on their continued preservation, and even financial assistance under special circumstances. Churches listed either individually or as significant elements of districts include in Delaware St. Peter Cathedral, St. Anthony, St. Hedwig, and St. Mary of the Immaculate Conception, Wilmington; St. John the Baptist, Newark; St. Joseph, Greenville; St. Joseph, Middletown; and in Maryland St. Francis Xavier, Warwick, and St. Peter, Queenstown.

XXI

FINANCIAL STATE OF THE DIOCESE

XXI. FINANCIAL STATE OF THE DIOCESE

A. Statistics

(See XXIII Supplemental Information)

1. General Economics/Financial Condition of the Diocese

The Diocese has benefited during the last forty or fifty years from generous gifts and bequests from a number of the faithful. Of course, we must continue efforts to cultivate the goodwill of Catholics blessed with sufficient assets to leave a portion of their estates to the Church. The Ordinary Income of the Diocese consists of an assessment imposed on the weekly offerings of the faithful in each parish and upon other regular parish income. In addition, there is an Annual Catholic Appeal conducted each year to supply the Diocesan Bishop with additional funds to underwrite the cost of the Diocese's pastoral, educational, religious and charitable endeavors.

The Diocese is presently engaged in a capital campaign to raise monies for the construction of two elementary schools and an addition to St. Thomas More Academy, one of the two Diocesan high schools. The parish based campaign is hoping to raise $50 million, $30 million for parish use and $20 million for the schools. With the approval of the Congregation for the Clergy, $12.5 million in tax exempt bonds was issued to provide necessary funds to pay for the construction while the campaign pledges are being received.

The generosity of the faithful in the Diocese together with the prudent financial management of reserves should provide adequate funds for Diocesan services in the near term. Review of Diocesan financial needs and planning is an annual exercise with the Diocesan Finance Council.

2. Financial Resources, Patrimony, Contributions, Levees or Taxes

In the imposition of assessment on parishes and other juridic persons, the Presbyterial Council and Finance Council are consulted. Contributions by the faithful to support the Diocese and Church, as well as the Parishes, are reviewed on an annual basis. There are programs in place, under the direction of the Diocesan Development Office, which encourage parishes to review needs annually, and to make those needs known to the faithful, requesting appropriate increases in contributions when needed. An annual stewardship program is strongly encouraged by the Diocesan Bishop in every parish.

3. Assistance lent to other Dioceses and special contributions and offerings
Information regarding assistance to other dioceses and contributions to the Apostolic See (Canon 1271), and the Peter's Pence offering are also contained in the Supplement.

B. Description

1. Diocesan Department of Finance
The Department's purpose is to assist the Bishop, the Diocesan Finance Council and others responsible for the temporalities of the Diocese to fulfill their duties, both current and long range. This is accomplished through the development and implementation of broad financial policy for the Diocese, its parishes and all diocesan institutions, and the supervision of all diocesan and parochial financial functions. The Finance Department provides accounting, investment services, financial analysis and audit support for the Diocese and most subsidiary corporations, and management oversight of parishes. Certain larger subsidiary groups such as St. Mark's High School, Catholic Cemeteries, and Catholic Ministry to the Elderly maintain their own accounting division. Until recently, Catholic Charities had also maintained its own financial staff, however, activities of this office are now consolidated within the Diocesan Department of Finance. The other groups interface with the Diocesan Finance Department, the Department providing oversight through quarterly and annual reports, formal, outside auditing and internal audits. All budgets of all corporations/agencies must be approved by the Vicar General for Administration, the Chief Finance Officer and the Diocesan Budget Committee prior to submission to the Bishop for final action. The Department is responsible to initiate, monitor, and improve standard accounting procedures and other methods of financial control for all diocesan departments, agencies and parishes.

The Finance Department issues quarterly and annual reports on the financial affairs of the Diocese to the Bishop and Finance Council. The office interprets data, developments and conditions for the Bishop and Finance Council.

The Diocesan Finance Department staff participate on committees which approve major expenditures by any diocesan organization and parishes, including new construction. Staff cooperates with the Departmental and Program Heads in the development of annual budgets, and provides fiscal advisory services to the Bishop and the Finance Council, as well as consultative and oversight services to the parishes and other organizations. The Department likewise keeps abreast of tax laws and other legislation of possible financial consequence.

Oversight of the parishes includes: review of annual budgets and annual financial reports; a closer, on-site review (audit) of the parish financial operations on a rotating basis; approval of funding plans for new construction or major renovation; issuing financial policy and regulations; approval of parish investment plans.

With the consolidation of the staff at Catholic Charities, the Finance Department has a staff of ten, all lay persons. They are: The Chief Finance Officer, Catholic Charities' Controller, three Accountants, three Accounting Clerks, Auditor, and Secretary.

The Diocesan Finance Council has been in place since 1983 and functions in accord with the Canons of the Revised Code. Prior to the Code's requirement of a Finance Council, the Diocese of Wilmington had in place (since the mid 1960's), a Finance Committee which had advised the Chief Finance Officer of the Diocese in much the same fashion as the Finance Council advises the Bishop. Membership on the Council is both lay and clergy; the majority of the members are lay persons. Council members number nine. The Council is broken down into several standing committees, including: investment; assessment; audits; and project feasibility.

Diocesan Finance Staff

As mentioned above the staff of the Diocesan Finance Office numbers ten.

The Chief Finance Officer is Joseph P. Corsini, appointed November 4, 1996, by the Most Reverend Bishop. Mr. Corsini is a Certified Public Accountant with extensive experience in accounting, auditing, financial planning and management. His background includes twenty-five years in progressively responsible positions at both corporate and divisional levels. Mr. Corsini is forty-seven years of age, is married and has four children.

The Chief Finance Officer reports to the Vicar General/Moderator of the Curia and interfaces with the Bishop as needed or requested.

Support of the Clergy

A system of benefices does not exist in the Diocese of Wilmington. Clergy in the Diocese are supported by and receive remuneration from the parish or institution to which they are assigned. If they work within the Diocesan Curia, they are compensated by the Diocese. In instances where the local parish or the institution to which a clergyman is assigned cannot generate sufficient funds for the support of the assigned clergy, the Diocese provides. Salary for clergy is reviewed annually by a special committee of the Priests' Council which recommends to the Bishop appropriate salary adjustments. Effective January 1, 2003, a new compensation policy was adopted for priests of the Diocese. While many facets of this new policy remained unchanged from the prior program, several enhancements are noteworthy. Specifically, remuneration now better reflects equity and consistency among all priests, having eliminated as much as possible, disparity in income based upon parish size, location, and number of stole fees. To accomplish this objective, base wage rates were increased, guaranteed Mass stipend amounts were established, and stole fees have become income to the parish. Further, every priest is provided an expense allowance monthly, either by the parish or the institute to which he is assigned. Clergy are also provided health insurance, disability coverage and retirement benefits.

2. Program of Health Care Coverage for Clergy

The Diocese has a special fund entitled the Priests Health, Welfare and Pension Fund which provides for health and pension benefits for retired priests. The Bishop may also draw from this fund in special cases to support priests not retired. Medical and dental insurance is provided for all clergy and should priests become disabled, their needs are cared for and underwritten by the Diocese beyond any health insurance coverage.

As regards criteria used to provide for the just remuneration of the clergy, as noted above, the Priests' Council of the Diocese reviews, through a special committee, the annual salary provided clergy taking into consideration increases in cost of living. Since the 1970's, there exists a set of guidelines which sets forth principles and directives which regulate clergy salaries, provision of adequate living arrangements, directives regulating services to be provided by rectories, medical insurance, retirement benefits, continuing education benefits, sabbaticals, leave time (vacation), and ministerial fees.

It is our belief that the Diocese of Wilmington maintains sufficient reserve funds to meet the various expenditures and known liabilities of the Diocese in accord with Canon 1274. (In the financial reports submitted as attachments, the "common reserve fund" is found in the amounts listed as "general, security and charity funds.") However, the assumption of $12.5 million of long term debt used to finance the school construction projects may place a strain on available assets. This is especially true if investment performance is not favorable.

3. Ecclesiastical Title

Diocesan and parochial properties are in the name of separate, civil corporate entities. All parishes of the Diocese of Wilmington are incorporated separately as are certain institutions such as residences for children, Catholic Cemeteries, facilities for senior citizens, high schools, etc. The Diocese itself is incorporated as the Catholic Diocese of Wilmington, Inc., a Corporation Sole, with the Diocesan Bishop as the sole member of the corporation.

Each parish corporation has five members including the Diocesan Bishop, the local Pastor, the Diocesan Chancellor and two lay trustees (the latter in accord with civil law). Officers of the corporation are President and Treasurer. The Pastor of the parish serves in these positions Ex-officio. The third officer is the secretary, normally appointed by the pastor.

Several Diocesan agencies are incorporated separately. Those corporations are listed below. These entities have been created for insurance purposes, hopefully further protecting the patrimony of the Diocese:

Catholic Cemeteries, Inc.
Catholic Charities, Inc.
Catholic Diocese Foundation
Catholic Diocese of Wilmington, Inc.
Catholic Ministry to the Elderly, Inc.
Catholic Press of Wilmington, Inc.
Catholic Youth Organization, Inc.
Children's Home, Inc.
Seton Villa, Inc.
Siena Hall, Inc.
Diocese of Wilmington Schools, Inc. (Holding company for the Diocesan High Schools, St. Mark's and St. Thomas More Academy)

In the accompanying financial statements it is noted that the invested resources of the Local Church are divided among and assigned to various purposes. The origin of most of these funds is gifts given by the Faithful for specific purposes. Thus, the corporations listed, for example, under Catholic Charities, is for the most part, gifts designated by donors for that purpose. The "free and clear" reserves of the Bishop are listed under General Fund, Security Fund and Charity Fund.

There also exists a Catholic Diocese Foundation, established in 1928, distinct from the Diocese, but with the purpose of supporting educational, charitable and religious projects within the Diocese of Wilmington. The Diocesan Bishop is an Ex-offico member of the Board of Trustees of the Catholic Diocese Foundation. The management of the assets and the distribution of grants is at the discretion of the Board of Trustees.

Various properties and assets of the Diocese are held in the various corporations.

XXII

GENERAL ASSESSMENT AND OUTLOOK FOR THE FUTURE

XXII. GENERAL ASSESSMENT AND OUTLOOK FOR THE FUTURE

1. General Assessment

The Diocese of Wilmington is a medium sized diocese in territory encompassing 5,300 square miles. It includes the total State of Delaware (2,000 square miles) and the nine (9) counties of the Eastern Shore of Maryland (Maryland, east of the Chesapeake Bay) (3,300 square miles). The See City is located in Northern New Castle County, the most populace of the 12 counties in the diocese.

The 220,000 Catholics of the Diocese of Wilmington make up a little over 18% of the total population. The bulk of the Catholic population (60%) live in the northern-most county of Delaware, New Castle County.

Of the 57 parishes and 19 missions in the diocese, 33 parishes are in New Castle County. Twelve (12) of these parishes are in the City of Wilmington. Several of the city parishes are experiencing the problems characteristic of parishes in any large city in the country; shrinking congregations, aging facilities and major financial difficulties (including the Cathedral parish).

One of the city parishes services a small African-American community and is staffed by Franciscans (OFM). Several other parishes number a few African-American members. In March 1999 a Task Force on Ministry to Black Catholics began which attempted to identify African-Americans in the diocese. The diocese now has an office for this ministry.

There are an estimated 80,000 Hispanics in the diocese consisting of Puerto Ricans and Dominicans who began to arrive in the 1950's and 1960's as well as Mexicans, Guatemaltecos, Salvadorans and Columbians who have immigrated to the diocese over the past ten years. In addition, there are Peruvians, Nicaraguans, Costa Ricans, Ecuadorians, Bolivians and other Hispanics. A great diversity among Hispanics exist: their educational levels, types of employment, variety of city and rural dwellings and forms of religious and cultural expression create a beautiful tapestry.

Franciscan Friars (OFM) serve the Hispanic Ministry Parish, St. Paul's, in the City of Wilmington where there is a very successful elementary school with a large Hispanic population. Four Carmelites of Charity Verduna community from Spain serve the second largest Hispanic Ministry Parish, St. Michael the Archangel in Georgetown, DE. Four Sisters of Charity of Convent Station serve a rural migrant and immigrant population in Westover, MD. One Sister of St. Joseph, one Sister of St. Bridget, one

Augustinian priest and one Dominican priest from Peru are the primary pastoral agents of Hispanic Ministry at seven additional parishes.

Six diocesan priests celebrate Spanish Mass assisted by six recently appointed lay Pastoral Associates at eight different parishes. Five diocesan priests and several diocesan seminarians have taken summer time Spanish immersion courses.

The Faithful

The faithful of the diocese are probably typical of most Catholic populations in America in many respects. The fact that so many of our Catholic people live in one county poses a unique challenge to creating real diocesan unity. However, I would quickly add, our experience is that parishes in the more scattered and less populated areas of the diocese respond equally as well (if not better at times) to the Bishop's appeal and to other calls for financial support and varied spiritual and pastoral programs, as the parishes in the more populated part of the diocese. Given the fact that a number of parishes in the less populated areas are smaller, participation in parish life is often at a higher percentage of the membership. Programs for youth seem more attractive to people in these areas also.

At times, one hears the complaint that most of the resources of the diocese are concentrated in the more populated area, but I do not consider this a major problem. Diocesan offices and agencies are quite aware of the need to take special care to offer services and programs in all parts of the diocese. From my very first week here I have referred to the diocese as "the Diocese of Wilmington in Delaware and the Eastern Shore of Maryland".

Most Catholics attending Mass receive Communion. Many lay persons volunteer to serve as lay ministers offering their services as lectors, Ministers of Communion, visitors of the sick and outreach workers. The laity's participation in the life of the parish is also aggressively sought by invitation to serve on parish pastoral and finance councils and other types of parish committees.

While the life of the parish could be described as active, there was a need for development of additional spiritual exercises and devotions. Three parishes, St. Ann and Immaculate Heart of Mary in Wilmington and Holy Cross in Dover set up Perpetual Adoration Eucharistic Chapels. Other examples include: parishes have public recitation of the Rosary either before or after Mass; First Friday and First Saturday devotions; First Friday Eucharistic devotions with exposition and benediction of the Blessed Sacrament accompanied by special prayers for priests and for increased vocations. We have an active diocesan youth ministry office. They have started "Theology on Tap" in four parishes and have five active young adult teams in other parishes around the diocese. These teams organize events and activities such as weekly faith sharing and weekly activities for their area. Some members of these teams will attend a nationally recognized professional team to help them improve the young adult ministry.

The Clergy

There are 119 diocesan clergy. Fourteen (14) are retired; two (2) are in the military and ten (10) are servicing institutions or other church offices outside the Diocese of Wilmington; five (5) are on leave. Of the 88 active priests in the diocese, most are involved in parochial ministry; some are working in specialized fields; seven (7) are chaplains to hospitals, prisons and other institutions; one (1) is a pastoral minister at a secondary school; one (1) are involved in the Neuman Apostolate full time. Ten (10) diocesan priests are attached to some office of the Diocesan Curia. Six (6) of these priests are also pastors of parishes in the diocese.

There are 86 religious priests in the diocese many of whom are involved in school work. Two religious orders of priests operate private secondary schools.

We are fortunate to have a number of Capuchin Friars, both priests and brothers, working among the poor under an umbrella organization known as Ministry of Caring founded by the Capuchin Father, Fr. Ronald Giannone. The ministry began as a shelter for homeless women in the mid 70's and has grown in the number of its services, now providing four shelters for abandoned women, two shelters for homeless men, a home for homeless Aids patients, transitional home for families, transitional housing for women and children, affordable housing for seniors, three soup kitchens or dining rooms, two child care centers, a job placement center, a furniture and clothing distribution center, dental office, Samaritan Outreach and mobile medical van. In addition, the Friars have attracted a host (literally hundreds) of lay volunteers as well as religious women to assist them in their many ministries which are primarily focused in and around the See City.

There are other groups of religious and priests staffing institutions and ministries servicing the poor in other parts of the diocese including the Little Sisters of Jesus and Mary, the Little Sisters of the Poor, the Sisters of Charity of Convent Station and the Carmelites of Charity Verduna communities.

Enthusiasm for the church and priestly life is relatively good among most diocesan priests. The majority of the priests can be counted on to support the various initiatives, programs and efforts of the bishop. At times some priests can be a little difficult and somewhat independent. This usually manifests itself by a less than enthusiastic endorsement of programs or by passive opposition to diocesan staff.

There is a hesitance among some priests to accept parishes which include a school. This creates a real problem when the number of priests are few. Some pastors complain about an abundance of "administrative paperwork". Yet others are learning well the art of delegation and empowerment of the laity by hiring business managers and other lay staff and religious to free themselves of certain types of administrative detail so that their ministries might truly focus more on the pastoral.

I sincerely believe the majority of priests in this diocese want to be effective, good priests. They will respond to a motivating, energetic bishop who is supportive, accessible and who also requires accountability. When accountability is lacking, this impacts negatively upon many who would work hard and re-dedicate themselves to the Lord each day as I believe every priest must.

Diocesan Curia

As regards the Diocesan Curia, I believe it is well organized and adequate to meet the needs of the local church. Few priests are in the Curia, a common experience in many dioceses. However, I do believe we are "thin" in some areas. The Tribunal currently has only one diocesan priest on staff. Only one priest is involved in Catholic Charities as a counselor; no priest works in the Religious Education Office or the Schools Office but there is a priest as Director in the Worship Office.

We have a fully qualified Catholic with wide experience in business and finance as the Chief Financial Officer. He is a diocesan official. In the period of time he has been here he has done much to strengthen the financial accounting and reporting practice of the diocese. The Finance Council is also composed of Catholic laypersons with long years of dedication to the church and its ministry as well as expertise in their respective areas of competence.

Three of the top administrative persons in the Curia, the Vicar General for Administration and Moderator of the Curia, the Vicar General for Pastoral Services and the Chancellor have multiple responsibilities. This is not uncommon in dioceses these days but in this writers opinion we could be placing the diocese at some risk in the future.

The lay staff in the Curia are dedicated and well prepared for their jobs, particularly those who head departments or offices. Our lay staff truly envision their jobs as ministries.

The Diocese of Wilmington, like so many other dioceses throughout the country, experienced a decline of vocations. During the five years of the quinquennium, our ordinations have averaged three per year in 2000, 2002 and 2003. We currently have sixteen seminarians studying for the priesthood . The local Vocation Office efforts to attract vocations is commendable, however, we need to have our local parish clergy to increase in their encouragement to men to consider the priesthood.

The clergy's orthodoxy and loyalty to the Holy See in my opinion is good. I am aware of little, if any, evidence to the contrary.

Finances

The financial state of the diocese is directed and managed by a competent and well suited Finance Council and finance staff. Over the years the bishops have attempted to build reserves or endowment funds for the many diocesan institutions and ministries.

It is becoming increasingly difficult to finance the operating budget of the diocese from regular income (the Bishop's Appeal, the assessment and special collections). While the Annual Appeal's return has increased each year (nearly doubled in the last 10 years), pastors of many parishes oppose any effort to increase the assessment and the Bishop's Appeal.

The Diocese is presently engaged in a capital campaign to raise monies for the construction of two elementary schools. With the approval of the Congregation for the Clergy, $12.5 million in tax exempt bonds was issued to provide necessary fund to pay for the construction while the campaign pledges are being received.

We do not believe the assessment on parishes is burdensome. The average is 11% in the aggregate on regular ordinary income (the weekly offertory, Christmas and Easter collections and recurring special benefits which support annual budgets [e.g., bazaars]). Tuition income, capital campaigns, special purpose income and investments are not subject to assessment. In addition, we employ a graduated assessment system asking less than 11% (as low as 6%) from parishes with a limited financial base and up to 13% from those parishes blessed with affluent or comfortable income families.

2. Pastoral Planning

The Seven Major Priorities for the Diocese of Wilmington

The seven major priorities for the Diocese of Wilmington that I established early in my time as bishop include:

1) Conduct an aggressive campaign throughout the diocese to promote vocations to the priesthood and religious life.
2) Develop and implement a comprehensive pastoral plan for ministry to Hispanic people.
3) Assess diocesan offices and ministries to assure efficiency and effectiveness.
4) Establish new parishes and schools.
5) Explore models of parish ministry, closely examining the role of the clergy and the laity in these models.
6)Evangelize the unchurched and alienated African-American community.
7) Develop and implement a comprehensive plan for ministry on college campuses.

Let's examine our progress in pursuing these priorities.

1) TO CONDUCT AN AGGRESSIVE CAMPAIGN THROUGHOUT THE DIOCESE TO PROMOTE VOCATIONS TO THE PRIESTHOOD AND RELIGIOUS LIFE

We continue to be committed to cultivating priests who live heroic lives of prayer, sacrifice and virtue in their consecration and mission. Our priests help to model for all young people, and especially those considering a vocation to the priesthood and religious life, a commitment to proclaim the Word of God, to celebrate the sacraments with reverence and care, and to serve the people of God with the self-emptying love of Jesus Christ. We have made significant progress in the past few years. We currently have 16 seminarians studying for the Diocese of Wilmington; at one point recently we had only four. We are working with seven (7) additional men who will enter seminary formation in the Fall of 2003. Our directors of vocations have worked to develop programs that keep vocations to the priesthood in the forefront of the minds of people throughout the diocese. The director of vocations visits sixth and 11th-graders in the Catholic schools throughout the diocese. We have used billboards with the slogans "White Collar Workers Needed" and "Inquire Within," reminding people of the need to look inside oneself prayerfully to discover the call.

Attractive posters featuring our seminarians are placed in our parishes and schools. The "Pass the Word" program invites 11th-grade boys and girls to spend the day with the bishop, the vocation director, sisters and seminarians to discuss vocations and ministry in the church. Our web page – www.priests2be.org – helps to reach our audience.

Many lay people in our diocese dedicate themselves to praying for vocations. Some who suffer difficult physical crosses offer their sufferings in union with Christ crucified for more priests and religious. Some pray before the Blessed Sacrament in our chapels of perpetual Eucharistic adoration. In every vocation story there are prayerful lay people who have encouraged the seminarian or priest. Please continue to pray for and encourage young people to consider the priesthood and religious life.

2) TO DEVELOP AND IMPLEMENT A COMPREHENSIVE PASTORAL PLAN FOR MINISTRY TO HISPANIC PEOPLE

After a diocesan-wide needs assessment, in 1998 a four-year Diocesan Plan for Hispanic Ministry (1998-2002) was developed. On April 29, 2003 I approved a new four-year (2003-2007) Diocesan Plan entitled, "A Journey Unfolding: Pastoral Guidelines for Hispanic Ministry in the Delmarva Peninsula".

Liturgy

The number of parishes offering weekly Spanish Masses doubled from seven to 14. Mass, formation and outreach services were established at four seasonal migrant worker sites. Over 300 were trained to serve as liturgical ministers. Bi-lingual Masses were celebrated at special occasions at nine parishes. Some parishes have begun efforts to transport the faithful to Mass and religious education.

Community

I joined over 1,600 faithful gathered in June of 1998 for the first diocesan Encuentro, the Pentecost of the Hispanic community on a diocesan level. Also, I joined 2,000 faithful in June 2001 for the second Diocesan Encuentro titled "*Somos el Cuerpo de Cristo---We are the Body of Christ*", emphasizing community between English and Spanish-speaking Catholics paralleling the national *Encuentro 2000* in California.

Bishop Ramazzini, from the Diocese of San Marcos, Guatemala, celebrated Masses and confessions and visited 2,000 of his former Guatemalteco parishioners who are migrant laborers in the central region of the diocese. We are currently entering into a sister-diocese relationship with the Diocese of San Marcos. This is a direct response to Pope John Paul II's appeal for greater solidarity between dioceses in North America and South America in his 1999 apostolic exhortation "The Church in America". Each parish with a Spanish Mass celebrates popular feasts such as Our Lady of Guadalupe, Our Lady of Providence, Living Stations of the Cross with outdoor processions through the neighborhood, Mexican Independence Day, Saturday night parish fiestas, dances, picnics and trips.

Neighborhood evangelization projects include home visitation and door-knocking, home rosaries, *posadas*, Bible studies and summer children camps. At least 10 parishes have appointed Hispanics to their pastoral council. There are two Spanish Catholic weekly radio programs. The diocesan Hispanic bulletin *Pueblo de Dios en Marcha* was established and is published quarterly.

Formation

Three Hispanic men were ordained permanent deacons in 2002; six are in formation. Four Hispanic seminarians are in formation for priesthood. One Mexican immigrant youth group alumnus has professed simple vows with Missionary Sisters in Washington, DC. Currently several Hispanics are in the inquiry stages into ordained or religious life.

Because of extensive activities of mainline Protestant denominations, Evangelical and Fundamentalist congregations and Jehovah's Witnesses, extensive Catholic formation opportunities have been developed. An estimated 500 Hispanic Catholics took part in courses entitled "Introduction to the Sacred Scripture", "Overview of the Old Testament", and "*Fe Y Exilio*" offered at local parishes and home bible studies. Over 3,000 Spanish bibles, over 200 cassettes of the bible in Spanish have been distributed or sold.

Eight parishes have established Hispanic Youth and Young Adult Groups (*Pastoral Juvenil*). Over 125 have received leadership training over 500 have participated in four diocesan *Encuentros Juvenil*. Over 250 youth attended *Jornada* weekend retreats hosted by St. Paul, Wilmington. A Diocesan Hispanic Youth and Young Council has been established in 2003.

Thirteen parishes established religious education programs that cater to the special needs of immigrant children. Three parishes offer mission-style religious education at homes and apartment complexes in order to respond to challenges of lack of transportation or remote location from main parish. Over 1000 Hispanic adults received the Sacraments of Initiation after completing RCIA processes offered at parishes and special-case migrant worker sites. Five parishes offer English as a second language programs for adults.

Social Action

Most parishes with Spanish Masses have begun to establish outreach programs. St. Paul parish has begun to form *Voces Sin Fronteras* aimed at empowering Hispanics to organize, unify their voices and seek just working environments, adequate housing, immigration reform and drivers license accessibility. Immigration services have been strengthened. One religious sister and one lay woman have been appointed to offer counseling in Spanish at two parishes and Catholic Charities.

3) TO ASSESS DIOCESAN OFFICES AND MINISTRIES TO ASSURE EFFICIENCY AND EFFECTIVENESS

The primary purpose of any diocesan office or ministry is to assist and enable the bishop, parishes, and church institutions to fulfill our common mission by providing resources, leadership, direction, service, and support. The common vision of all of our diocesan offices is to assist parishes in particular to become vibrant communities of faith, worship, education, service and evangelization.

Work on this priority began in the fall of 1997 with the hiring of consultants charged with evaluating all aspects of diocesan offices and ministries that impacted in any way their mission, purpose, efficiency and effectiveness. The examination included a review of office structure, lines of authority, reporting, internal and external relationships, budgeting and cost, communications and planning.

Our assessors advised us that in the main our diocesan offices and services did a very good job. However, the consultants did have a number of recommendations: a clear articulation of a common diocesan vision for all services; a review of departmental structure and reporting relationships; improvement of internal and external communications, particularly with the parishes; enhancement of our use of technology in the day-to-day operations; and a tighter planning and budgeting process.

The study's implementation resulted in some changes, but most importantly it offered an opportunity for our diocesan staff to examine closely the services they provide, change what needed changing, refocus, and renew their efforts in light of our common mission.

Major diocesan councils' and committees' purpose and need were carefully examined and modified where required to strengthen leadership and to identify more clearly their role and function.

Our finances are managed and accounted for under the direction of a diocesan chief finance officer. I approved the first lay chief finance officer in late 1996 with the advice, counsel, and full involvement of our diocesan Finance Council. We use professional investment managers and advisers to carefully manage our invested assets. We diligently develop and monitor an annual budget. We are audited by Price Waterhouse Coopers. I was most pleased we were able to forgive debts owed the diocese by parishes and other institutions during the Great Jubilee celebration.

4) TO ESTABLISH NEW PARISHES AND SCHOOLS

In 1868, a 36-year-old priest named Thomas Becker was installed as the first Bishop of the Diocese of Wilmington. Only 15 small churches served the scattered Catholic community on 6,200 square miles of the Delmarva Peninsula. After his first tour of the diocese, Bishop Becker noted that he found "churches and schools, small buildings, old and poverty-stricken". But he also found dedicated clergy and faithful lay people willing to sacrifice to support and build up the new diocesan church.

When I became the eighth bishop of Wilmington 128 years later, a very different scene greeted me. With God's grace and the generosity and hard work of past generations of bishops, priests and laity, the Diocese of Wilmington had grown beyond what Bishop Becker could have imagined.

Catholics numbered over 185,000 in Delaware and the nine counties of Maryland's Eastern Shore which now make up the Diocese of Wilmington. There were 56 parishes and 20 mission churches. Nearly 16,000 children of all ages, races, nationalities and economic status were enrolled in Catholic schools, and over 30 diocesan ministries, agencies, and offices served the Catholic population and community at large.

While the growth in those 128 years had been a great blessing, I faced a number of challenges, not the least of which was coping with that growth. Unfortunately, development in the diocese outpaced planning. As I came to know my new diocese, I recognized that there was a need to establish at least three more parishes and that several parish churches were too small to accommodate their growing numbers. Other churches required repair, expansion or renovation. Several schools and other parish facilities required expansion and/or repair. Additionally, I encountered near demands from literally hundreds of parents throughout the diocese for more Catholic schools. The challenge was how to address these issues in an orderly and effective manner.

We formed a Pastoral Planning Task Force composed of clergy and lay persons to guide the planning process and to make recommendations to me. Consultants were retained to assist in developing both the process as well as the plan. We identified the heaviest

growth areas of the diocese and arranged for consultations with pastors and parish pastoral councils to obtain the local perspective. We studied data assembled by the diocesan schools office, state and county planning agencies, and sought the assistance of the Urban Affairs Department of the University of Delaware and its counterpart at the University of Maryland.

Over a period of eight months data was reviewed carefully by the Planning Task Force. Finally in the summer of 1998 a report was presented to me which was in turn reviewed by priests of the diocese in a special meeting held in August. The recommendations of the task force were also presented to our Diocesan Pastoral Council.

As you well know, the plan calls for the establishment of new parishes. The first among them is St. Margaret of Scotland in New Castle County, which was formally set up in May of 1998. We recently accomplished the separation of St. Jude in Lewes from its mother parish, St. Edmond in Rehoboth Beach. We also look to the eventual establishment of St. John Neumann Church as an independent parish in Wicomico County near Ocean City.

While the plan strongly recommends founding new parishes, it also addresses the insufficiency of church buildings and calls for the construction of five new larger churches in existing parishes, two new regional schools to accommodate 600 students each, as well as the expansion of existing parish and school facilities.

A new Catholic cemetery in Sussex County, *Gate of Heaven*, was opened to service our Catholic population in the southern environs of our diocese. This new cemetery expands the services of Catholic Cemeteries to our two existing Catholic Cemeteries, *All Saints* on Kirkwood Highway, Wilmington and *Cathedral* in the City of Wilmington which provide the finest services and facilities to our Catholic people.

5) TO EXPLORE MODELS OF PARISH MINISTRY, CLOSELY EXAMINING THE ROLE OF THE CLERGY AND THE LAITY IN THESE MODELS

We continue to express our commitment to a renewal of our parishes and collaborative ministry in a variety of ways.

The diocesan summit on collaboration, as previously mentioned, helped to review and study models and approaches that could better integrate the ministry of the clergy with the many talents, skills and ministries our lay people bring to the church.

For many years now, we have benefited from the contributions of lay persons who work as school principals, parish business managers, directors of religious education, secretaries and accountants. Our laity helped pioneer the RCIA and new approaches to evangelization and have energized our outreach to the poor.

6) TO EVANGELIZE THE UNCHURCHED AND ALIENATED AFRICAN-AMERICAN COMMUNITY

There is at present no organized Diocesan Program of Evangelization to the unchurched. The Priests' Council studied "Disciples in Mission" for this purpose but rejected it. We had a Ministry Formation Institute which sponsored a pilot project in five parishes using deacon candidates as leaders, but the program did not last after financial and personnel problems caused the closing of the MFI. Parishes are encouraged to have "Come Home for Christmas" programs but even where enthusiastically undertaken they enjoy minimal success because of lack of follow up.

Our most successful program of evangelization is the RCIA program which brings approximately 450 candidates, unbaptized, baptized and fallen away Catholics to the Church each year.

Black Catholic Ministry became more formalized during the quinquennium. A part-time coordinator was hired and a structure was established that resulted in a Black Catholic Gospel Choir obtaining more visibility. Eight hundred Black Catholics are now on a mailing list. St. Joseph on French Street because of its location in the inner city has achieved new stability with Franciscan Friars in charge (the traditional Black Catholic Church for blacks before integration the 1960s). Bishop Saltarelli led a delegation of twenty Black Catholics to the National Black Catholic Congress IX in September 2002 in Chicago. They returned with enthusiasm. Co-Directors (still part-time) were hired to replace the first part-time director. An office is being set up in the basement of the parish of Christ Our King. Increased visibility of the group is evidenced by radio programming in both the north and south of the diocese. Plans are underway to implement the 8 principals of the 2002 Black Catholic Congress to bring the gospel message to the inactive Black Catholics and unchurched members of the Black Community.

7) TO DEVELOP AND IMPLEMENT A COMPREHENSIVE PLAN FOR MINISTRY ON COLLEGE CAMPUSES

The diocese is committed to developing Catholic leaders on our campuses who will one day be articulate and effective witnesses to Catholic principles in their professions, their families and the public square. To accomplish this objective, we are moving ahead on a variety of different fronts.

The diocese purchased property to house the Catholic Campus Ministry at Salisbury (MD) State University. A campus minister serves the students at that campus and connects with the University of Maryland Eastern Shore in Princess Anne.

A deacon coordinates campus ministry at Washington College in Chestertown, MD. There is Sunday evening Mass for students and discussion group opportunities.

Students at Wesley College in Dover will have their own campus liturgy beginning this spring and Catholic Campus Ministry is expanding at Delaware State University in Dover.

In addition to liturgies, bible study, gatherings of students and faculty, speakers and vibrant retreats, the newest program at St. Thomas More Oratory at the University of Delaware is entitled "Conversations: Science and Religion." It helps students and faculty alike to explore the complex bioethical issues of our day from a Catholic perspective.

Many of our college students around the diocese continue to hold top leadership roles in the National Catholic Student Coalition.

c. Other responses on planning I believe are in the responses to the section marked Appendix A: *Challenges and Opportunities in the 90's and Beyond.* I might add,

The articulated priorities to date are:

- Increase in vocations
- Ministry to Hispanic community
- Ministry to African-Americans
- Increased outreach on college campuses
- Strengthening and expanding schools
- Development of a Strategic Plan to provide for new parishes.

Quinquennial Report

Supplemental Information

As a result of the significant volume of data necessary to satisfactorily address item XXI A-1, the Financial State of the Diocese - Statistics/General Economic Situation, this supplemental information has been compiled. It contains multiple audited financial statements covering the years 1998 - 2002, and the budget for the present year (Fiscal Year Ending June 30, 2003) for the twelve Diocesan organizations. This information is summarized by section according to the index which follows on the succeeding page. A thirteenth section contains the information specific to item XXI A-3, assistance made to other dioceses and contributions towards the needs of the Apostolic See and the Peter's Pence Offering.

Catholic Diocese of Wilmington
XXIII. FINANCIAL STATE OF THE DIOCESE
Statistical Index

Ref:

1. Catholic Diocese of Wilmington, Inc.
2. Catholic Cemeteries, Inc.
3. Catholic Diocese Foundation
4. Catholic Ministry to the Elderly, Inc.
5. Catholic Youth Organization, Inc.
6. St. Mark's High School
7. Catholic Charities, Inc.
8. Catholic Press of Wilmington, Inc.
9. Children's Home, Inc.
10. Seton Villa, Inc.
11. Siena Hall, Inc.
12. St. Thomas More Academy
13. Other Data: Assistance to Other Dioceses; Contributions towards the needs of the Apostolic See; Proceeds of the Peter's Pence Collection

Catholic Diocese of Wilmington
XXIII. FINANCIAL STATE OF THE DIOCESE
Statistical Index

Entity: Catholic Diocese of Wilmington, Inc.

Enclosures:

- Audited Financial Statements for the years ended June 30, 2002 and 2001
- Audited Financial Statements for the years ended June 30, 2000 and 1999
- Audited Financial Statements for the years ended June 30, 1998 and 1997
- Budget summary for the year ending June 30, 2003

Catholic Diocese of Wilmington, Inc.

Financial Statements for the Years Ended
June 30, 2002 and 2001

Catholic Diocese of Wilmington, Inc.
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Report of Independent Accountants

To the Audit Committee
Catholic Diocese of Wilmington, Inc.
Wilmington, Delaware

We have audited the accompanying balance sheets – modified cash basis of the Catholic Diocese of Wilmington, Inc. (the Diocese) as of June 30, 2002 and 2001 and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Diocese's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The Diocese has not adopted Statement of Financial Accounting Standards No. 93 (SFAS 93), "Recognition of Depreciation by Not-for-Profit Organizations," which requires not-for-profit organizations to recognize depreciation as a cost of using up the future economic benefits of their long-lived tangible assets. Also, equipment is expensed at the time of purchase that, in our opinion, should be capitalized in order to conform to accounting principles generally accepted in the United States of America. The effects of not complying with SFAS 93 and of not capitalizing equipment are not reasonably determinable.

In our opinion, except for the effect of not recognizing depreciation expense of long-lived tangible assets and of not capitalizing equipment as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Diocese as of June 30, 2002 and 2001 and the changes in its net assets and its cash flows for the years then ended, on the basis of accounting described in Note 1.

PricewaterhouseCoopers LLP

November 6, 2002

Catholic Diocese of Wilmington, Inc.
Balance Sheet - Modified Cash Basis
June 30, 2002

	2002					2001
	Unrestricted					
Assets	General	Designated	Total	Restricted	Total	
Cash and cash equivalents	$ 543,745	$ 55,037	$ 598,782	$ 48,696	$ 647,478	$ 1,187,328
Pooled investments	9,987,268	22,609,387	32,596,655	7,621,397	40,218,052	52,696,923
Other investments – priests' health and welfare trusts	-	6,056,671	6,056,671	-	6,056,671	6,989,230
Other assets (net)	903,538	156,420	1,059,958	64,362	1,124,320	544,990
Pledges receivable (net)	-	-	-	16,071,395	16,071,395	7,670,486
Notes receivable	708,625	-	708,625	-	708,625	746,378
Real estate	1,164,680	-	1,164,680	-	1,164,680	1,164,680
Assets held for affiliates	-	-	-	71,065,255	71,065,255	80,348,363
Total assets	$13,307,856	$28,877,515	$42,185,371	$ 94,871,105	$137,056,476	$151,348,378
Liabilities and Net Assets						
Accounts payable and accrued expenses	$ 2,116,859	$ -	$ 2,116,859	$ 13,035,824	$ 15,152,683	$ 7,828,375
Assets due to affiliates	-	-	-	71,065,255	71,065,255	80,348,363
Total liabilities	2,116,859	-	2,116,859	84,101,079	86,217,938	88,176,738
Net assets:						
Unrestricted - general	11,190,997	-	11,190,997	-	11,190,997	12,763,415
Unrestricted - designated	-	28,877,515	28,877,515	-	28,877,515	32,682,152
Temporarily restricted	-	-	-	5,238,197	5,238,197	12,194,244
Permanently restricted	-	-	-	5,531,829	5,531,829	5,531,829
Total net assets	11,190,997	28,877,515	40,068,512	10,770,026	50,838,538	63,171,640
Total liabilities and net assets	$13,307,856	$28,877,515	$42,185,371	$ 94,871,105	$137,056,476	$151,348,378

The accompanying notes are an integral part of the financial statements.

Catholic Diocese of Wilmington, Inc.
Balance Sheet - Modified Cash Basis
June 30, 2001

	2001				
	Unrestricted				
Assets	General	Designated	Total	Restricted	Total
Cash and cash equivalents	$ 761,070	$ 89,857	$ 850,927	$ 336,401	$ 1,187,328
Pooled investments	11,115,299	25,492,992	36,608,291	16,088,632	52,696,923
Other investments – priests' health and welfare trusts	-	6,989,230	6,989,230	-	6,989,230
Other assets (net)	377,567	110,073	487,640	57,350	544,990
Pledges receivable (net)	-	-	-	7,670,486	7,670,486
Notes receivable	746,378	-	746,378	-	746,378
Real estate	1,164,680	-	1,164,680	-	1,164,680
Assets held for affiliates	-	-	-	80,348,363	80,348,363
Total assets	$14,164,994	$32,682,152	$46,847,146	$104,501,232	$151,348,378
Liabilities and Net Assets					
Accounts payable and accrued expenses	$ 1,401,579	$ -	$ 1,401,579	$ 6,426,796	$ 7,828,375
Assets due to affiliates	-	-	-	80,348,363	80,348,363
Total liabilities	1,401,579	-	1,401,579	86,775,159	88,176,738
Net assets:					
Unrestricted - general	12,763,415	-	12,763,415	-	12,763,415
Unrestricted - designated	-	32,682,152	32,682,152	-	32,682,152
Temporarily restricted	-	-	-	12,194,244	12,194,244
Permanently restricted	-	-	-	5,531,829	5,531,829
Total net assets	12,763,415	32,682,152	45,445,567	17,726,073	63,171,640
Total liabilities and net assets	$14,164,994	$32,682,152	$46,847,146	$104,501,232	$151,348,378

The accompanying notes are an integral part of the financial statements.

Catholic Diocese of Wilmington, Inc.
Statement of Activities and Changes in Net Assets - Modified Cash Basis
For the Year Ended June 30, 2002

	Unrestricted			Temporarily Restricted			
	General	Designated	Total	General	Capital Campaign	Permanently Restricted	Total
Revenues and other support:							
Assessments	$ 3,171,993	$ -	$ 3,171,993	$ -	$ -	$ -	$ 3,171,993
Annual appeal	2,014,179	-	2,014,179	-	-	-	2,014,179
Pooled investment loss	(412,662)	(1,779,788)	(2,192,450)	(1,077,048)	(7,082)	-	(3,276,580)
Other investment loss priests' health and welfare trusts	-	(545,949)	(545,949)	-	-	-	(545,949)
Collections	-	88,260	88,260	947,041	-	-	1,035,301
Contributions	74,631	479,134	553,765	583,374	5,666,921	-	6,804,060
CDF Grant	-	25,000	25,000	-	-	-	25,000
Priests' insurance premiums	-	1,223,226	1,223,226	-	-	-	1,223,226
Lay employee insurance premiums (see Note 4)	-	5,040,967	5,040,967	-	-	-	5,040,967
Other	220,887	191,517	412,404	33,623	-	-	446,027
Net assets released from restrictions	892,880	12,209,996	13,102,876	(2,787,738)	(10,315,138)	-	-
Total revenue and other support	5,961,908	16,932,363	22,894,271	(2,300,748)	(4,655,299)	-	15,938,224
Expenses:							
Program services:							
Catholic Charities	923,416	181,797	1,105,213	-	-	-	1,105,213
Catholic education	739,488	-	739,488	-	-	-	739,488
Communication	87,186	-	87,186	-	-	-	87,186
Distributions:							
Education Fund	-	1,212,588	1,212,588	-	-	-	1,212,588
Other funds	-	720,230	720,230	-	-	-	720,230
National collections	-	974,046	974,046	-	-	-	974,046
Other	344,940	-	344,940	-	-	-	344,940
Pastoral services	820,355	709,436	1,529,791	-	-	-	1,529,791
Total program services	2,915,385	3,798,097	6,713,482	-	-	-	6,713,482
Supporting services:							
Administration	2,529,588	1,785,149	4,314,737	-	-	-	4,314,737
Capital expenditures	152,368	9,107,002	9,259,370	-	-	-	9,259,370
Development	300,033	-	300,033	-	-	-	300,033
Finance	390,738	-	390,738	-	-	-	390,738
Priests' insurance expense	-	1,016,537	1,016,537	-	-	-	1,016,537
Lay employee insurance expense (see Note 4)	-	5,030,215	5,030,215	-	-	-	5,030,215
Lay employee benefits	1,246,214	-	1,246,214	-	-	-	1,246,214
Total supporting services	4,618,941	16,938,903	21,557,844	-	-	-	21,557,844
Total expenses	7,534,326	20,737,000	28,271,326	-	-	-	28,271,326
Changes in net assets	(1,572,418)	(3,804,637)	(5,377,055)	(2,300,748)	(4,655,299)	-	(12,333,102)
Net assets at beginning of year	12,763,415	32,682,152	45,445,567	10,489,408	1,704,836	5,531,829	63,171,640
Net assets at end of year	$11,190,997	$28,877,515	$40,068,512	$ 8,188,660	$(2,950,463)	$5,531,829	$50,838,538

The accompanying notes are an integral part of the financial statements.

Catholic Diocese of Wilmington, Inc.
Statement of Activities and Changes in Net Assets - Modified Cash Basis
For the Year Ended June 30, 2001

	Unrestricted			Temporarily Restricted			
	General	Designated	Total	General	Capital Campaign	Permanently Restricted	Total
Revenues and other support:							
Assessments	$ 2,902,869	$ -	$ 2,902,869	-	-	$ -	$ 2,902,869
Annual appeal	2,744,158	-	2,744,158	-	-	-	2,744,158
Pooled investment income (loss)	(328,624)	(694,674)	(1,023,298)	$ 29,969	$ (94)	-	(993,423)
Other investment income (loss) – priests' health and welfare trusts	-	(542,498)	(542,498)	-	-	-	(542,498)
Collections	49,882	127,961	177,843	1,088,474	-	-	1,266,317
Contributions	70,941	528,480	599,421	680,789	3,569,631	-	4,849,841
CDF Grant	5,298	25,000	30,298	-	-	-	30,298
Priests' insurance premiums	-	1,059,436	1,059,436	-	-	-	1,059,436
Lay employee insurance premiums (see Note 4)	-	3,829,693	3,829,693	-	-	-	3,829,693
Other	300,814	106,917	407,731	77,994	-	-	485,725
Net assets released from restrictions	345,711	4,176,965	4,522,676	(2,657,975)	(1,864,701)	-	-
Total revenue and other support	6,091,049	8,617,280	14,708,329	(780,749)	1,704,836	-	15,632,416
Expenses:							
Program services:							
Catholic Charities	845,799	200,119	1,045,918	-	-	-	1,045,918
Catholic education	638,704	-	638,704	-	-	-	638,704
Communication	106,758	-	106,758	-	-	-	106,758
Distributions:							
Education Fund	-	1,294,057	1,294,057	-	-	-	1,294,057
Other funds	-	1,462,293	1,462,293	-	-	-	1,462,293
National collections	49,882	793,931	843,813	-	-	-	843,813
Other	794,680	-	794,680	-	-	-	794,680
Pastoral services	786,173	680,412	1,466,585	-	-	-	1,466,585
Total program services	3,221,996	4,430,812	7,652,808	-	-	-	7,652,808
Supporting services:							
Administration	2,352,585	1,200,039	3,552,624	-	-	-	3,552,624
Capital expenditures	138,052	-	138,052	-	-	-	138,052
Development	382,474	-	382,474	-	-	-	382,474
Finance	372,543	-	372,543	-	-	-	372,543
Priests' insurance expense	-	1,167,949	1,167,949	-	-	-	1,167,949
Lay employee insurance expense (see Note 4)	-	4,428,862	4,428,862	-	-	-	4,428,862
Lay employee benefits	1,249,432	-	1,249,432	-	-	-	1,249,432
Total supporting services	4,495,086	6,796,850	11,291,936	-	-	-	11,291,936
Total expenses	7,717,082	11,227,662	18,944,744	-	-	-	18,944,744
Changes in net assets	(1,626,033)	(2,610,382)	(4,236,415)	(780,749)	1,704,836	-	(3,312,328)
Net assets at beginning of year	14,389,448	35,292,534	49,681,982	11,270,157	-	$5,531,829	66,483,968
Net assets at end of year	$12,763,415	$32,682,152	$45,445,567	$10,489,408	$1,704,836	$5,531,829	$63,171,640

The accompanying notes are an integral part of the financial statements.

Catholic Diocese of Wilmington, Inc.
Statements of Cash Flows - Modified Cash Basis
For the Years Ended June 30, 2002 and 2001

	2002	2001
Cash flows from operating activities:		
Changes in net assets	$(12,333,102)	$(3,312,328)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net depreciation on pooled investments	4,107,090	2,216,854
Net depreciation on other investments - priests' health and welfare trusts	738,497	763,903
Bad debt expense	1,208,136	701,065
Changes in assets and liabilities:		
Pledges receivable	(9,609,045)	(8,263,706)
Other assets (net)	(579,330)	(42,507)
Assets held for affiliates	9,283,108	6,556,119
Accounts payable and accrued expenses	7,324,308	6,741,312
Assets due to affiliates	(9,283,108)	(6,556,119)
Net cash used in operating activities	(9,143,446)	(1,195,407)
Cash flows from investing activities:		
Amounts drawn from pooled investments for operations	10,950,582	5,718,283
Reinvestment of interest and dividends into pooled investments	(830,510)	(1,223,431)
Reinvestment of interest and dividends into other investments - priests' health and welfare trusts	(192,548)	(221,405)
Deposits into pooled investments	(6,051,284)	(5,910,440)
Amounts drawn from other investments for priests' pension payments	367,778	336,202
Amounts drawn from pooled investments for health insurance	4,321,825	3,740,836
Issuance of notes receivable	(14,363)	(410,045)
Repayments of notes receivable	52,116	52,718
Net cash provided by investing activities	8,603,596	2,082,718
Net (decrease)/increase in cash	(539,850)	887,311
Cash and cash equivalents at beginning of year	1,187,328	300,017
Cash and cash equivalents at end of year	$ 647,478	$ 1,187,328

The accompanying notes are an integral part of the financial statements.

1. Summary of Significant Accounting Policies

Nature of Operations

Catholic Diocese of Wilmington, Inc. (the Diocese) is a not-for-profit corporation having as its objects and purposes the promotion of the teachings of Jesus Christ, as taught and set forth by the Roman Catholic Church throughout the Diocese in the State of Delaware and the nine (9) Counties of the State of Maryland's Eastern Shore and such territory over which the Diocese will have jurisdiction as delegated by proper authority of the Universal Roman Catholic Church.

Basis of Reporting

The Diocese reports using the modified cash basis of accounting, which differs from the accrual basis principally in not recognizing certain pledges and grants and in not establishing accruals for pension liabilities and priests' health and welfare trusts. The preparation of financial statements in conformity with these principles 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.

The accompanying financial statements reflect only the operation of the Diocese. Certain other operating entities have not been combined in the accompanying statements, the more significant of which are as follows:

Affiliated Parishes and Schools
Catholic Cemeteries, Inc.
Catholic Charities, Inc.
Catholic Diocese Foundation
Catholic Ministry to the Elderly, Inc.
Catholic Press of Wilmington, Inc.
Catholic Youth Organization, Inc.
Children's Home, Inc.
Diocese of Wilmington Schools, Inc.
Seton Villa, Inc.
Siena Hall, Inc.

The Diocese acts as a fiduciary for these entities by investing funds in its pooled investment and cash management accounts on behalf of these entities.

Financial Statement Presentation

Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. A description of the three net asset classifications follows:

- **Unrestricted Net Assets** include those assets that are available for the support of operations and whose use is not externally restricted, although their use may be limited by other factors such as by contract or board designation.

- **Temporarily Restricted Net Assets** include gifts for which donor imposed restrictions have not been met and pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted. Temporarily restricted net assets are primarily restricted for youth education and related activities, education of men for the priesthood, and the upkeep of specific facilities.

- **Permanently Restricted Net Assets** include gifts, trusts, and pledges which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions.

Contributions
Noncash contributions are recorded at fair value on the date of donation. Contributions of cash and other non-capital assets are reported as temporarily restricted operating revenue if the contributions are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions which are received and expended within the same fiscal year are reported as unrestricted revenues.

Cash and Cash Equivalents
Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less. The Diocese investments in cash and cash equivalents are interest bearing. At times these amounts may exceed federally insured limits.

Pooled Investments
Pooled investments are stated at fair value. Pooled investment income on the statement of activities includes interest, dividends, and realized and unrealized gains and losses, net of consulting and custodial costs.

The Diocese manages an investment pool for its investments and those of its affiliated organizations. The investment pool is held in a custody account at Mellon Trust. The pool is invested in a combination of fixed income and equity securities and mutual funds.

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

Pledges Receivable
Except for pledges made to the Annual Catholic Appeal and grants made by the Catholic Diocese Foundation, Inc., which are accounted for on a cash basis, unconditional promises to give are reported at fair value as pledges receivable and contributions in the period the promise is received. All pledges are due in one to five years. The Diocese is not the recipient of any conditional pledges.

Real Estate and Equipment
Real estate consists of buildings and the related land. All real estate acquisitions are capitalized at cost, when purchased, or at fair value at date of gift, when donated. Equipment is expensed at the time of purchase.

Statement of Financial Accounting Standards No. 93 (SFAS 93), "Recognition of Depreciation by Not-for-Profit Organizations," requires not-for-profit organizations to recognize depreciation as a cost of using up the future benefits of their long-lived tangible assets. The Diocese has not adopted SFAS 93.

Assets Held for/Due to Affiliates
These assets are owned by the affiliated corporations and invested for the affiliates by the Diocese in the pooled investments.

2. Pooled Investments

The composition of pooled investments as of June 30, 2002 and 2001 was as follows:

	2002	2001
Cash and cash equivalents	$ 1,894,581	$ 2,451,555
Fixed income	11,411,771	14,487,903
Domestic equity	20,773,266	28,537,920
International equity	6,138,434	7,219,545
Total pooled investments	$40,218,052	$52,696,923

The composition of other investments – priests' health and welfare trusts at June 30, 2002 and 2001 was as follows:

	2002	2001
Cash and cash equivalents	$ (42,917)	$ (106,516)
Fixed income	2,723,238	2,616,674
Domestic equity	3,376,350	4,479,072
Total other investments	$6,056,671	$6,989,230

The fair value of these investments was determined based on quoted market prices at June 30, 2002 and 2001.

Pooled investment income for the years ended June 30, 2002 and 2001 consisted of the following:

	2002	2001
Interest and dividends	$ 830,510	$ 1,223,431
Net (loss) appreciation	(4,107,090)	(2,216,854)
Pooled investment (loss) income	$(3,276,580)	$ (993,423)

The pooled investment income was net of custodial and advisory fees in the amounts of $309,066 and $344,184 for the years ended June 30, 2002 and 2001, respectively.

Other investment income – priests' health and welfare trusts for the years ended June 30, 2002 and 2001 consisted of the following:

	2002	2001
Interest and dividends	$ 192,548	$ 221,405
Net (loss) appreciation	(738,497)	(763,903)
Other investment (loss) income	$(545,949)	$(542,498)

3. Notes Receivable

Notes receivable at June 30, 2002 and 2001 were as follows:

	2002	2001
Korean Catholic Community - interest payable at 2.8% in monthly installments of $948.95 over 15 years, starting June 2000	$ 104,666	$ 111,333
St. Mark's High School (roof repairs) - payable in annual installments of $40,000 the first year and $45,000 the next eight years beginning December 30, 1997, non-interest bearing	180,000	225,000
St. Hedwig	53,430	53,430
Other	800	-
Diocese of Wilmington Schools, Inc.	369,729	356,615
Total notes receivable	$ 708,625	$ 746,378

4. Capital Campaign

During the fiscal year ended June 30, 2001, the Diocese initiated a Capital Campaign. Pledges received as part of the Capital Campaign are shared by the Diocese and individual parishes based on a predetermined formula. Pledges are receivable over a period of up to five years. Pledges receivable over the next five years are as follows:

2003	$ 7,351,713
2004	6,754,850
2005	3,203,563
2006	1,550,527
2007	313,168
2008	600
Total	19,174,421
Discount for net present value	(1,270,647)
Allowance for uncollectible pledges	(1,909,201)
Total Capital Campaign pledges receivable	$15,994,573
Liability to parishes at June 30, 2002, included in accounts payable and accrued expenses	$13,035,824
Diocese pledge revenue for the year ended June 30, 2002	$ 5,666,921

The Capital Campaign will continue in future periods.

5. Related Party Transactions

Certain members of the Diocese's board are also board members of certain affiliated corporations.

The Diocese includes on its balance sheet assets held for/due to affiliated corporations which are reported in restricted net assets. These assets are owned by the affiliated corporations and are included in the financial statements of the Diocese to portray the fiduciary relationship on these assets.

The Diocese received assessments from its parishes in the amount of $3,171,993 and $2,902,869 for the years ended June 30, 2002 and 2001, respectively, and from Catholic Cemeteries in the amount of $120,000 and $114,000, respectively.

During 2002 and 2001, the Catholic Diocese Foundation awarded the Diocese $175,000 and $185,110, respectively. Because the Diocese reports on a modified cash basis, only the cash amounts received of $25,000 and $30,298, respectively, from the Catholic Diocese Foundation were included on the statements of activities of the Diocese.

During 2002 and 2001, St. Mark's contributed $144,578 and $174,552, respectively, to funds held and administered by the Diocese and Diocese of Wilmington Schools, Inc.

The Diocese disburses funds on behalf of Catholic Youth Organization, Inc. (CYO) for wages, payroll taxes and health benefits. During the years ended June 30, 2002 and 2001, the Diocese disbursed a total of $237,220 and $217,160, respectively, on behalf of CYO. Of these balances, amounts still due to the Diocese of approximately $10,715 and $15,407, respectively, are included in other assets for the years ended June 30, 2002 and 2001.

The Diocese disburses funds on behalf of the Catholic Press of Wilmington, Inc. (Press) for wages, payroll taxes, health benefits and other miscellaneous expenses. During the years ended June 30, 2002 and 2001, the Diocese disbursed a total of $332,289and $305,567, respectively, on behalf of Press. Of these balances, amounts still due to the Diocese of approximately $55,000 and $53,000, respectively, are included in other assets for the years ended June 30, 2002 and 2001.

The Diocese disburses funds on behalf of St. Thomas More Academy (St. Thomas) for wages, payroll taxes and health benefits. During the years ended June 30, 2002 and 2001, the Diocese disbursed a total of $907,333 and $815,939, respectively, on behalf of St. Thomas. Of these balances, amounts still due to the Diocese of approximately $81,000 and $72,000, respectively, are included in other assets for the years ended June 30, 2002 and 2001.

The Diocese provided funding to related organizations. The more significant funding provided was as follows:

	2002	2001
Press	$ 467,701	$425,183
Catholic Charities, Inc.	923,416	845,799
St. Mark's High School	1,207,197	776,940
CYO	129,900	123,504
St. Thomas	508,270	466,880

The Diocese provides administrative services for the Catholic Diocese Foundation, CYO, the Press, and St. Thomas. The Catholic Diocese Foundation was invoiced $10,623 and $10,207 for these services for the years ended June 30, 2002 and 2001, respectively. The Diocese absorbed the cost of the services to CYO, the Press, and St. Thomas since the amounts are not significant.

The Diocese pays all claims and other expenses related to their self-insurance plan, which commenced on July 1, 1998. The self-insurance plan covers health insurance, workers' compensation and automobile insurance, and property and liability insurance. Each affiliated corporation pays the Diocese a premium for their portion of the plan claims and expenses. In 2002 and 2001, the Diocese received approximately $5,000,000 and $3,800,000, respectively, in premium revenue from affiliated corporations. These premiums are invested in an insurance reserve fund, and the Diocese pays all claims out of this fund. In 2002 and 2001, the Diocese paid approximately $5,000,000 and $4,200,000, respectively, in actual claims. Included in accounts payable and accrued expenses is an amount for estimated incurred but not reported claims.

The Diocese also sponsors a health and welfare trust for priests, which became self-insured effective January 1, 2001. Each affiliated corporation pays the Diocese a premium for their portion of the plan's claims and expenses. The Diocese received approximately $1,200,000 and $1,100,000 in premium revenues from affiliated corporations in the years ended June 30, 2002 and 2001, respectfully.

The Diocese provides life insurance and long-term disability for all full-time employees of the Diocese, parishes, and certain affiliated corporations, at no cost to those entities since these amounts were not significant. The Diocese also provides pension for all full-time employees of the Diocese, parishes and certain affiliated corporations. Approximately $75,000 and $59,300 of pension costs were charged to other entities for the years ended June 30, 2002 and 2001, respectively.

The Diocese charged rental fees of $2,136 and $2,052 for the years ended June 30, 2002 and 2001, respectively, to the Catholic Diocese Foundation and rental fees of $22,932 and $22,050 for the years ended June 30, 2002 and 2001, respectively, to the Press. A diocesan-owned building was used by CYO, without charge, since the value was not significant.

6. Pension Plans

The Diocese sponsors a noncontributory defined benefit pension plan (the Plan) covering all full-time lay employees of the Diocese, parishes, and affiliated corporations, except Catholic Charities, which has a separate plan. The Plan benefits are based on a monthly pension equal to 1% of the high five-year average compensation for each year of service. The following table sets forth the Plan's status determined using the measurement dates of January 1, 2002 and 2001:

	2002	2001
Accumulated benefit obligation, including vested benefits of $15,301,980 and $13,485,717	$15,862,621	$13,987,131
Plan assets at fair value	9,201,254	9,550,328

The more significant actuarial assumptions utilized as of each valuation date are as follows:

Cost method	Aggregate
Interest rate	7.5% per annum
Discount rate	7.5% per annum
Mortality	1984 Uniform Premium Table
Salary progression	4.0% per annum

For the years ended June 30, 2002 and 2001, $1,000,000 and $750,000, respectively, was funded into the Plan and included as an expense in the statement of activities.

The fair value of Plan assets as of June 30, 2002 and 2001 was $8,912,442 and $9,518,550, respectively. The Plan assets are invested in Domestic Equity and Domestic Bonds.

The Diocese has also established a Revocable Priests Retirement and Welfare Trust to cover the health and retirement cost of the clergy of the Diocese. As of June 30, 2002 and 2001 the fund assets totaled $6,056,671 and $6,989,230, respectively. This balance is included within other investments on the balance sheet.

7. Income Taxes

The Diocese is a not-for-profit corporation which has been granted exempt status from federal taxation under Section 501(c)(3) of the Internal Revenue Code.

8. Commitments and Contingencies

The Diocese will support the operations of other related entities to the extent that those entities are not financially self-sufficient.

In addition, the Diocese will support the operations of St. Thomas during the first several school years of operation when enrollment levels and corresponding tuition is not expected to cover operating expenses and planned capital expenditures. It is estimated that approximately $3.5 to $4.5 million of Diocesan support will be required for St. Thomas for the years 1998 through 2004. As described in Note 5, during 2002 and 2001, approximately $508,000 and $467,000, respectively, was provided to St. Thomas by the Diocese in the form of contributions. It is expected that further support will be provided by loans or additional contributions from the Diocese.

The Diocese is subject to lawsuits and claims with respect to various matters that arise out of the normal course of its operations. In the opinion of the Diocese's internal and external counsel, considerable uncertainty exists with respect to the outcome of these matters. An estimate of the expected liability for these matters is included in the balance sheet at June 30, 2002. Actual results could differ from this estimate. Management does not anticipate that the ultimate liabilities from these matters will have a material adverse effect on the financial position or liquidity of the Diocese.

Catholic Diocese of Wilmington, Inc.

Financial Statements
For the Years Ended
June 30, 2000 and 1999

Catholic Diocese of Wilmington, Inc.
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Report of Independent Accountants

To the Audit Committee
Catholic Diocese of Wilmington, Inc.
Wilmington, Delaware

We have audited the accompanying balance sheets - modified cash basis of the Catholic Diocese of Wilmington, Inc. (the Diocese) as of June 30, 2000 and 1999, and the related statements of activities and changes in net assets and cash flows - modified cash basis for the years then ended. These financial statements are the responsibility of the Diocese's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, which standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The Diocese has not adopted Statement of Financial Accounting Standards No. 93 (SFAS 93), "Recognition of Depreciation by Not-for-Profit Organizations," which requires not-for-profit organizations to recognize depreciation as a cost of using up the future economic benefits of their long-lived tangible assets. Also, equipment is expensed at the time of purchase that, in our opinion, should be capitalized in order to conform to accounting principles generally accepted in the United States of America. The effects of not complying with SFAS 93 and of not capitalizing equipment are not reasonably determinable.

In our opinion, except for the effect of not recognizing depreciation expense of long-lived tangible assets and of not capitalizing equipment as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Diocese as of June 30, 2000 and 1999 and the changes in its net assets and its cash flows for the years then ended, on the basis of accounting described in Note 1.

PricewaterhouseCoopers LLP

October 6, 2000

Catholic Diocese of Wilmington, Inc.
Balance Sheet - Modified Cash Basis
June 30, 2000 and 1999

	2000					1999
	Unrestricted					
Assets	General	Designated	Total	Restricted	Total	Total
Cash and cash equivalents	$ 92,885	$ 37,086	$ 129,971	$ 170,046	$ 300,017	$ 586,544
Pooled investments	13,383,292	27,308,575	40,691,867	16,468,215	57,160,082	52,548,280
Other investments – priests' health and welfare trusts	-	7,946,873	7,946,873	-	7,946,873	8,180,815
Other assets	446,603	-	446,603	55,880	502,483	764,629
Pledges receivable	-	-	-	107,845	107,845	116,622
Notes receivable, net of allowance	389,051	-	389,051	-	389,051	968,120
Real estate	1,164,680	-	1,164,680	-	1,164,680	1,164,680
Assets held for affiliates	-	-	-	86,904,482	86,904,482	79,705,147
Total assets	$15,476,511	$35,292,534	$50,769,045	$103,706,468	$154,475,513	$144,034,837
Liabilities and Net Assets						
Accounts payable and accrued expenses	1,087,063	-	1,087,063	-	1,087,063	618,514
Assets due to affiliates	-	-	-	86,904,482	86,904,482	79,705,147
Total liabilities	1,087,063	-	1,087,063	86,904,482	87,991,545	80,323,661
Net assets:						
Unrestricted - general	14,389,448	-	14,389,448	-	14,389,448	14,539,087
Unrestricted - designated	-	35,292,534	35,292,534	-	35,292,534	32,544,601
Temporarily restricted	-	-	-	11,270,157	11,270,157	10,595,659
Permanently restricted	-	-	-	5,531,829	5,531,829	5,531,829
Total net assets	14,389,448	35,292,534	49,681,982	16,801,986	66,483,968	63,711,176
Total liabilities and net assets	$15,476,511	$35,292,534	$50,769,045	$103,706,468	$154,475,513	$144,034,837

The accompanying notes are an integral part of the financial statements.

Catholic Diocese of Wilmington, Inc.
Balance Sheet - Modified Cash Basis
June 30, 1999

	1999				
	Unrestricted				
Assets	General	Designated	Total	Restricted	Total
Cash and cash equivalents	$ 437,094	$ 24,086	$ 461,180	$ 125,364	$ 586,544
Pooled investments	12,628,904	23,886,580	36,515,484	16,032,796	52,548,280
Other investments – priests' health and welfare trusts	-	8,180,815	8,180,815	-	8,180,815
Other assets	711,923	-	711,923	52,706	764,629
Pledges receivable	-	-	-	116,622	116,622
Notes receivable, net of allowance	315,000	653,120	968,120	-	968,120
Real estate	1,164,680	-	1,164,680	-	1,164,680
Assets held for affiliates	-	-	-	79,705,147	79,705,147
Total assets	$15,257,601	$32,744,601	$48,002,202	$ 96,032,635	$144,034,837
Liabilities and Net Assets					
Accounts payable and accrued expenses	618,514	-	618,514	-	618,514
Assets due to affiliates	-	-	-	79,705,147	79,705,147
Total liabilities	618,514	-	618,514	79,705,147	80,323,661
Net assets:					
Unrestricted - general	14,639,087	-	14,639,087	-	14,639,087
Unrestricted - designated	-	32,744,601	32,744,601	-	32,744,601
Temporarily restricted	-	-	-	10,795,659	10,795,659
Permanently restricted	-	-	-	5,531,829	5,531,829
Total net assets	14,639,087	32,744,601	47,383,688	16,327,488	63,711,176
Total liabilities and net assets	$15,257,601	$32,744,601	$48,002,202	$ 96,032,635	$144,034,837

The accompanying notes are an integral part of the financial statements.

Catholic Diocese of Wilmington, Inc.

Statement of Activities and Changes in Net Assets - Modified Cash Basis

For the Year Ended June 30, 2000

	Unrestricted			Temporarily Restricted	Permanently Restricted	Total
	General	Designated	Total			
Revenues and other support:						
Assessments	$ 2,833,819	-	$ 2,833,819	-	-	$ 2,833,819
Annual appeal	2,627,875	-	2,627,875	-	-	2,627,875
Pooled investment income	1,657,066	$ 3,060,851	4,717,917	$ 1,740,536	-	6,458,453
Other investment income – priests' health and welfare trusts	-	263,177	263,177	-	-	263,177
Collections	44,937	63,724	108,661	1,070,772	-	1,179,433
Contributions	99,855	570,201	670,056	303,652	-	973,708
CDF Grant	44,841	20,000	64,841	-	-	64,841
Priests' insurance premiums	-	1,061,696	1,061,696	-	-	1,061,696
Lay employee insurance premiums (see Note 4)	-	3,634,804	3,634,804	-	-	3,634,804
Other	184,506	154,900	339,406	28,026	-	367,432
Net assets released from restrictions	210,840	2,457,648	2,668,488	(2,668,488)	-	-
Total revenue and other support	7,703,739	11,287,001	18,990,740	474,498	-	19,465,238
Expenses:						
Program services:						
Catholic Charities	998,900	194,533	1,193,433	-	-	1,193,433
Catholic education	651,997	-	651,997	-	-	651,997
Communication	82,131	-	82,131	-	-	82,131
Distributions:						
Education Fund	-	961,004	961,004	-	-	961,004
Other funds	-	293,241	293,241	-	-	293,241
National collections	44,937	832,965	877,902	-	-	877,902
Other	946,282	-	946,282	-	-	946,282
Pastoral services	761,313	960,764	1,722,077	-	-	1,722,077
Total program services	3,485,560	3,242,507	6,728,067	-	-	6,728,067
Supporting services:						
Administration	2,472,183	1,181,620	3,653,803	-	-	3,653,803
Capital expenditures	64,259	-	64,259	-	-	64,259
Development	347,445	39,544	386,989	-	-	386,989
Finance	358,103	-	358,103	-	-	358,103
Priests' insurance expense	-	887,173	887,173	-	-	887,173
Lay employee insurance expense (see Note 4)	-	3,388,224	3,388,224	-	-	3,388,224
Lay employee benefits	1,225,828	-	1,225,828	-	-	1,225,828
Total supporting services	4,467,818	5,496,561	9,964,379	-	-	9,964,379
Total expenses	7,953,378	8,739,068	16,692,446	-	-	16,692,446
Changes in net assets	(249,639)	2,547,933	2,298,294	474,498	-	2,772,792
Net assets at beginning of year	14,639,087	32,744,601	47,383,688	10,795,659	$5,531,829	63,711,176
Net assets at end of year	$14,389,448	$35,292,534	$49,681,982	$11,270,157	$5,531,829	$66,483,968

The accompanying notes are an integral part of the financial statements.

Catholic Diocese of Wilmington, Inc.

Statement of Activities and Changes in Net Assets - Modified Cash Basis

For the Year Ended June 30, 1999

	Unrestricted			Temporarily Restricted	Permanently Restricted	Total
	General	Designated	Total			
Revenues and other support:						
Assessments	$ 2,668,324	-	$ 2,668,324	-	-	$ 2,668,324
Annual appeal	2,584,688	-	2,584,688	-	-	2,584,688
Pooled investment income	991,294	$ 1,624,729	2,616,023	$ 1,260,179	-	3,876,202
Other investment income – priests' health and welfare trusts	-	1,149,458	1,149,458	-	-	1,149,458
Collections	41,795	120,766	162,561	986,181	-	1,148,742
Contributions	332,125	445,127	777,252	205,299	$ 3,061	985,612
CDF Grant	7,560	25,000	32,560	-	-	32,560
Priests' insurance premiums	-	959,717	959,717	-	-	959,717
Lay employee insurance premiums (see Note 4)	-	3,323,514	3,323,514	-	-	3,323,514
Other	106,793	164,129	270,922	21,340	-	292,262
Net assets released from restrictions	585,758	1,180,708	1,766,466	(1,766,466)	-	-
Total revenue and other support	7,318,337	8,993,148	16,311,485	706,533	3,061	17,021,079
Expenses:						
Program services:						
Catholic Charities	894,653	176,567	1,071,220	-	-	1,071,220
Catholic education	541,578	-	541,578	-	-	541,578
Communication	72,349	-	72,349	-	-	72,349
Distributions:						
Education Fund	-	745,463	745,463	-	-	745,463
Other funds	-	592,227	592,227	-	-	592,227
National collections	42,714	717,676	760,390	-	-	760,390
Other	1,108,482	-	1,108,482	-	-	1,108,482
Pastoral services	809,700	311,415	1,121,115	-	-	1,121,115
Total program services	3,469,476	2,543,348	6,012,824	-	-	6,012,824
Supporting services:						
Administration	2,085,792	531,939	2,617,731	-	-	2,617,731
Capital expenditures	82,616	-	82,616	-	-	82,616
Development	363,532	28,597	392,129	-	-	392,129
Finance	372,746	-	372,746	-	-	372,746
Priests' insurance expense	-	1,013,118	1,013,118	-	-	1,013,118
Lay employee insurance expense (see Note 4)	-	2,899,716	2,899,716	-	-	2,899,716
Lay employee benefits	1,219,498	-	1,219,498	-	-	1,219,498
Total supporting services	4,124,184	4,473,370	8,597,554	-	-	8,597,554
Total expenses	7,593,660	7,016,718	14,610,378	-	-	14,610,378
Changes in net assets	(275,323)	1,976,430	1,701,107	706,533	3,061	2,410,701
Net assets at beginning of year	14,914,410	30,768,171	45,682,581	10,089,126	5,528,768	61,300,475
Net assets at end of year	$14,639,087	$32,744,601	$47,383,688	$10,795,659	$5,531,829	$63,711,176

The accompanying notes are an integral part of the financial statements.

Catholic Diocese of Wilmington, Inc.
Statements of Cash Flows - Modified Cash Basis
For the Years Ended June 30, 2000 and 1999

	2000	1999
Cash flows from operating activities:		
Changes in net assets	$2,772,792	$2,410,701
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net forgiveness of notes receivable	653,120	-
Net appreciation on pooled investments	(5,051,747)	(2,580,744)
Net appreciation on other investments - priests' health and welfare trusts	(42,220)	(954,050)
Changes in assets and liabilities:		
Pledges receivable	8,777	412,293
Other assets	262,146	(502,657)
Assets held for affiliates	(7,199,335)	1,049,104
Accounts payable and accrued expenses	468,549	488,217
Assets due to affiliates	7,199,335	(1,049,104)
Loss on sale of real estate	-	18,184
Net cash used in operating activities	(928,583)	(708,056)
Cash flows from investing activities:		
Amounts drawn from pooled investments for operations	2,373,435	4,030,100
Reinvestment of interest and dividends into pooled investments	(1,406,706)	(1,295,458)
Reinvestment of interest and dividends into other investments - priests' health and welfare trusts	(220,957)	(195,408)
Deposits into pooled investments	(3,361,221)	(4,323,017)
Amounts drawn from other investments for priests' pension payments	497,121	365,420
Amounts drawn from pooled investments for health insurance	2,834,435	2,137,485
Proceeds from sale of real estate	-	61,869
Issuance of notes receivable	(120,000)	-
Repayments of notes receivable	45,949	56,480
Net cash provided by investing activities	642,056	837,471
Net (decrease)/increase in cash	(286,527)	129,415
Cash and cash equivalents at beginning of year	586,544	457,129
Cash and cash equivalents at end of year	$ 300,017	$ 586,544

The accompanying notes are an integral part of the financial statements.

1. Summary of Significant Accounting Policies

Nature of Operations

Catholic Diocese of Wilmington, Inc. (the Diocese) is a not-for-profit corporation having as its objects and purposes the promotion of the teachings of Jesus Christ, as taught and set forth by the Roman Catholic Church throughout the Diocese in the State of Delaware and the nine (9) Counties of the State of Maryland's Eastern Shore and such territory over which the Diocese will have jurisdiction as delegated by proper authority of the Universal Roman Catholic Church. Approximately 35% and 30% of the revenue for the Diocese was generated through income on investments for the years ended June 30, 2000 and 1999, respectively.

Basis of Reporting

The Diocese reports using the modified cash basis of accounting, which differs from the accrual basis principally in not recognizing certain pledges and grants and in not establishing accruals for pension liabilities and priests' health and welfare trusts. The preparation of financial statements in conformity with these principles 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.

The accompanying financial statements reflect only the operation of the Diocese. Certain other operating entities have not been combined in the accompanying statements, the more significant of which are as follows:

Affiliated Parishes and Schools
Catholic Cemeteries, Inc.
Catholic Charities, Inc.
Catholic Diocese Foundation
Catholic Ministry to the Elderly, Inc.
Catholic Press of Wilmington, Inc.
Catholic Youth Organization, Inc.
Children's Home, Inc.
Diocese of Wilmington Schools, Inc.
Seton Villa, Inc.
Siena Hall, Inc.

The Diocese acts as a fiduciary for these entities by investing funds in its pooled investment and cash management accounts on behalf of these entities.

Financial Statement Presentation
The financial statements have been prepared in accordance with Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-For-Profit Organizations*. Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. A description of the three net asset classifications follows:

- **Unrestricted Net Assets** include those assets that are available for the support of operations and whose use is not externally restricted, although their use may be limited by other factors such as by contract or board designation.

- **Temporarily Restricted Net Assets** include gifts for which donor imposed restrictions have not been met and pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted. Temporarily restricted net assets are primarily restricted for youth education and related activities, education of men for the priesthood, and the upkeep of specific facilities.

- **Permanently Restricted Net Assets** include gifts, trusts, and pledges which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions.

Contributions
Contributions are recognized as revenue in accordance with Statement of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made." Noncash contributions are recorded at fair value on the date of donation. Contributions of cash and other non-capital assets are reported as temporarily restricted operating revenue if the contributions are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions, which are received and expended within the same fiscal year, are reported as unrestricted revenues.

Cash and Cash Equivalents
Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less. The Diocese investments in cash and cash equivalents are interest bearing. At times these amounts may exceed federally insured limits.

Pooled Investments
Pooled investments are stated at fair value. Pooled investment income on the statement of activities includes interest, dividends, and realized and unrealized gains and losses, net of consulting and custodial costs.

The Diocese manages an investment pool for its investments and those of its affiliated organizations. The investment pool is held in a custody account at Mellon Trust. The pool is invested in a combination of fixed income and equity securities and mutual funds.

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

Pledges Receivable
Except for pledges made to the Annual Catholic Appeal and grants made by the Catholic Diocese Foundation, Inc., which are accounted for on a cash basis, unconditional promises to give are reported at fair value as pledges receivable and contributions in the period the promise is received. All pledges are due in one to five years. The Diocese is not the recipient of any conditional pledges.

Real Estate and Equipment
Real estate consists of buildings and the related land. All real estate acquisitions are capitalized at cost, when purchased, or at fair value at date of gift, when donated. Equipment is expensed at the time of purchase.

Statement of Financial Accounting Standards No. 93 (SFAS 93), "Recognition of Depreciation by Not-for-Profit Organizations," requires not-for-profit organizations to recognize depreciation as a cost of using up the future benefits of their long-lived tangible assets. The Diocese has not adopted SFAS 93.

Assets Held for/Due to Affiliates
These assets are owned by the affiliated corporations and invested for the affiliates by the Diocese in the pooled investments.

2. Pooled Investments

The Diocese invests in a combination of fixed income and equity securities and mutual funds. The composition of pooled investments as of June 30, 2000 and 1999 was as follows:

	2000	1999
Cash and cash equivalents	$ 2,396,718	$ 1,691,336
Fixed income	17,471,878	14,700,454
Domestic equity	29,873,646	30,136,018
International equity	7,417,840	6,020,472
Total pooled investments	$57,160,082	$52,548,280

The composition of other investments – priests' health and welfare trusts at June 30, 2000 and 1999 was as follows:

	2000	1999
Cash and cash equivalents	$ (98,776)	$ 5,541
Fixed income	2,524,549	2,568,039
Domestic equity	5,521,100	5,607,235
Total other investments	$7,946,873	$8,180,815

The fair value of these investments was determined based on quoted market prices at June 30, 2000 and 1999.

Pooled investment income for the years ended June 30, 2000 and 1999 consisted of the following:

	2000	1999
Interest and dividends	$1,406,706	$1,295,458
Net appreciation	5,051,747	2,580,744
Pooled investment income	$6,458,453	$3,876,202

The pooled investment income was net of custodial and advisory fees in the amounts of $377,536 and $265,650 for the years ended June 30, 2000 and 1999, respectively.

Other investment income – priests' health and welfare trusts for the years ended June 30, 2000 and 1999 consisted of the following:

	2000	1999
Interest and dividends	$220,957	$ 195,408
Net appreciation	42,220	954,050
Other investment income	$263,177	$1,149,458

3. Notes Receivable

Notes receivable at June 30, 2000 and 1999 were as follows:

	2000	1999
Korean Catholic Community - interest payable at 2.8% in monthly installments of $948.95 over 15 years, starting June 2000	$119,051	-
St. Mark's High School (roof repairs) - payable in annual installments of $40,000 the first year and $45,000 the next eight years beginning December 30, 1997, non-interest bearing	270,000	$ 315,000
St. Anthony of Padua (construct Padua Academy) - payable in annual installments of $25,000 due June 30, non-interest bearing	-	1,636,000
Diocesan guaranteed bank loan to a seminarian	-	26,020
Total notes receivable	389,051	1,977,020
Allowance for uncollectible receivables	-	(1,008,900)
Total notes receivable, net	$389,051	$ 968,120

During the year ended June 30, 2000, $1,662,020 of notes receivable were forgiven. Of this balance, $1,008,900 had been reserved.

4. Related Party Transactions

Certain members of the Diocese's board are also board members of certain affiliated corporations.

The Diocese includes on its balance sheet assets held for/due to affiliated corporations which are reported as restricted net assets. These assets are owned by the affiliated corporations and are included in the financial statements of the Diocese to portray the fiduciary relationship on these assets.

The Diocese received assessments from its parishes in the amount of $2,833,819 and $2,668,324 for the years ended June 30, 2000 and 1999, respectively, and from Catholic Cemeteries in the amount of $103,617 and $71,250, respectively.

During 2000 and 1999, the Catholic Diocese Foundation awarded the Diocese $218,365 and $319,476, respectively. Because the Diocese reports on a modified cash basis, only the cash amounts received of $64,841 and $32,560, respectively, from the Catholic Diocese Foundation were included on the statements of activities of the Diocese.

During 2000 and 1999, St. Mark's contributed $205,854 and $229,100, respectively, to funds held and administered by the Diocese and Diocese of Wilmington Schools, Inc.

The Diocese disburses funds on behalf of Catholic Youth Organization, Inc. (CYO) for wages, payroll taxes and health benefits. During the years ended June 30, 2000 and 1999, the Diocese disbursed a total of $132,889 and $132,521, respectively, on behalf of CYO. Of these balances, amounts still due to the Diocese of approximately $6,700 and $8,000, respectively, are included in other assets for the years ended June 30, 2000 and 1999.

The Diocese disburses funds on behalf of the Catholic Press of Wilmington, Inc. (Press) for wages, payroll taxes, health benefits and other miscellaneous expenses. During the years ended June 30, 2000 and 1999, the Diocese disbursed a total of $297,630 and $241,253, respectively, on behalf of Press. Of these balances, amounts still due to the Diocese of approximately $47,000 and $49,000, respectively, are included in other assets for the years ended June 30, 2000 and 1999.

The Diocese disburses funds on behalf of St. Thomas More Academy (St. Thomas) for wages, payroll taxes and health benefits. During the years ended June 30, 2000 and 1999, the Diocese disbursed a total of $571,881 and $370,335, respectively, on behalf of St. Thomas. Of these balances, amounts still due to the Diocese of approximately $59,000 and $39,000, respectively, are included in other assets for the years ended June 30, 2000 and 1999.

The Diocese provided funding to related organizations. The more significant funding provided was as follows:

	2000	1999
Press	$420,617	$390,276
Catholic Charities, Inc.	998,900	940,000
St. Mark's High School	726,440	785,263
CYO	60,000	28,941
St. Thomas	693,500	797,482

The Diocese provides administrative services for the Catholic Diocese Foundation, CYO, the Press, and St. Thomas. The Catholic Diocese Foundation was invoiced $9,671 and $11,776 for these services for the years ended June 30, 2000 and 1999, respectively. The Diocese absorbed the cost of the services to CYO, the Press, and St. Thomas since the amounts are not significant.

The Diocese pays all claims and other expenses related to their self-insurance plan, which commenced on July 1, 1998. The self-insurance plan covers health insurance, workers' compensation and automobile insurance, and property and liability insurance. Each affiliated corporation pays the Diocese a premium for their portion of the plan claims and expenses. In 2000 and 1999, the Diocese received approximately $3,600,000 and $3,300,000, respectively, in premium revenue from affiliated corporations. These premiums are invested in an insurance reserve fund, and the Diocese pays all claims out of this fund. In 2000 and 1999, the Diocese paid approximately $3,400,000 and $2,900,000, respectively, in actual claims. Included in accounts payable and accrued expenses is an amount for estimated incurred but not reported claims.

The Diocese also sponsors a health and welfare trust for priests, which became self-insured effective January 1, 2000. Each affiliated corporation pays the Diocese a premium for their portion of the plan's claims and expenses. In 2000 and 1999, the Diocese received approximately $1,100,000 and $1,000,000, respectively, in premium revenues from affiliated corporations.

The Diocese provides life insurance and long-term disability for all full-time employees of the Diocese, parishes, and certain affiliated corporations, at no cost to those entities since these amounts were not significant. The Diocese also provides pension for all full-time employees of the Diocese, parishes and certain affiliated corporations. Approximately $49,700 and $44,300 of pension costs were charged to other entities for the years ended June 30, 2000 and 1999, respectively.

The Diocese charged rental fees of $1,956 and $1,872 for the years ended June 30, 2000 and 1999, respectively, to the Catholic Diocese Foundation and rental fees of $20,988 and $21,866 for the years ended June 30, 2000 and 1999, respectively, to the Press. A diocesan-owned building was used by CYO, without charge, since the value was not significant.

5. Pension Plans

The Diocese sponsors a noncontributory defined benefit pension plan (the Plan) covering all full-time lay employees of the Diocese, parishes, and affiliated corporations, except Catholic Charities, which has a separate plan. The Plan benefits are based on a monthly pension equal to 1% of the high five year average compensation for each year of service. The following table sets forth the Plan's status determined using the measurement dates of January 1, 2000 and 1999:

	2000	1999
Accumulated benefit obligation, including vested benefits of $11,963,304 and $10,468,979	$12,377,850	$10,802,635
Plan assets at fair value	10,014,280	8,493,857

The more significant actuarial assumptions utilized as of each valuation date are as follows:

Cost method	Aggregate
Interest rate	7.5% per annum
Mortality	1984 Uniform Premium Table
Salary progression	4.0% per annum

For the years ended June 30, 2000 and 1999, $1,075,000 and $1,000,000, respectively, was funded into the Plan and included in the statement of activities.

The fair value of Plan assets as of June 30, 2000 and 1999 was $10,036,794 and $9,841,945, respectively.

The Diocese has also established a Revocable Priests Retirement and Welfare Trust to cover the health and retirement cost of the clergy of the Diocese. As of June 30, 2000 and 1999 the fund assets totaled $7,946,873 and $8,180,815, respectively. This balance is included within other investments on the balance sheet.

6. Income Taxes

The Diocese is a not-for-profit corporation which has been granted exempt status from federal taxation under Section 501(c)(3) of the Internal Revenue Code.

7. Commitments and Contingencies

The Diocese guaranteed a loan of St. Thomas, which had an outstanding balance of $263,500 at June 30, 1999. This loan was paid in full in prior to June 30, 2000.

In addition, the Diocese will support the operations of St. Thomas during the first several school years of operation when enrollment levels and corresponding tuition is not expected to cover operating expenses and planned capital expenditures. It is estimated that approximately $3.5 to $4.5 million of Diocesan support will be required for St. Thomas for the years 2000 through 2004. During 2000 and 1999, approximately $694,000 and $797,000, respectively, was provided to St. Thomas by the Diocese in the form of contributions. It is expected that further support will be provided by loans or additional contributions from the Diocese.

CATHOLIC DIOCESE OF WILMINGTON, INC.

REPORT ON AUDITS
OF FINANCIAL STATEMENTS
for the years ended June 30, 1998 and 1997

CATHOLIC DIOCESE OF WILMINGTON, INC.

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Report of Independent Accountants

To the Audit Committee
Catholic Diocese of Wilmington, Inc.
Wilmington, Delaware

We have audited the accompanying balance sheets - modified cash basis of the Catholic Diocese of Wilmington, Inc. (the Diocese) as of June 30, 1998 and 1997 and the related statements of activities and cash flows - modified cash basis for the years then ended. These financial statements are the responsibility of the Diocese's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards, which standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the modified cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles.

The Diocese has not adopted Statement of Financial Accounting Standards No. 93 (SFAS 93), "Recognition of Depreciation by Not-for-Profit Organizations," which requires not-for-profit organizations to recognize depreciation as a cost of using up the future economic benefits of their long-lived tangible assets. The effect of not complying with SFAS 93 is not reasonably determinable.

In our opinion, except for the effect of not recognizing depreciation expense of long-lived tangible assets as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Diocese as of June 30, 1998 and 1997 and the changes in its net assets and its cash flows for the years then ended, on the basis of reporting described in Note 1.

PricewaterhouseCoopers LLP

September 21, 1998

CATHOLIC DIOCESE OF WILMINGTON, INC.

Balance Sheets - Modified Cash Basis
June 30, 1998 and 1997

	1998					1997
	Unrestricted					
ASSETS	General	Board Designated	Total	Restricted	Total	Total
Cash	$ 391,568	$ 19,086	$ 410,654	$ 46,475	$ 457,129	$ 574,735
Pooled investments	12,823,580	22,700,208	35,523,788	14,992,859	50,516,647	44,831,270
Other investments		7,396,777	7,396,777	-	7,396,777	6,634,226
Other assets	212,327		212,327	49,645	261,972	661,994
Pledges receivable				528,915	528,915	340,514
Notes receivable, net of allowance	372,500	652,100	1,024,600		1,024,600	706,600
Real estate	1,244,732		1,244,732		1,244,732	1,242,732
Assets held for affiliates				80,754,251	80,754,251	66,943,385
Total assets	$ 15,044,707	$ 30,768,171	$ 45,812,878	$ 96,372,145	$ 142,185,023	$ 121,935,456
LIABILITIES AND NET ASSETS						
Accounts payable and accrued expenses	130,297		130,297		130,297	217,788
Assets due to affiliates			-	80,754,251	80,754,251	66,943,385
Total liabilities	130,297	-	130,297	80,754,251	80,884,548	67,161,173
Net assets:						
Unrestricted - general	14,914,410		14,914,410		14,914,410	14,697,035
Unrestricted - designated		30,768,171	30,768,171		30,768,171	26,709,423
Temporarily restricted				10,089,126	10,089,126	7,840,866
Permanently restricted				5,528,768	5,528,768	5,526,959
Total net assets	14,914,410	30,768,171	45,682,581	15,617,894	61,300,475	54,774,283
Total liabilities and net assets	$ 15,044,707	$ 30,768,171	$ 45,812,878	$ 96,372,145	$ 142,185,023	$ 121,935,456

The accompanying notes are an integral part of the financial statements.

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CATHOLIC DIOCESE OF WILMINGTON, INC.

Statement of Activities - Modified Cash Basis
for the year ended June 30, 1998

	Unrestricted				Restricted			
	General	Board Designated	Donor Related	Total	Temporarily Restricted	Permanently Restricted	Total	Total
Revenues and other support:								
Assessments	$ 2,536,150			$ 2,536,150				$ 2,536,150
Annual appeal	2,164,298			2,164,298				2,164,298
Pooled investment income	2,082,075	$ 3,525,938		5,608,013	$ 2,388,453		$ 2,388,453	7,996,466
Other investment income	-	1,107,030		1,107,030	-			1,107,030
Collections	38,860	62,759		101,619	897,508		897,508	999,127
Contributions	73,989	413,359		487,348	1,581,089	$ 1,809	1,582,898	2,070,246
CDF Grant	153,225	25,000		178,225	400,000		400,000	578,225
Other	167,772	868,185		1,035,957	7,898		7,898	1,043,855
Total revenue	7,216,369	6,002,271	-	13,218,640	5,274,948	1,809	5,276,757	18,495,397
Expenses:								
Program services:								
Catholic Charities	760,474	-	$ 168,354	928,828			-	928,828
Christian Formation	657,582	-		657,582			-	657,582
Communication	447,747	-		447,747			-	447,747
Distributions:								
Education Fund	-	-	773,578	773,578			-	773,578
Other funds	-	126,361	920,029	1,046,390			-	1,046,390
National collections	39,345	-	1,034,293	1,073,638			-	1,073,638
Other	1,235,065	-		1,235,065			-	1,235,065
Pastoral Concerns	645,243	323,401		968,644			-	968,644
Total program services	3,785,456	449,762	2,896,254	7,131,472	-	-	-	7,131,472
Supporting services:								
Administration	1,413,028	1,472,817		2,885,845			-	2,885,845
Capital expenditures	416,615	-		416,615			-	416,615
Development	346,878	-		346,878			-	346,878
Finance	466,274	-		466,274			-	466,274
Lay employee benefits	722,121	-		722,121			-	722,121
Total supporting services	3,364,916	1,472,817	-	4,837,733	-	-	-	4,837,733
Total expenses	7,150,372	1,922,579	2,896,254	11,969,205	-	-	-	11,969,205
Excess/(deficiency) of revenue over expenses	65,997	4,079,692	(2,896,254)	1,249,435	5,274,948	1,809	5,276,757	6,526,192
Net assets released from restrictions	151,378	(20,944)	2,896,254	3,026,688	(3,026,688)	-	(3,026,688)	-
Changes in net assets	217,375	4,058,748	-	4,276,123	2,248,260	1,809	2,250,069	6,526,192
Net assets at beginning of year	14,697,035	26,709,423	-	41,406,458	7,840,866	5,526,959	13,367,825	54,774,283
Net assets at end of year	$ 14,914,410	$ 30,768,171	-	$ 45,682,581	$ 10,089,126	$ 5,528,768	$ 15,617,894	$ 61,300,475

The accompanying notes are an integral part of the financial statements.

DOW 03120

CATHOLIC DIOCESE OF WILMINGTON, INC.

Statement of Activities - Modified Cash Basis
for the year ended June 30, 1997

	Unrestricted				Restricted			
	General	Board Designated	Donor Related	Total	Temporarily Restricted	Permanently Restricted	Total	Total
Revenues and other support:								
Assessments	$ 2,380,600			$ 2,380,600			-	$ 2,380,600
Annual appeal	2,420,868			2,420,868			-	2,420,868
Pooled investment income	2,205,524	$ 3,463,711		5,669,235	$ 1,832,561		$ 1,832,561	7,501,796
Other investment income	-	1,238,328		1,238,328	-		-	1,238,328
Collections	39,163	91,055		130,218	862,808		862,808	993,026
Contributions	25,684	311,240		336,924	2,040,740	$ 13,334	2,054,074	2,390,998
CDF Grant	33,750	25,000		58,750	350,000		350,000	408,750
Other	215,220	102,155		317,375	20,718		20,718	338,093
Total revenue	7,320,809	5,231,489		12,552,298	5,106,827	13,334	5,120,161	17,672,459
Expenses:								
Program services:								
Catholic Charities	752,546		$ 162,844	915,390			-	915,390
Christian Formation	518,957			518,957			-	518,957
Communication	471,088			471,088			-	471,088
Distributions:								
Education Fund			624,254	624,254			-	624,254
Other funds		269,229	112,152	381,381			-	381,381
National collections	43,824		823,537	867,361			-	867,361
Other	325,800			325,800			-	325,800
Pastoral Concerns	655,984	253,685		909,669			-	909,669
Total program services	2,768,199	522,914	1,722,787	5,013,900	-	-	-	5,013,900
Supporting services:								
Administration	972,073	524,815		1,496,888			-	1,496,888
Capital expenditures	546,919			546,919			-	546,919
Development	337,323			337,323			-	337,323
Finance	474,869			474,869			-	474,869
Lay employee benefits	174,192			174,192			-	174,192
Total supporting services	2,505,376	524,815	-	3,030,191	-	-	-	3,030,191
Total expenses	5,273,575	1,047,729	1,722,787	8,044,091	-	-	-	8,044,091
Excess/(deficiency) of revenue over expenses	2,047,234	4,183,760	(1,722,787)	4,508,207	5,106,827	13,334	5,120,161	9,628,368
Net assets released from restrictions	588,031	(92,250)	1,722,787	2,218,568	(2,025,983)	(192,585)	(2,218,568)	-
Changes in net assets	2,635,265	4,091,510	-	6,726,775	3,080,844	(179,251)	2,901,593	9,628,368
Net assets at beginning of year	12,061,770	22,617,913	-	34,679,683	4,760,022	5,706,210	10,466,232	45,145,915
Net assets at end of year	$ 14,697,035	$ 26,709,423	-	$ 41,406,458	$ 7,840,866	$ 5,526,959	$ 13,367,825	$ 54,774,283

The accompanying notes are an integral part of the financial statements.

DOW 03121

CATHOLIC DIOCESE OF WILMINGTON, INC.

Statements of Cash Flows
for the years ended June 30, 1998 and 1997

	1998	1997
Cash flows from operating activities:		
Change in net assets	$ 6,526,192	$ 9,628,368
Adjustments to reconcile change in net assets to net cash (used in)/provided by operating activities:		
Net appreciation on pooled investments	(6,657,806)	(6,246,578)
Other investment income	(1,107,030)	(1,238,328)
(Increase)/decrease in pledges receivable	(188,401)	3,134,038
(Increase)/decrease in other assets	400,022	(513,909)
Increase in assets held for affiliates	(13,810,866)	(11,320,160)
Increase/(decrease) in accounts payable and accrued expenses	(87,491)	163,531
Increase in assets owed to affiliates	13,810,866	11,320,160
Net cash (used in)/provided by operating activities	(1,114,514)	4,927,122
Cash flows from investing activities:		
Amounts drawn from pooled investments for operations	3,947,000	2,794,006
Reinvestment of interest and dividends into pooled investments	(1,338,660)	(1,255,218)
Deposits into pooled investments	(1,635,912)	(6,515,313)
Amounts drawn from other investments for priests' pension payments	344,480	321,788
Purchase of building or improvements	(2,000)	(138,804)
Issuance of notes receivable	(400,000)	-
Repayments of notes receivable	82,000	50,985
Net cash provided by/(used in) investing activities	996,908	(4,742,556)
Net (decrease)/increase in cash	(117,606)	184,566
Cash at beginning of year	574,735	390,169
Cash at end of year	$ 457,129	$ 574,735
Non-cash activities:		
Forgiveness of note receivable	-	$ 491,100

The accompanying notes are an integral part of the financial statements.

CATHOLIC DIOCESE OF WILMINGTON, INC.

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Nature of Operations:

Catholic Diocese of Wilmington, Inc. (the Diocese) is a not-for-profit corporation having as its objects and purposes the promotion of the teachings of Jesus Christ, as taught and set forth by the Roman Catholic Church throughout the Catholic Diocese of Wilmington in the State of Delaware and the nine (9) Counties of the State of Maryland's Eastern Shore and such territory over which the Catholic Diocese of Wilmington will have jurisdiction as delegated by proper authority of the Universal Roman Catholic Church. Approximately 50% of the revenue for the Diocese is generated through income on investments.

Basis of Reporting:

The Diocese reports using the modified cash basis of accounting, which differs from the accrual basis principally in not recognizing certain pledges and grants and in not establishing liabilities for pension liabilities. The preparation of financial statements in conformity with these principles 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.

The accompanying financial statements reflect only the operation of the Diocese. Certain other operating entities have not been combined in the accompanying statements, the more significant of which are as follows:

Affiliated Parishes
Catholic Cemeteries, Inc.
Catholic Charities, Inc.
Catholic Diocese Foundation
Catholic Ministry to the Elderly, Inc.
Catholic Press of Wilmington, Inc.
Catholic Youth Organization, Inc.
Children's Home, Inc.
Diocese of Wilmington Schools, Inc.
Seton Villa, Inc.
Siena Hall, Inc.

1. Summary of Significant Accounting Policies, continued:

Basis of Reporting, continued:

The Diocese acts as a fiduciary for the above entities by investing funds in its pooled investment and cash management accounts on behalf of the above entities.

Financial Statement Presentation:

The financial statements have been prepared in accordance with Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-For-Profit Organizations." Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. A description of the three net asset categories follows:

- **Unrestricted Net Assets** include those assets that are available for the support of operations and whose use is not externally restricted, although their use may be limited by other factors such as by contract or board designation.

- **Temporarily Restricted Net Assets** include gifts for which donor imposed restrictions have not been met and pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted.

- **Permanently Restricted Net Assets** include gifts, trusts, and pledges which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions.

Contributions:

Contributions are recognized as revenue in accordance with Statement of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made." Noncash contributions are recorded at fair value on the date of donation. Contributions of cash and other non-capital assets are reported as temporarily restricted operating revenue if the contributions are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions, which are received and expended within the same fiscal year, are reported as unrestricted revenues.

1. Summary of Significant Accounting Policies, continued:

Cash:

At times the Diocese maintains cash balances that may exceed federally insured limits.

Pooled Investments:

Pooled investments are stated at fair value. Pooled investment income on the statement of activities of activities includes interest, dividends, and realized and unrealized gains and losses, net of consulting and custodial costs.

The Diocese manages an investment pool for its investments and those of its affiliated organization. The investment pool is held in a custody account at Delaware Trust Capital Management. The pool is invested in a combination of fixed income and equity securities and mutual funds.

The Diocese utilizes a total return policy to determine the level of support for operations and capital expenditures from pooled investments. The level of support is determined annually.

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

Pledges Receivable:

Except for pledges made to the Annual Catholic Appeal and grants made by the Catholic Diocese Foundation, Inc., which are accounted for on a cash basis, unconditional promises to give are reported at fair value as pledges receivable and contributions in the period the promise is received. The Diocese is not the recipient of any conditional pledges.

Real Estate:

Real estate consists of buildings and the related land. All acquisitions are capitalized at cost, when purchased, or at fair value at date of gift, when donated.

Statement of Financial Accounting Standards No. 93 (SFAS 93), "Recognition of Depreciation by Not-for-Profit Organizations," requires not-for-profit organizations to recognize depreciation as a cost of using up the future benefits of their long-lived tangible assets. The Diocese has not adopted SFAS 93. The effect of not complying with SFAS 93 is not reasonably determinable.

1. Summary of Significant Accounting Policies, continued:

Assets Held for/Due to Affiliates:

These assets are owned by the affiliated corporations and invested for the affiliates by the Diocese in the pooled investments.

Reclassifications:

Certain amounts in the 1997 financial statements have been reclassified to conform to the 1998 presentation.

2. Pooled Investments:

The Diocese invests in a combination of fixed income and equity securities and mutual funds. The composition of pooled investments as of June 30, 1998 and 1997 was as follows:

	1998	1997
Cash and cash equivalents	$ 880,223	$ 640,976
Fixed income	13,962,359	13,333,273
Domestic equity	32,681,579	28,184,969
International equity	2,992,486	2,672,052
Total pooled investments	$ 50,516,647	$ 44,831,270

The fair value of these investments was determined based on quoted market prices at June 30, 1998 and 1997.

Pooled investment income for the years ended June 30, 1998 and 1997 was comprised of the following:

	1998	1997
Interest and dividends	$ 1,338,660	$ 1,255,218
Net appreciation	6,657,806	6,246,578
Pooled investment income	$ 7,996,466	$ 7,501,796

The pooled investment income was net of custodial and advisory fees in the amounts of $310,920 and $274,409 for the years ended June 30, 1998 and 1997, respectively.

3. Pledges Receivable:

Pledges receivable as of June 30, 1998 are due as follows:

Amounts due within one year	$ 454,746
Amounts due in one to five years	74,169
	$ 528,915

4. Notes Receivable:

Notes receivable at June 30, 1998 and 1997 were as follows:

	1998	1997
St. Mark's High School (roof repairs) - payable in annual installments of $40,000 the first year and $45,000 the next eight years beginning December 30, 1997, non-interest bearing	$ 360,000	-
St. Anthony of Padua (construct Padua Academy) - payable in annual installments of $200,000 due June 30, non-interest bearing	1,661,000	$ 1,686,000
St. Helena (past due assessment) - payable in ten semi-annual installments of $4,500 plus interest at 3%, beginning June 30, 1993	-	4,500
Holy Family (refinance) - payable in two installments of $12,500 due June 1, 1998 and January 1, 1999, non-interest bearing	12,500	25,000
Total notes receivable	2,033,500	1,715,500
Allowance for uncollectible receivables	(1,008,900)	(1,008,900)
Total notes receivable, net	$ 1,024,600	$ 706,600

5. Related Party Transactions:

Certain members of the Diocese's board are also board members of certain affiliated corporations.

The Diocese includes on its balance sheet assets owned by affiliated corporations which are reported as restricted net assets. These assets are owned by the affiliated corporations and are included in the financial statements of the Diocese to portray the fiduciary relationship on these assets.

5. Related Party Transactions, continued:

The Diocese received assessments from its parishes in the amount of $2,536,150 and S2,380,600 for the years ended June 30, 1998 and 1997, respectively, and from Catholic Cemeteries in the amount of $57,000 and S55,000, respectively.

During 1998 and 1997, the Catholic Diocese Foundation awarded the Diocese $467,100 and $1,987,470, respectively. Because the Diocese reports on a modified cash basis, only the cash amounts received from the Catholic Diocese Foundation were included on the statements of activity of the Diocese.

In 1997, the Diocese received $4,424,140 from the Foundation's Education Fund. Of this amount, $3,000,000 represented a pledge receivable as of June 30, 1996 to provide supplements to teachers' salaries at parish and Diocesan elementary and secondary schools.

The Diocese disburses funds on behalf of Catholic Press of Wilmington, Inc. for wages, payroll taxes, health benefits, and other expenses. During the years ended June 30, 1998 and 1997, Press reimbursed the Diocese a total of $215,621 and $213,810, respectively.

The Diocese provided funding to related organizations. The more significant funding was provided as follows:

	1998	1997
Catholic Press of Wilmington, Inc.	$ 375,692	$ 400,000
Catholic Charities, Inc.	891,250	1,014,390
St. Mark's High School	252,716	276,036
Catholic Youth Organization	37,399	18,280
St. Thomas More Academy	965,575	-

In addition, the Diocese advanced $400,000 to St. Mark's High School for a roof repair project during 1997. This advance was converted to a note receivable during 1998. The Diocese forgave a $491,000 note receivable from St. Mark's High School in 1997.

The Diocese provides administrative services for the Catholic Diocese Foundation, the Catholic Press of Wilmington, Inc., and St. Thomas More Academy, Inc. The Catholic Diocese Foundation was invoiced $12,926 and $23,142 for these services for the years ended June 30, 1998 and 1997, respectively. The Diocese absorbed the cost of the services to the Catholic Press of Wilmington, Inc. and St. Thomas More Academy, Inc. since the amounts are not significant.

The Diocese provides life insurance and long-term disability for all full-time employees of the Diocese, parishes, and certain affiliated corporations, at no cost to those entities. These amounts were not significant. The Diocese also provides pension for all full-time employees of the Diocese, parishes and certain affiliated corporations. Pension costs amounted to $1,580,000 and S1,000,000 for the years ended June 30, 1998 and 1997, respectively. Of these amounts, approximately $43,600 and $38,600 were charged to other entities for the years ended June 30, 1998 and 1997, respectively.

5. Related Party Transactions, continued:

The Diocese charged rental fees of $1,788 and $1,716 for the years ended June 30, 1998 and 1997, respectively, to the Catholic Diocese Foundation and rental fees of $19,244 and $18,480 for the years ended June 30, 1998 and 1997, respectively, to the Catholic Press of Wilmington. A diocesan-owned building was used by Catholic Youth Organization, without charge, since the value was not significant.

6. Pension Plans:

The Diocese sponsors a noncontributory defined benefit pension plan (the Plan) covering all full-time lay employees of the Diocese, parishes, and affiliated corporations, except Catholic Charities, which has a separate plan. The Plan benefits are based on a monthly pension equal to 1% of the high five year average compensation for each year of service. The following table sets forth the Plan's status determined using the measurement dates of January 1, 1998 and 1997:

	1998	1997
Accumulated benefit obligation, including vested benefits of $9,212,500 and $8,238,350	$ 9,542,861	$ 8,602,100
Plan assets at fair value	7,826,738	6,872,009

The more significant actuarial assumptions utilized as of each valuation date are as follows:

Cost method	Aggregate
Interest rate	7.5% per annum
Mortality	1984 uniform premium table
Salary progression	4.0% per annum

For the years ended June 30, 1998 and 1997, $500,000 and $0, respectively, have been funded into the Plan.

The fair value of Plan assets as of June 30, 1998 and 1997 was $8,028,532 and $7,244,549, respectively.

The Diocese has also established a Revocable Priests Retirement and Welfare Trust to cover the health and retirement cost of the clergy of the Diocese. As of June 30, 1998 and 1997 the fund assets totaled $7,396,777 and $6,634,226, respectively. This balance is included within other investments on the balance sheet.

7. Income Taxes:

The Diocese is a not-for-profit corporation which has been granted exempt status from federal taxation under Section 501(c)(3) of the Internal Revenue Code.

8. Subsequent Event:

The Diocese has renegotiated its policies for property, liability, employee fidelity, and errors and omissions insurance coverage. In that connection, an aggregate deductible in the amount of $200,000 is effective July 1, 1998 for claims made for these types of coverages.

9. Commitments and Contingencies:

The Diocese guaranteed a loan of St. Thomas More Academy, Inc. (St. Thomas), which had an outstanding balance of $527,000 at June 30, 1998.

In addition, the Diocese will support the operations of St. Thomas during the first several school years of operation when enrollment levels and corresponding tuition is not expected to cover operating expenses and planned capital expenditures. It is estimated that approximately $3.5 to $4.5 million of Diocesan support will be required for St. Thomas for the years 1998 through 2004. During 1998, approximately $965,000 was provided to St. Thomas by the Diocese in the form of contributions. It is expected that further support will be provided by loans or additional contributions from the Diocese.

Catholic D ese of Wilmington, Inc.
Financial Trends

	FY 03 Budget			FY 02 Estimate			FY 02 Budget		
General Revenues									
Parish Assessment		$ 3,283,844	47.7%		$ 3,125,875	46.8%		$ 3,124,200	50.9%
Appeal		2,086,701	30.3%		2,038,239	30.5%		1,452,602	23.7%
Parish Over Goal Appeal Rebates		(41,700)			(154,157)			(91,600)	
Collections:									
Communications	25,000			24,941			25,000		
Human Development	3,000			3,000			3,000		
Aids	0	28,000	0.4%	0	27,941	0.4%	0	28,000	0.5%
Cemetery Assessment		125,000	1.8%		120,000	1.8%		120,000	2.0%
Gifts and Contributions and Other		57,500	0.8%		57,659	0.9%		50,000	0.8%
CDF Grants		0	0.0%		0	0.0%		0	0.0%
Subsidiary Corporation Pension Contribution		50,000	0.7%		45,000	0.7%		45,000	0.7%
Subtotal General Revenues		5,589,345	81.2%		5,260,557	78.8%		4,728,202	77.0%
Investment Income									
General Fund		729,025	10.6%		764,038	11.4%		764,038	12.4%
Security Fund		359,920	5.2%		416,354	6.2%		416,354	6.8%
Charity Fund		206,580	3.0%		232,971	3.5%		232,971	3.8%
Subtotal Investment Income		1,295,525	18.8%		1,413,363	21.2%		1,413,363	23.0%
Total Genl Rev & Inv Inc		$ 6,884,870	100.0%		$ 6,673,920	100%		$ 6,141,565	100%
NET BUDGET EXPENSES:									
Administration		$ 4,189,306	53.7%		$ 3,756,265	52.8%		$ 4,045,685	54.8%
Catholic Charities		990,756	12.7%		960,766	13.5%		963,416	13.0%
Catholic Education		850,282	10.9%		811,119	11.4%		726,405	9.8%
Communications		95,804	1.2%		90,003	1.3%		98,341	1.3%
Development		307,486	3.9%		273,410	3.8%		256,006	3.5%
Finance		422,541	5.4%		381,420	5.4%		391,848	5.3%
Pastoral Services		938,915	12.0%		839,405	11.8%		903,686	12.2%
Net Budget Expenses		7,795,090	100.0%		7,112,388	100.0%		7,385,387	100.0%
SURPLUS (DEFICIT)		$ (910,220)			$ (438,468)			$ (1,243,822)	

8/25/2003

DOW 03131

NET BUDGETS FUNDED BY THE DIOCESE

	FY 00 ACTUAL NET EXPENSE	FY 01 ACTUAL NET EXPENSE	FY 02 BUDGETED NET EXPENSE	FY 02 ESTIMATED NET EXPENSE	FY 03 BUDGETED NET EXPENSE	DIFFERENCE FY 03 LESS FY 02 BUDGET	%
ADMINISTRATION							
Bishop's Office	105,618	110,275	114,643	114,500	122,657	8,014	7.0%
Bishop's Residence	40,761	43,071	44,108	42,147	45,266	1,158	2.6%
Building Committee	1,086	2,000	2,000	2,000	1,810	(190)	(9.5%)
Charity Fund (misc)	0	40,000	32,833	32,833	32,833	0	0.0%
Clergy in Prof Studies*	42,218	0	0	0	0	0	#DIV/0!
Council for Religious	454	2,500	0	0	0	0	#DIV/0!
VG Administration	89,828	93,607	97,632	98,359	109,539	11,907	12.2%
Lobbyist	37,408	33,225	31,471	29,745	32,415	944	3.0%
Capital Equipment (GF)	51,196	75,000	75,000	75,000	100,000	25,000	33.3%
Capital Improvements (GF)	13,062	82,000	82,000	70,955	115,000	33,000	40.2%
Other General Fund Exp (GF)	689,673	450,892	585,168	380,376	533,838	(51,330)	(8.8%)
Lay Pension Contribution (GF)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	0	0.0%
Lay Group Term Life Insur (GF)	116,443	124,000	126,000	149,009	154,176	28,176	22.4%
Lay Long Term Disability (GF)	108,297	114,000	116,500	94,780	98,568	(17,932)	(15.4%)
Lay Blood Bank (GF)	1,088	1,054	1,100	1,135	1,100	0	0.0%
Natl/Regional Assessments (GF)	107,215	110,200	115,500	115,950	126,450	10,950	9.5%
Christmas Bonus (GF)	52,708	53,000	52,000	53,946	54,000	2,000	3.8%
High School Appeal Allocations (GF)	327,800	327,800	339,273	344,940	344,940	5,667	1.7%
Pastoral Council	84	185	150	155	200	50	33.3%
Pastoral Planning	553	50,000	30,000	11,250	30,000	0	0.0%
Pastoral Plan - Sr. Suzanne	5,166	0	0	0	0	0	#DIV/0!
Council of Priests	7,561	9,327	8,642	8,358	8,910	268	3.1%
Vicar for Priests	14,421	13,245	12,564	11,205	12,865	301	2.4%
Law Department	115,037	158,259	143,238	140,370	202,862	59,624	41.6%
MIS	157,146	250,528	171,385	140,476	169,577	(1,808)	(1.1%)
Tribunal	198,915	226,622	218,102	195,727	240,289	22,187	10.2%
Women's Commission	5,616	7,294	2,193	5,070	2,193	0	0.0%
Human Resources	162,563	144,739	169,412	164,660	164,418	(4,994)	(2.9%)
The Dialog	420,617	425,183	467,701	467,701	478,730	11,029	2.4%
Vianney House*	75,018	0	0	0	0	0	#DIV/0!
Admin Spec Assistant	6,616	6,550	7,070	5,618	6,670	(400)	(5.7%)
	3,954,168	3,954,556	4,045,685	3,756,265	4,189,306	143,621	3.5%
Less: Restricted Funds *	(117,236)	0	0	0	0	0	#DIV/0!
Total Administration	3,836,932	3,954,556	4,045,685	3,756,265	4,189,306	143,621	3.5%
CATHOLIC CHARITIES	998,900	974,385	963,416	960,766	990,756	27,340	2.8%
CATHOLIC EDUCATION							
Boy Scouts	1,839	2,100	3,850	2,000	4,050	200	5.2%
Campus Ministry	90,082	103,515	87,822	86,652	88,347	525	0.6%
Catholic Schools	221,067	220,953	248,452	348,269	373,122	124,670	50.2%
CYO/Youth Ministry	107,427	123,501	128,600	128,600	133,700	5,100	4.0%
Deaf Ministry	7,773	10,725	10,725	8,775	10,625	(100)	(.9%)
Dir Religious Education	191,877	218,585	206,664	204,653	223,628	16,964	8.2%
Girl Scouts	1,220	1,200	1,200	1,200	1,200	0	0.0%
Resource Center	26,453	32,124	34,222	26,225	10,485	(23,737)	#REF!
Special Ministry	4,266	5,000	4,870	4,745	5,125	255	0.7%
Total Catholic Education	652,004	717,703	726,405	811,119	850,282	123,877	17.1%
COMMUNICATION							
Communications	82,131	84,316	98,341	90,003	95,804	(2,537)	(2.6%)
News Radio	0	0	0	0	0	0	
Total Communications	82,131	84,316	98,341	90,003	95,804	(2,537)	(2.6%)

NET BUDGETS FUNDED BY THE DIOCESE

	FY 00 ACTUAL NET EXPENSE	FY 01 ACTUAL NET EXPENSE	FY 02 BUDGETED NET EXPENSE	FY 02 ESTIMATED NET EXPENSE	FY 03 BUDGETED NET EXPENSE	DIFFERENCE FY 03 LESS FY 02 BUDGET	%
DEVELOPMENT							
Development	0	0	256,006	273,410	307,486	51,480	20.1%
Capital Campaign	0	0	185,118	149,641	162,237	(22,881)	(12.4%)
	0	0	0	0	0		#DIV/0!
	0	0	0	0	0		#DIV/0!
	0	0	441,124	423,051	469,723	28,599	6.5%
Less:Restricted funds*	0	0	185,118	149,641	162,237	(22,881)	(12.4%)
Total Development	347,445	329,582	256,006	273,410	307,486	51,480	20.1%
FINANCE							
Finance	369,529	387,314	408,299	409,812	430,588	22,289	5.5%
Service-Maint/Delivery	(11,425)	(25,339)	(16,451)	(28,392)	(8,047)	8,404	(51.1%)
Print Shop	0	0	0	0	0	0	
Total Finance	358,104	361,975	391,848	381,420	422,541	30,693	7.8%
PASTORAL SERVICES							
Archives	13,229	13,285	20,225	2,076	13,850	(6,375)	(31.5%)
Chancery	118,764	128,416	132,756	125,654	143,872	11,116	8.4%
Chaplains/Institutions	272,175	291,482	301,511	289,801	303,064	1,553	0.5%
Clergy Cont Education*	51,912	37,228	37,228	37,228	37,228	0	0.0%
Hispanic Ministry - Seaford	60,162	0	0	0	0	0	#DIV/0!
Hispanic Ministry	152,088	214,442	219,146	213,739	243,482	24,336	11.1%
Ministry to Black Catholics*	(38,807)	0	0	(12,682)	22,318	22,318	#DIV/0!
Office for Religious	21,144	54,062	42,260	43,477	41,383	(877)	(2.1%)
Ordained Deacons	17,545	19,127	20,628	20,572	21,088	460	2.2%
Deacon Formation*	(6,585)	0	22,685	21,435	1,706	(20,979)	(92.5%)
Spirituality Training*	(4,570)	0	0	0	0	0	#DIV/0!
Seminary*	229,371	327,151	359,836	286,157	299,747	(60,089)	(16.7%)
Radio Rosary/Marian Dev*	(10,318)	0	0	0	0	0	#DIV/0!
Ministry Formation Institute	0	45,645	61,797	61,797	70,950	9,153	14.8%
Disciples in Mission	0	0	0	0	0	0	#DIV/0!
Worship Office	104,170	107,261	80,228	71,086	77,202	(3,026)	(3.8%)
Liturgical Commission	2,034	2,430	2,450	2,450	0	(2,450)	(100.%)
Vocations*	101,022	102,396	85,616	115,793	77,680	(7,936)	(9.3%)
	1,083,336	1,342,925	1,386,366	1,278,583	1,353,570	(32,796)	(2.4%)
Less:Restricted Funds*@	322,025	466,775	482,680	439,178	414,655	(68,025)	(14.1%)
Total Pastoral Services	761,311	876,150	903,686	839,405	938,915	35,229	3.9%
TOTAL ALL DEPARTMENTS UNRESTRICTED NET EXP	7,036,827	7,298,667	7,385,387	7,112,388	7,795,090	409,703	5.5%
CHAPLAINS/INSTITUTIONS							
Christiana Hospital	65,660	71,917	75,315	75,191	95,094	19,779	26.3%
Delaware State Hospital	14,121	15,555	16,575	14,475	14,890	(1,685)	(10.2%)
Delaware State Police	6,010	6,060	6,012	6,019	6,085	73	1.2%
Eastern Correctional	643	1,875	1,470	638	1,450	(20)	(1.4%)
Gander Hill Prison	1,803	1,952	1,954	1,805	1,993	39	2.0%
Recovering Community	35,914	37,160	38,998	38,025	46,174	7,176	18.4%
Nursing Homes	111,310	116,732	117,056	113,375	90,751	(26,305)	(22.5%)
Port of Wilmington	355	600	600	129	613	13	2.2%
Smyrna Prison	36,359	39,631	43,531	40,144	46,014	2,483	5.7%
Total Institutions	272,175	291,482	301,511	289,801	303,064	1,553	0.5%

Catholic Diocese of Wilmington
XXIII. FINANCIAL STATE OF THE DIOCESE
Statistical Index

Entity: Catholic Cemeteries, Inc.

Enclosures:

- Audited Financial Statements for the years ended June 30, 2002 and 2001
- Audited Financial Statements for the years ended June 30, 2000 and 1999
- Audited Financial Statements for the years ended June 30, 1998 and 1997
- Budget summary for the year ending June 30, 2003

Catholic Cemeteries, Inc.

Financial Statements for the Years Ended
June 30, 2002 and 2001

Catholic Cemeteries, Inc.
Table of Contents
June 30, 2002 and 2001

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Statements of Activities and Changes in Net Assets	4-5
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PRICEWATERHOUSECOOPERS

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Report of Independent Accountants

To the Board of Directors
Catholic Cemeteries, Inc.
Wilmington, Delaware

In our opinion, the accompanying balance sheets and the related statements of activities and changes in net assets and cash flows present fairly, in all material respects, the financial position of Catholic Cemeteries, Inc. (Cemeteries) as of June 30, 2002 and 2001 and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of Cemeteries' management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

September 13, 2002

Catholic Cemeteries, Inc.
Balance Sheet
June 30, 2002

	General	Operating Reserves	Endowed Care Invested Reserves	Unrestricted Total	Temporarily Restricted	Total
Assets						
Cash and cash equivalents	$ 50,279	172,784	18,309	241,372		$ 241,372
Pooled investments		4,921,423	5,475,371	10,396,794		10,396,794
Other investments		156,050		156,050		156,050
Private mausoleum trust				-	33,431	33,431
Special Care Fund for private mausoleums		1,371		1,371		1,371
Accounts receivable	159,122			159,122		159,122
Inventory of graves and crypts	4,918,894			4,918,894		4,918,894
Land, buildings, equipment, feature shrines, net	3,023,671			3,023,671		3,023,671
Total assets	$ 8,151,966	5,251,628	5,493,680	$ 18,897,274	33,431	$ 18,930,705
Liabilities and Net Assets						
Accounts payable	$ 1,230,169			1,230,169		$ 1,230,169
Commitment to Christiana Care	315,039			315,039		315,039
Total Liabilities	1,545,208			1,545,208		1,545,208
Net Assets:						
Unrestricted	6,606,758			6,606,758		6,606,758
Unrestricted-Designated		5,251,628	5,493,680	10,745,308		10,745,308
Restricted				-	33,431	33,431
Total net assets	6,606,758	5,251,628	5,493,680	17,352,066	33,431	17,385,497
Total liabilities & net assets	$ 8,151,966	5,251,628	5,493,680	18,897,274	33,431	$ 18,930,705

The accompanying notes are an integral part of the financial statements.

Catholic Cemeteries, Inc.
Balance Sheet
June 30, 2001

	General	Operating Reserves	Endowed Care Invested Reserves	Unrestricted Total	Temporarily Restricted	Total
Assets						
Cash and cash equivalents	$ 294,946	71,816	22,838	389,600		$ 389,600
Pooled investments		5,535,990	6,477,298	12,013,288		12,013,288
Other investments		145,429		145,429		145,429
Private mausoleum trust				-	36,430	36,430
Special Care Fund for private mausoleums		1,352		1,352		1,352
Accounts receivable	182,702			182,702		182,702
Inventory of graves and crypts	3,807,637			3,807,637		3,807,637
Land, buildings, equipment, feature shrines, net	3,098,030			3,098,030		3,098,030
Total assets	$ 7,383,315	5,754,587	6,500,136	$ 19,638,038	36,430	$ 19,674,468
Liabilities and Net Assets						
Accounts payable	$ 94,035			94,035		$ 94,035
Commitment to Christiana Care	815,039			815,039		815,039
Total Liabilities	909,074			909,074		909,074
Net Assets:						
Unrestricted	6,474,241			6,474,241		6,474,241
Unrestricted-Designated		5,754,587	6,500,136	12,254,723		12,254,723
Restricted				-	36,430	36,430
Total net assets	6,474,241	5,754,587	6,500,136	18,728,964	36,430	18,765,394
Total liabilities & net assets	$ 7,383,315	5,754,587	6,500,136	19,638,038	36,430	$ 19,674,468

The accompanying notes are an integral part of the financial statements.

Catholic Cemeteries, Inc.
Statement of Activities and Changes in Net Assets
the year ended June 30, 2002

	General	Operating Reserves	Endowed Care Invested Reserves	Unrestricted Total	Temporarily Restricted	Total
Revenue and other support						
Crypt Sales	$ 376,497	$ 93,363	53,785	523,645	$ -	$ 523,645
Interment Fees	449,094			449,094		449,094
Lot Sales	227,862	63,334	32,552	323,748		323,748
Private Mausoleum Sales	-			-		-
Memorial Sales	174,557			174,557		174,557
Foundation Sales	73,611		8,179	81,790		81,790
Lawn Crypt Sales	31,145			31,145		31,145
Other operating income	172,654	12,834	955	186,443		186,443
Parish Cemetery Income	1,470			1,470		1,470
Pooled Investment income/(loss)	380,000		(851,927)	(471,927)		(471,927)
Income/(loss) - Operating Reserves		(395,880)		(395,880)		(395,880)
Private mausoleum trust income/(loss)		19		19	(2,999)	(2,980)
Total Revenue and other support	$ 1,886,890	(226,330)	(756,456)	904,104	(2,999)	$ 901,105
Expenses:						
Cost of lots, crypts and memorials	336,011			336,011		336,011
Sales Expenses - Parish Cemeteries	800			800		800
Payroll and related expenses	1,100,572			1,100,572		1,100,572
Depreciation	260,743			260,743		260,743
Repairs and maintenance of buildings, grounds and equipment	163,306			163,306		163,306
Professional fees	33,058			33,058		33,058
Insurance	35,856			35,856		35,856
Public Relations	78,154			78,154		78,154
Office Expenses - Gate of Heaven	2,052			2,052		2,052
Utilities	25,056			25,056		25,056
Supplies	18,471			18,471		18,471
Pension	65,729			65,729		65,729
Diocesan Assessment	120,000			120,000		120,000
Other	41,194			41,194		41,194
Total Expenses	2,281,002	-	-	2,281,002	-	$ 2,281,002
(Deficiency) of revenue over expenses	(394,112)	(226,330)	(756,456)	(1,376,898)	(2,999)	(1,379,897)
Transfers of funds for general expenses	57,942	(57,942)		-		-
Transfer of funds for construction	218,687	(218,687)		-		-
Transfer for Old Cathedral	250,000		(250,000)	-		-
Total changes in net assets	132,517	(502,959)	(1,006,456)	(1,376,898)	(2,999)	(1,379,897)
Net assets at beginning of Year	6,474,241	5,754,587	6,500,136	18,728,964	36,430	18,765,394
assets at end of Year	$ 6,606,758	$ 5,251,628	$ 5,493,680	17,352,066	$ 33,431	$ 17,385,497

The accompanying notes are in integral part of the financial statements

Catholic Cemeteries, Inc.
Statement of Activities and Changes in Net Assets
the Year ended June 30, 2001

	General	Operating Reserves	Endowed Care Invested Reserves	Unrestricted Total	Temporarily Restricted	Total
Revenue and other support						
Crypt Sales	$ 442,782	$ 126,509	63,254	632,545	$	$ 632,545
Interment Fees	404,318			404,318		404,318
Lot Sales	192,867	55,105	27,553	275,525		275,525
Private Mausoleum Sales	-			-		-
Memorial Sales	161,595			161,595		161,595
Foundation Sales	77,002		8,556	85,558		85,558
Lawn Crypt Sales	27,000			27,000		27,000
Other operating income	151,596	17,850	1,523	170,969		170,969
Pooled investment income/(loss)	380,000		(560,345)	(180,345)		(180,345)
Income/(loss) - Operating Reserves		(218,671)		(218,671)		(218,671)
Private mausoleum trust income/(loss)		1,352		1,352	(1,311)	41
Total Revenue and other support	$ 1,837,160	(17,855)	(459,459)	1,359,846	(1,311)	$ 1,358,535
Expenses:						
Cost of lots, crypts and memorials	361,375			361,375		361,375
Payroll and related expenses	1,061,127			1,061,127		1,061,127
Depreciation	252,797			252,797		252,797
Repairs and maintenance of buildings, grounds and equipment	159,637			159,637		159,637
Professional fees	34,160			34,160		34,160
Insurance	35,652			35,652		35,652
Public Relations	111,739			111,739		111,739
Utilities	29,828			29,828		29,828
Supplies	20,530			20,530		20,530
Pension	49,233			49,233		49,233
Diocesan Assessment	114,000			114,000		114,000
Other	65,456			65,456		65,456
Total Expenses	2,295,534	-	-	2,295,534	-	$ 2,295,534
(Deficiency) of revenue over expenses	(458,374)	(17,855)	(459,459)	(935,688)	(1,311)	(936,999)
Transfers of funds for general expenses	1,136,738	(1,136,738)		-		-
Transfer of funds from Endowed Care to Operating Reserves		6,602,265	(6,602,265)	-		-
Transfer for Old Cathedral	250,000		(250,000)	-		-
Total changes in net assets	928,364	5,447,672	(7,311,724)	(935,688)	(1,311)	(936,999)
Net assets at beginning of Year	5,545,877	306,915	13,811,860	19,664,652	37,741	19,702,393
Net assets at end of Year	$ 6,474,241	$ 5,754,587	$ 6,500,136	18,728,964	$ 36,430	$ 18,765,394

The accompanying notes are in integral part of the financial statements

Catholic Cemeteries, Inc.
Statements of Cash Flows
for the Year Ended June 30, 2002 vs. the year ended June 30, 2001

	2002	2001
Cash flow from operating activities:		
Change in net assets	$ (1,379,897)	$ (936,999)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	260,743	252,797
Net depreciation on pooled investments	1,054,456	671,331
Other investment income	(10,621)	(9,728)
Contributions received and income earned on trust fund	2,999	1,311
Changes in assets and liabilities:		
Inventory of graves and crypts	(1,111,257)	(801,673)
Accounts receivable	23,580	36,088
Prepaid expenses	0	1,060
Accounts payable and accured expenses	1,136,134	9,756
Special Care Fund for Private Mausoleums	(19)	(1,352)
Commitment for Old Cathedral Cemetery	(500,000)	(250,000)
Due from Diocese	0	250,000
Net cash provided by operating activities	(523,882)	(777,409)
Cash flows from investing activities:		
Amounts drawn from pooled investments for current operations	380,000	380,000
Amount drawn from pooled investments for Mausoleum Construction	182,000	0
Amounts drawn from pooled and other investments for Old Cathedral Cemetery	250,000	250,000
Amount drawn from pooled investments for New Cemetery	36,687	862,320
Reinvestment of interest and dividends into pooled investments	(186,649)	(272,315)
Deposits into pooled investments	(100,000)	(100,000)
Increase in land, buildings, equipment and feature shrines	(186,384)	(195,222)
Net cash provided by investing activities	375,654	924,783
Net increase/(decrease) in cash and cash equivalents	(148,228)	147,374
Cash & cash equivalents at beginning of year	389,600	242,226
Cash & cash equivalents at end of year	$ 241,372	$ 389,600

The accompanying notes are an integral part of the financial statements

DOW 03142

1. Summary of Significant Accounting Policies:

Nature of Operations:
Catholic Cemeteries, Inc. (Cemeteries) is an agency of the Catholic Diocese of Wilmington, Inc. (the Diocese) departmental structure. Cemeteries owns and operates Cathedral Cemetery and All Saints Cemetery, both located in Wilmington, Delaware and is developing Gate of Heaven Cemetery in Dagsboro, Delaware.

Basis of Reporting:
Cemeteries reports using the accrual basis of accounting. The preparation of financial statements in conformity with generally accepted accounting principles 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.

Financial Statement Presentation:
Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. A description of the three net asset categories follows:

- *Unrestricted Net Assets* are those assets that are available for the support of operations and whose use is not externally restricted, although their use may be limited by other factors such as by contract or board designation.

- *Temporarily Restricted Net Assets* include gifts for which donor imposed restrictions have not yet been met and pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted.

- *Permanently Restricted Net Assets* include gifts, trusts, and pledges which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions. As of June 30, 2001 and 2000, there were no permanently restricted net assets.

Contributions:

Noncash contributions are recorded at market value on the date of donation. Contributions of cash and other non-capital assets are reported as temporarily restricted operating revenue if the contributions are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose for the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions which are received and expended within the same fiscal year are reported as unrestricted revenues.

Description of Funds:
Unrestricted and board designated net assets are available for support of Cemeteries operations. Designated net assets were established by allocating 20% of each lot and crypt sale or future development and 10% of each lot, foundation, and crypt sale in order to provide for the future maintenance and preservation of the cemeteries.

Effective July 1, 2000, the Endowed Care Invested Reserves was broken out into two separate funds. The Cemetery Operating Reserves is used for the eventual development of additional Diocesan cemeteries and other projects relating to the ongoing development of existing Diocesan cemeteries. The Endowed Care Fund is used for regular monthly draws for maintenance of the cemeteries and the remaining payments to CCHS as stated in Note 6.

The income and principal of the Jeandell-Devine Private Mausoleum Trust Fund are temporarily restricted for the care and maintenance of the family mausoleum. This fund is maintained and monitored by the Diocese and is invested in fixed income, domestic equity, and international equity securities.

Cash and Cash Equivalents:
Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less. Cemeteries' investments in cash and cash equivalents are interest-bearing. At times these amounts may exceed federally insured limits.

Pooled Investments:
Pooled investments are stated at fair value. Pooled investment income on the statement of activities includes interest, dividends, and realized and unrealized gains and losses, net of consulting and custodial costs.

Cemeteries participates with the Diocese and other affiliated organizations in an investment pool which is held in a custody account at Mellon Trust. The pool is invested in a combination of fixed income and equity securities and mutual funds.

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

Other Investments:
Other investments include a certificate of deposit with a maturity date of August 5, 2005.

Inventory of Graves and Crypts:
Inventory of graves and crypts consists of acquired land and cost relating to prepare land for present and future cemetery sites. Inventory is carried at the lower of cost or market, with cost principally determined under the average cost method.

Land, Building, Equipment, and Feature Shrines:
Land, building, equipment, and feature shrines are recorded at cost. Expenditures for major renewals and betterments which extend the useful life of property and equipment are to be capitalized; expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is provided over the estimated useful lives of the assets on a straight-line basis.

Revenue Recognition
Cemeteries records revenues and related cost attributable to pre-need sales of burial rights on cemetery lots and crypts when customer contracts are signed.

Reclassifications
Certain balances in the 2001 statements were reclassified to conform to the 2002 presentation.

2. **Pooled Investments:**
The composition of pooled investments as of June 30, 2002 and 2001 was as follows:

	2002	2001
Cash and cash equivalents	$ 50,857	$ 50,202
Fixed Income	3,118,442	3,452,261
Domestic equity	5,595,705	6,794,378
International equity	1,631,790	1,716,447
Total	$10,396,794	$12,013,288

The fair value of these investments was determined based on quoted market prices at June 30, 2002 and 2001.

Pooled investment income for the year ended June 30, 2002 and 2001 was comprised of the following:

	2002	2001
Interest and dividends	$ 186,649	$ 272,315
Net depreciation	(1,054,456)	(671,331)
Pooled investment loss	(867,807)	$ (399,016)

The pooled investment loss is net of custodial and advisory fees in the amount of $77,024 and $84,206 for the years ended June 30, 2002 and 2001 respectively.

3. **Land, Buildings, Equipment, and Feature Shrines:**

At June 30, 2002 and 2001, land, buildings, equipment and feature shrines consisted of the following:

	2002	2001
Land	$ 100,000	$ 100,000
Buildings	2,394,799	2,371,669
Construction-in-progress	863,559	799,273
Trucks and equipment	829,276	765,238
Furniture and fixtures	181,161	184,346
Roads & Fence	383,800	381,256
Feature shrines	1,062,624	1,047,744
	5,815,219	5,649,526
Accumulated depreciation	(2,791,548)	(2,551,496)
	$3,023,671	$3,098,030

4. **Pension Plan:**

The Diocese sponsors a noncontributory defined benefit pension plan covering all full-time lay employees of the Diocese, including Cemeteries. The plan calls for benefits to be paid to eligible employees at retirement based on compensation, as defined in the plan document. Contributions to the plan from Cemeteries reflect an allocation by the Diocese based on Cemeteries eligible salaries as a percentage of total eligible salaries. The amount of pension expense for the years ended June 30, 2002 and 2001 was $65,729 and $49,233 respectively, and is reflected in operating expenses on the statement of activities.

5. **Related Party Transactions:**

Certain members of Cemeteries board are also board members of the Diocese, a related entity.

For the years ended June 30, 2002 and 2001, Cemeteries was allocated $120,000 and $114,000 respectively of general and administrative costs which is reflected in the statements of activities.

The Diocese pays on behalf of Cemeteries, the group term life insurance and long term disability benefits for all full-time employees of Cemeteries. These expenses are not reimbursed or reflected on the financial statements of Cemeteries since the amounts are not significant.

Catholic Cemeteries also performs certain administrative functions for Parish Cemeteries within the Diocese, which it does not own.

6. **Commitments and Contingencies**

In 1955, the Cathedral Cemetery Company, predecessor of Catholic Cemeteries, Inc., contracted with Delaware Hospital, now known as Christiana Care Health Services (CCHS), for the sale of a plot of land, Old Cathedral Cemetery, located in Wilmington, Delaware. Upon commencement of construction by CCHS during the 1998 fiscal year, buried remains were discovered at the former Old Cathedral Cemetery site. Disinterment by specialists employed by CCHS was completed in 1999, and re-interment by Cemeteries was required. The total cost of these procedures was approximately $2,500,000. In 1999, Cemeteries entered into a commitment with CCHS to share equally in the costs. The agreement stated that Cemeteries will reimburse CCHS $1,250,000 in five equal non-interest bearing installments of $250,000 beginning on June 15, 1999. Cemeteries also agreed to pay CCHS up to $125,000 as a sixth and final payment for additional directly related costs. In 2000, final costs were determined by CCHS and the sixth payment was reduced to approximately $65,000. Payments have been made in 1999, 2000, 2001 and 2002 and the remaining liability has been accrued for in full.

Cemeteries also has noncancellable commitments of approximately $729,945 with several construction companies for the initial development of the Gate of Heaven Cemetery in Dagsboro, Delaware. This work was contracted for in April 2002 and commenced in June 2002.

7. **Income Taxes:**

Cemeteries is a not-for-profit corporation which has been granted exempt status from federal taxation under Section 501 (c)(3) of the Internal Revenue Code.

Catholic Cemeteries, Inc.

Financial Statements
For the Years Ended
June 30, 2000 and 1999

Catholic Cemeteries, Inc.
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For the Years Ended June 30, 2000 and 1999

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Report of Independent Accountants

To the Board of Directors
Catholic Cemeteries, Inc.
Wilmington, Delaware

In our opinion, the accompanying balance sheets and the related statements of activities and changes in net assets and cash flows present fairly, in all material respects, the financial position of Catholic Cemeteries, Inc. (Cemeteries) as of June 30, 2000 and 1999 and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of Cemeteries' management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP

September 23, 2000

Catholic Cemeteries, Inc.
Balance Sheets
June 30, 2000 and 1999

	2000						1999
	Unrestricted	Unrestricted Designated					
Assets	General	Operating Reserves	Endowed Care Invested Reserves	Unrestricted Total	Temporarily Restricted	Total	Total
Cash and cash equivalents	$ 63,775	$ 156,499	$ 21,952	$ 242,226		$ 242,226	$ 197,527
Pooled investments			13,789,908	13,789,908		13,789,908	12,908,636
Other investments		150,416		150,416		150,416	299,231
Private mausoleum trusts				-	$ 37,741	37,741	33,653
Accounts receivable	218,790			218,790		218,790	194,617
Prepaid expenses	1,060			1,060		1,060	3,938
Inventory of graves and crypts	2,980,964			2,980,964		2,980,964	3,019,694
Land, buildings, equipment, and feature shrines, net	3,180,631			3,180,631		3,180,631	2,829,043
Due from Diocese	250,000			250,000		250,000	-
Total assets	$6,695,220	$306,915	$13,811,860	$20,813,995	$37,741	$20,851,736	$19,486,339
Liabilities and Net Assets							
Accounts payable and accrued expenses	84,304			84,304		84,304	71,982
Commitment for Old Cathedral Cemetery	1,065,039			1,065,039		1,065,039	1,125,000
Total liabilities	1,149,343	-	-	1,149,343	-	1,149,343	1,196,982
Net assets:							
Unrestricted - general	5,545,877			5,545,877		5,545,877	4,940,513
Unrestricted - designated		306,915	13,811,860	14,118,775		14,118,775	13,315,191
Temporarily restricted				-	37,741	37,741	33,653
Total net assets	5,545,877	306,915	13,811,860	19,664,652	37,741	19,702,393	18,289,357
Total liabilities and net assets	$6,695,220	$306,915	$13,811,860	$20,813,995	$37,741	$20,851,736	$19,486,339

The accompanying notes are an integral part of the financial statements.

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Catholic Cemeteries, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2000

	Unrestricted	Unrestricted Designated				
	General	Operating Reserves	Endowed Care Invested Reserves	Unrestricted Total	Temporarily Restricted	Total
Revenue and other support:						
Crypt sales	$ 478,070	$ 136,592	$ 68,296	$ 682,958		$ 682,958
Interment fees	412,194			412,194		412,194
Lot sales	212,048	60,584	30,293	302,925		302,925
Private mausoleum sales	12,917			12,917		12,917
Memorial sales	187,143			187,143		187,143
Foundations	63,214		7,024	70,238		70,238
Other operating income	104,228	22,057	1,398	127,683		127,683
Pooled investment income	421,500		1,231,272	1,652,772		1,652,772
Private mausoleum trust income				-	$ 4,388	4,388
Total revenue and other support	1,891,314	219,233	1,338,283	3,448,830	4,388	3,453,218
Expenses:						
Cost of lots, crypts and memorials	363,179			363,179		363,179
Payroll and related expenses	992,689			992,689		992,689
Depreciation	221,227			221,227		221,227
Repairs and maintenance of buildings, grounds and equipment	149,159			149,159		149,159
ofessional fees	22,000			22,000		22,000
surance	34,894			34,894		34,894
Public relations	27,836			27,836		27,836
Utilities	27,825			27,825		27,825
Supplies	24,866			24,866		24,866
Pension	39,542			39,542		39,542
Diocesan assessment	103,617			103,617		103,617
Commitment for Old Cathedral Cemetery	(59,961)			(59,961)		(59,961)
Other	93,309			93,309		93,309
Total expenses	2,040,182	-	-	2,040,182	-	2,040,182
(Deficiency)/excess of revenue over expenses	(148,868)	219,233	1,338,283	1,408,648	4,388	1,413,036
Transfer of funds for general expenses	303,932	(303,932)		-		-
Transfer of funds for construction and Old Cathedral Cemetery liability	450,000		(450,000)	-		-
Net assets released from restriction	300			300	(300)	-
Changes in net assets	605,364	(84,699)	888,283	1,408,948	4,088	1,413,036
Net assets at beginning of year	4,940,513	391,614	12,923,577	18,255,704	33,653	18,289,357
Net assets at end of year	$ 5,545,877	$ 306,915	$ 13,811,860	$ 19,664,652	$ 37,741	$ 19,702,393

The accompanying notes are an integral part of the financial statements.

Catholic Cemeteries, Inc.

Statement of Activities and Changes in Net Assets

For the Year Ended June 30, 1999

	Unrestricted	Unrestricted Designated				
	General	Operating Reserves	Endowed Care Invested Reserves	Unrestricted Total	Temporarily Restricted	Total
Revenue and other support:						
Crypt sales	$ 370,696	$ 105,914	$ 52,955	$ 529,565		$ 529,565
Interment fees	405,934			405,934		405,934
Lot sales	190,180	54,557	27,279	272,016		272,016
Memorial sales	156,916			156,916		156,916
Foundations	60,999		6,779	67,778		67,778
Other operating income	106,053	37,403	1,396	144,852		144,852
Pooled investment income	350,000		542,226	892,226		892,226
Private mausoleum trust income				-	$ 1,047	1,047
Total revenue and other support	1,640,778	197,874	630,635	2,469,287	1,047	2,470,334
Expenses:						
Cost of lots, crypts and memorials	285,405			285,405		285,405
Payroll and related expenses	916,195			916,195		916,195
Depreciation	186,560			186,560		186,560
Repairs and maintenance of buildings, grounds, and equipment	127,717			127,717		127,717
.ofessional fees	21,000			21,000		21,000
Insurance	34,154			34,154		34,154
Public relations	48,184			48,184		48,184
Utilities	21,541			21,541		21,541
Supplies	21,230			21,230		21,230
Pension	39,059			39,059		39,059
Diocesan assessment	71,250			71,250		71,250
Commitment for Old Cathedral Cemetery	1,125,000			1,125,000		1,125,000
Other	65,818			65,818		65,818
Total expenses	2,963,113	-	-	2,963,113	-	2,963,113
(Deficiency) excess of revenue over expenses	(1,322,335)	197,874	630,635	(493,826)	1,047	(492,779)
Transfer of funds for general expenses	398,382	(398,382)		-		-
Transfer of funds for construction and Old Cathedral Cemetery liability	775,800	(100,000)	(675,800)	-		-
Net assets released from restriction	300			300	(300)	-
Changes in net assets	(147,853)	(300,508)	(45,165)	(493,526)	747	(492,779)
Net assets at beginning of year	5,088,366	692,122	12,968,742	18,749,230	32,906	18,782,136
Net assets at end of year	$ 4,940,513	$ 391,614	$ 12,923,577	$ 18,255,704	$ 33,653	$ 18,289,357

The accompanying notes are an integral part of the financial statements.

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Catholic Cemeteries, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2000 and 1999

	2000	1999
Cash flows from operating activities:		
Changes in net assets	$ 1,413,036	$ (492,779)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	221,227	186,560
Net appreciation on pooled investments	(1,419,156)	(526,912)
Net appreciation on other investments	(11,194)	(22,539)
Net income earned on private mausoleum trust fund	(4,088)	(747)
Changes in assets and liabilities:		
Inventory of graves and crypts	38,730	(926,984)
Accounts receivable	(24,173)	68,107
Prepaid expenses	2,878	(3,938)
Accounts payable and accrued expenses	12,322	8,289
Commitment for Old Cathedral Cemetery	(59,961)	779,200
Due from Diocese	(250,000)	-
Net cash used in operating activities	(80,379)	(931,743)
Cash flows from investing activities:		
Amounts drawn from pooled investments for current operations	421,500	350,000
Amounts drawn from pooled investments for mausoleum construction	200,000	525,800
Amounts drawn from pooled and other investments for Old Cathedral Cemetery	250,000	250,000
Reinvestment of interest and dividends into pooled investments	(233,616)	(365,314)
Deposits into pooled investments	(100,000)	(90,000)
Deposits into other investments	-	(110,392)
Proceeds from sale of other investments	160,009	199,369
Purchase of land, buildings, equipment, and feature shrines	(587,344)	(184,272)
Transfer of land development to inventory	14,529	220,774
Net cash provided by investing activities	125,078	795,965
Net increase/(decrease) in cash and cash equivalents	44,699	(135,778)
Cash and cash equivalents at beginning of year	197,527	333,305
Cash and cash equivalents at end of year	$ 242,226	$ 197,527

The accompanying notes are an integral part of the financial statements.

1. Summary of Significant Accounting Policies

Nature of Operations

Catholic Cemeteries, Inc. (Cemeteries) is an agency of the Catholic Diocese of Wilmington, Inc. (the Diocese) departmental structure. Cemeteries owns and operates Cathedral Cemetery and All Saints Cemetery, both located in Wilmington, Delaware.

Basis of Reporting

Cemeteries reports using the accrual basis of accounting. The preparation of financial statements in conformity with generally accepted accounting principles 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.

Financial Statement Presentation

The financial statements have been prepared in accordance with Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations". Resources are reported for accounting purposes into separate categories of net assets based on the existence or absence of donor-imposed restrictions. A description of the three net asset categories follows:

- *Unrestricted Net Assets* include those assets that are available for the support of operations and whose use is not externally restricted, although their use may be limited by other factors such as by contract or board designation.

- *Temporarily Restricted Net Assets* include gifts for which donor imposed restrictions have not been met and pledges receivable for which the ultimate proceeds is not permanently restricted.

- *Permanently Restricted Net Assets* include gifts, trusts, and pledges which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions. As of June 30, 2000 and 1999, there were no permanently restricted net assets.

Contributions

Contributions are recognized as revenue in accordance with Statement of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made". Noncash contributions are recorded at market value on the date of donation. Contributions of cash and other non-capital assets are reported as temporarily restricted operating revenue if the contributions are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose for the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Donor restricted contributions which are received and expended within the same fiscal year are reported as unrestricted revenues.

Description of Funds
Unrestricted and board designated net assets are available for support of Cemeteries' operations. Designated net assets were established by allocating 20% of each lot and crypt sale for future development and 10% of each lot, foundation, and crypt sale to provide for the future maintenance and preservation of the cemeteries.

The income and principal of the Jeandell-Devine Private Mausoleum Trust Fund are temporarily restricted for the care and maintenance of the family mausoleum. This fund is maintained and monitored by the Diocese and is invested in fixed income, domestic equity, and international equity securities.

Cash and Cash Equivalents
Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less. Cemeteries' investments in cash and cash equivalents are interest bearing. At times these amounts may exceed federally insured limits.

Pooled Investments
Pooled investments are stated at fair value. Pooled investment income on the statements of activities includes interest, dividends, and realized and unrealized gains and losses, net of consulting and custodial costs.

Cemeteries participates with the Diocese and other affiliated organizations in an investment pool which is held in a custody account at Mellon Trust. The pool is invested in a combination of fixed income and equity securities and mutual funds.

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

Other Investments
Other investments include a certificate of deposit with maturities ranging from November 1999 through the year 2000. As these certificates of deposits mature, the funds are deposited into pooled investments for operations which is maintained and monitored by the Diocese. As of June 30, 2000, other investments include one certificate of deposit with a maturity date of July 28, 2000.

Inventory of Graves and Crypts
Inventory of graves and crypts consist of acquired land and costs relating to preparing land for present and future cemetery sites. Inventory is carried at the lower of cost or market, with cost principally determined under the average cost method.

Land, Buildings, Equipment, and Feature Shrines
Land, buildings, equipment, and feature shrines are recorded at cost. Expenditures for major renewals and betterments which extend the useful life of property and equipment are to be capitalized; expenditures for maintenance and repairs are charged to expense as incurred. Deprecation is provided over the estimated useful lives of the assets on a straight-line basis.

Revenue Recognition
Cemeteries records revenues and related costs attributable to pre-need sales of burial rights on cemetery lots and crypts when customer contracts are signed.

Reclassifications
Certain balances in the 1999 statements were reclassified to conform to the 2000 presentation.

2. Pooled Investments

Cemeteries invests in a combination of fixed income and equity securities and mutual funds. The composition of pooled investments as of June 30, 2000 and 1999 was as follows:

	2000	1999
Cash and cash equivalents	$ 52,014	$ 11,832
Fixed income	4,242,650	3,608,188
Domestic equity	7,294,165	7,454,248
International equity	2,201,079	1,834,368
Total pooled investments	$13,789,908	$12,908,636

The fair value of these investments was determined based on quoted market prices at June 30, 2000 and 1999.

Pooled investment income for the years ended June 30, 2000 and 1999 consisted of the following:

	2000	1999
Interest and dividends	$ 233,616	$365,314
Net appreciation	1,419,156	526,912
Pooled investment income	$1,652,772	$892,226

The pooled investment income is net of custodial and advisory fees in the amount of $92,897 and $51,067 for the years ended June 30, 2000 and 1999, respectively.

3. Land, Buildings, Equipment and Feature Shrines

At June 30, 2000 and 1999, land, buildings, equipment, and feature shrines consisted of the following:

	2000	1999
Land	$ 110,471	$ 100,000
Buildings	2,311,808	1,922,294
Construction-in-progress	819,525	816,424
Trucks and equipment	702,357	642,836
Furniture and fixtures	160,692	139,399
Roads and fences	326,732	276,232
Feature shrines	1,047,745	1,009,330
	5,479,330	4,906,515
Accumulated depreciation	(2,298,699)	(2,077,472)
	$3,180,631	$2,829,043

4. Pension Plan

The Diocese sponsors a noncontributory defined benefit pension plan covering all full-time lay employees of the Diocese, including Cemeteries. The plan calls for benefits to be paid to eligible employees at retirement based on compensation, as defined in the Plan document. Contributions to the plan from Cemeteries reflect an allocation by the Diocese based on Cemeteries eligible salaries as a percentage of total eligible salaries. The pension expense for the years ended June 30, 2000 and 1999 was $39,542 and $39,059, respectively, and is reflected on the statements of activities.

5. Related Party Transactions

Certain members of Cemeteries' board are also board members of the Diocese, a related entity.

For the years ended June 30, 2000 and 1999 the Diocese assessed Cemeteries $103,617 and $71,250, respectively, of general and administrative costs, which is reflected in the statements of activities.

The Diocese pays, on behalf of Cemeteries, the group term life insurance and long-term disability benefits for all full-time employees of Cemeteries. These expenses are not reimbursed or reflected on the financial statements of Cemeteries since the amounts are not significant.

6. Commitments and Contingencies

In 1955, the Cathedral Cemetery Company, predecessor of Catholic Cemeteries, Inc., contracted with Delaware Hospital, now known as Christiana Care Health Services (CCHS), for the sale of a plot of land, Old Cathedral Cemetery, located in Wilmington, Delaware. Upon commencement of construction by CCHS during the 1998 fiscal year, buried remains were discovered at the former Old Cathedral Cemetery site. Disinterment by specialists employed by CCHS was completed in 1999, and re-interment by Cemeteries was required. The total cost of these procedures was approximately

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$2,500,000. In 1999, Cemeteries entered into a commitment with CCHS to share equally in the costs. The agreement stated that Cemeteries will reimburse CCHS $1,250,000 in five equal non-interest bearing annual installments of $250,000 beginning on June 15, 1999. Cemeteries also agreed to pay CCHS up to $125,000 as a sixth and final payment for additional directly related costs. In 2000, final costs were determined by CCHS and the sixth payment was reduced to approximately $65,000. The first two payments were made in July 2000 and June 1999, and the remaining liability has been accrued for in full.

7. **Income Taxes**

Cemeteries is a not-for-profit corporation which has been granted exempt status from federal taxation under Section 501(c)(3) of the Internal Revenue Code.

8. **Subsequent Event**

In March 2000, the Board approved a resolution to redesignate the ending balance in the Endowed Care Invested Reserves. The $13,789,908 balance in Endowed Care Invested Reserves as of June 30, 2000 will be redesignated into $6,602,265 for Cemetery Operating Reserves and $7,187,643 for the Endowed Care Fund, effective July 1, 2000. The Cemetery Operating Reserves will be used for the eventual development of additional Diocesan cemeteries and other projects related to the ongoing development of existing Diocesan cemeteries. The Endowed Care Fund will be used for regular monthly draws for maintenance of the cemeteries and the remaining payments to CCHS as stated in Note 6.

CATHOLIC CEMETERIES, INC.

REPORT ON AUDITS OF FINANCIAL STATEMENTS
for the years ended June 30, 1998 and 1997

CATHOLIC CEMETERIES, INC.

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Report of Independent Accountants

To the Board of Directors
Catholic Cemeteries, Inc.
Wilmington, Delaware

In our opinion, the accompanying balance sheets and the related statements of activities and cash flows present fairly, in all material respects, the financial position of Catholic Cemeteries, Inc. (Cemeteries) as of June 30, 1998 and 1997 and the changes in its net assets and its cash flows for the years then ended, in conformity with generally accepted accounting principles. These financial statements are the responsibility of Cemeteries' management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP

October 2, 1998

CATHOLIC CEMETERIES, INC.

Balance Sheets
as of June 30, 1998 and 1997

ASSETS	1998 Unrestricted General	1998 Unrestricted Designated	1998 Total	1998 Temporarily Restricted	1998 Total	1997 Total
Cash and cash equivalents	$ 90,320	$ 242,985	$ 333,305		$ 333,305	$ 255,053
Pooled investments		12,952,211	12,952,211		12,952,211	11,396,121
Other investments		465,668	465,668		465,668	514,363
Private mausoleum trusts				$ 32,906	32,906	29,946
Accounts receivable	262,724		262,724		262,724	268,494
Inventory of graves and crypts	2,092,710		2,092,710		2,092,710	1,914,404
Land, buildings, equipment, and feature shrines, net	3,052,105		3,052,105		3,052,105	3,039,388
Total assets	$ 5,497,859	$ 13,660,864	$19,158,723	$ 32,906	$ 19,191,629	$ 17,417,769
LIABILITIES AND NET ASSETS						
Accounts payable and accrued expenses	409,493		409,493		409,493	214,331
Total liabilities	409,493	-	409,493	-	409,493	214,331
Net assets:						
Unrestricted - general	5,088,366		5,088,366		5,088,366	5,089,145
Unrestricted - designated		13,660,864	13,660,864		13,660,864	12,084,347
Temporarily restricted				32,906	32,906	29,946
Total net assets	5,088,366	13,660,864	18,749,230	32,906	18,782,136	17,203,438
Total liabilities and net assets	$ 5,497,859	$ 13,660,864	$19,158,723	$ 32,906	$ 19,191,629	$ 17,417,769

The accompanying notes are an integral part of the financial statements.

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CATHOLIC CEMETERIES, INC.

Statement of Activities
for the year ended June 30, 1998

	Unrestricted			Temporarily Restricted	Total
	General	Designated	Total		
Revenue and other support:					
Crypt sales	$ 370,007	$ 158,574	$ 528,581		$ 528,581
Interment fees	376,981		376,981		376,981
Lot sales	235,970	100,800	336,770		336,770
Memorial sales	145,742		145,742		145,742
Foundations	57,342	6,372	63,714		63,714
Other operating income	123,992	39,500	163,492		163,492
Pooled investment income		2,029,989	2,029,989		2,029,989
Private mausoleum trust income			-	$ 2,960	2,960
Total revenue and other support	1,310,034	2,335,235	3,645,269	2,960	3,648,229
Expenses:					
Cost of lots, crypts and memorials	282,179		282,179		282,179
Payroll and related expenses	837,258		837,258		837,258
Depreciation	177,214		177,214		177,214
Repairs and maintenance of buildings, grounds, and equipment	154,954		154,954		154,954
Professional fees	20,500		20,500		20,500
Insurance	31,329		31,329		31,329
Public relations	33,423		33,423		33,423
Utilities	22,132		22,132		22,132
Supplies	21,251		21,251		21,251
Pension	32,912		32,912		32,912
Diocesan assessment	57,000		57,000		57,000
Other	399,379		399,379		399,379
Total expenses	2,069,531	-	2,069,531	-	2,069,531
Excess/(deficiency) of revenue over expenses	(759,497)	2,335,235	1,575,738	2,960	1,578,698
Transfers	758,718	(758,718)	-		-
Changes in net assets	(779)	1,576,517	1,575,738	2,960	1,578,698
Net assets at beginning of year	5,089,145	12,084,347	17,173,492	29,946	17,203,438
Net assets at end of year	$5,088,366	$13,660,864	$ 18,749,230	$ 32,906	$18,782,136

The accompanying notes are an integral part of the financial statements.

DOW 03164

CATHOLIC CEMETERIES, INC.

Statement of Activities
for the year ended June 30, 1997

	Unrestricted			Temporarily	
	General	Designated	Total	Restricted	Total
Revenue and other support:					
Crypt sales	$ 471,359	$ 202,013	$ 673,372		$ 673,372
Interment fees	341,892		341,892		341,892
Lot sales	199,141	85,989	285,130		285,130
Memorial sales	134,870		134,870		134,870
Foundations	52,866	5,874	58,740		58,740
Other operating income	97,677	46,312	143,989		143,989
Pooled investment income		2,057,358	2,057,358		2,057,358
Private mausoleum trust income			-	$ 3,101	3,101
Contributions			-	26,845	26,845
Total revenue and other support	1,297,805	2,397,546	3,695,351	29,946	3,725,297
Expenses:					
Cost of lots, crypts and memorials	321,826		321,826		321,826
Payroll and related expenses	817,816		817,816		817,816
Depreciation	157,631		157,631		157,631
Repairs and maintenance of buildings, grounds, and equipment	117,771		117,771		117,771
Professional fees	20,500		20,500		20,500
Insurance	31,481		31,481		31,481
Public relations	17,136		17,136		17,136
Utilities	22,602		22,602		22,602
Supplies	29,544		29,544		29,544
Diocesan assessment	55,000		55,000		55,000
Pension	29,920		29,920		29,920
Other	51,169		51,169		51,169
Total expenses	1,672,396	-	1,672,396	-	1,672,396
Excess/(deficiency) of revenue over expenses	(374,591)	2,397,546	2,022,955	29,946	2,052,901
Transfers	673,355	(673,355)	-		-
Changes in net assets	298,764	1,724,191	2,022,955	29,946	2,052,901
Net assets at beginning of year	4,790,381	10,360,156	15,150,537		15,150,537
Net assets at end of year	$5,089,145	$12,084,347	$17,173,492	$ 29,946	$17,203,438

The accompanying notes are an integral part of the financial statements.

DOW 03165

CATHOLIC CEMETERIES, INC.

Statements of Cash Flows
for the years ended June 30, 1998 and 1997

	1998	1997
Cash flows from operating activities:		
Changes in net assets	$ 1,578,698	$ 2,052,901
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	177,214	157,631
Net appreciation on pooled investments	(1,726,053)	(1,755,426)
Other investment income	(21,305)	(8,889)
Contributions received and income earned on trust fund	(2,960)	(29,946)
Increase in inventory of graves and crypts	(178,306)	(193,830)
(Increase)/decrease in accounts receivable	5,770	(55,263)
Increase in accounts payable and accrued expenses	195,162	161,699
Net cash provided by operating activities	28,220	328,877
Cash flows from investing activities:		
Amounts drawn from pooled investments for current operations	573,899	240,000
Reinvestment of interest and dividends into pooled investments	(303,936)	(301,932)
Deposits into pooled investments	(100,000)	(95,000)
Purchase of land, buildings, equipment, and feature shrines	(189,931)	(330,277)
Purchase of other investments	(80,000)	(100,000)
Proceeds from sale of other investments	150,000	264,450
Net cash provided by/(used in) investing activities	50,032	(322,759)
Net increase in cash and cash equivalents	78,252	6,118
Cash and cash equivalents at beginning of year	255,053	248,935
Cash and cash equivalents at end of year	$ 333,305	$ 255,053

The accompanying notes are an integral part of the financial statements.

CATHOLIC CEMETERIES, INC.

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Nature of Operations:

Catholic Cemeteries, Inc. (Cemeteries) owns and operates Cathedral Cemetery and All Saints Cemetery, both located in Wilmington, Delaware.

Basis of Reporting:

Cemeteries reports using the accrual basis of accounting. The preparation of financial statements in conformity with generally accepted accounting principles 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.

Financial Statement Presentation:

The financial statements have been prepared in accordance with Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations". Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. A description of the three net asset categories follows:

- **Unrestricted Net Assets** include those assets that are available for the support of operations and whose use is not externally restricted, although their use may be limited by other factors such as by contract or board designation.

- **Temporarily Restricted Net Assets** include gifts for which donor imposed restrictions have not yet been met and pledges receivable for which the ultimate proceeds is not permanently restricted.

- **Permanently Restricted Net Assets** include gifts, trusts, and pledges which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions.

1. Summary of Significant Accounting Policies, continued:

Contributions:

Contributions are recognized as revenue in accordance with Statement of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made". Noncash contributions are recorded at market value on the date of donation. Contributions of cash and other non-capital assets are reported as temporarily restricted operating revenue if the contributions are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose for the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions which are received and expended within the same fiscal year are reported as unrestricted revenues.

Description of Funds:

Unrestricted and board designated net assets are available for support of Cemeteries' operations. Designated net assets were established by allocating 20% of each lot and crypt sale for future development and 10% of each lot, foundation, and crypt sale to provide for the future maintenance and preservation of the cemeteries.

The Jeandell-Devine Private Mauseleum Trust Fund was established during the year ended June 30, 1997. The income and principal of this fund are temporarily restricted for the care and maintenance of the family mausoleum.

Cash and Cash Equivalents:

Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less. At times these amounts may exceed federally insured limits.

Pooled Investments:

Pooled investments are stated at fair value. Pooled investment income on the statement of activities includes interest, dividends, and net appreciation. Net appreciation includes realized and unrealized gains and losses, net of consulting and custodial costs.

Cemeteries participates with the Catholic Diocese of Wilmington, Inc. (the Diocese) and other affiliated organizations in an investment pool which is held in a custody account at Delaware Trust Capital Management. The pool is invested in a combination of fixed income and equity securities and mutual funds.

1. Summary of Significant Accounting Policies, continued:

Pooled Investments, continued:

Cemeteries utilizes a total return policy to determine the level of support for operations and capital expenditures from pooled investments. The level of support is determined annually.

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

Other Investments:

Other investments included a variety of certificates of deposit with maturities ranging from July 1998 to the year 2000.

Inventory of Graves and Crypts:

Inventory of graves and crypts consist of acquired land and costs relating to preparing land for present and future cemetery sites. Inventory is carried at the lower of cost or market, with cost principally determined under the average cost method.

Land, Buildings, Equipment, and Feature Shrines:

Land, buildings, equipment, and feature shrines are recorded at cost. Expenditures for major renewals and betterments which extend the useful life of property and equipment are to be capitalized; expenditures for maintenance and repairs are charged to expense as incurred. Deprecation is provided over the estimated useful lives of the assets on a straight-line basis.

2. Pooled Investments:

Cemeteries invests in a combination of fixed income and equity securities and mutual funds. The composition of pooled investments as of June 30, 1998 and 1997 was as follows:

	1998	1997
Cash and cash equivalents	$ 143,297	$ 88,473
Fixed income	3,035,793	2,887,848
Domestic equity	8,746,909	7,511,280
International equity	1,026,212	908,520
	$ 12,952,211	$ 11,396,121

2. Pooled Investments, continued:

The fair value of investments in Cemeteries was determined based on quoted market prices at June 30, 1998 and 1997.

Pooled investment income for the years ended June 30, 1998 and 1997 was comprised of the following:

	1998	1997
Interest and dividends	$ 303,936	$ 301,932
Net appreciation	1,726,053	1,755,426
	$ 2,029,989	$ 2,057,358

The pooled investment income is net of custodial and advisory fees in the amount of $79,857 and $73,457 for the years ended June 30, 1998 and 1997, respectively.

3. Land, Buildings, Equipment and Feature Shrines:

At June 30, 1998 and 1997, land, buildings, equipment, and feature shrines consisted of the following:

	1998	1997
Land	$ 100,000	$ 100,000
Buildings	1,838,064	1,781,313
Construction-in-progress	1,022,153	1,075,766
Trucks and equipment	581,133	476,349
Furniture and fixtures	119,834	112,602
Roads and fences	270,452	211,098
Feature shrines	1,011,381	995,958
	4,943,017	4,753,086
Accumulated depreciation	(1,890,912)	(1,713,698)
	$ 3,052,105	$ 3,039,388

4. Pension Plan:

The Diocese sponsors a noncontributory defined benefit pension plan covering all full-time lay employees of the Diocese, including Cemeteries. The plan calls for benefits to be paid to eligible employees at retirement based on compensation, as defined. Contributions to the plan from Cemeteries reflect an allocation by the Diocese based on Cemeteries eligible salaries as a percentage of total eligible salaries. The pension expense for the years ended June 30, 1998 and 1997 was $32,912 and $29,920, respectively, and is reflected on the statements of activities.

5. Related Party Transactions:

Certain members of Cemeteries' board are also board members of the Diocese, a related entity.

For the years ended June 30, 1998 and 1997, the Diocese assessed Cemeteries $57,000 and $55,000, respectively, of general and administrative costs.

The Diocese pays on behalf of Cemeteries, the group term life insurance and long-term disability benefits for all full-time employees of Cemeteries. These expenses are not reimbursed or reflected on the financial statements of Cemeteries since the amounts are not significant.

6. Income Taxes:

Cemeteries is a not-for-profit corporation which has been granted exempt status from federal taxation under Section 501(c)(3) of the Internal Revenue Code.

7. Subsequent Event:

In 1955, the Cathedral Cemetery Company, predecessor of Catholic Cemeteries, Inc., contracted with Delaware Hospital, now known as Christiana Care Health Services (CCHS), for the sale of a plot of land, Old Cathedral Cemetery, located in Wilmington, Delaware. Upon commencement of construction by CCHS during the 1998 fiscal year, buried remains were discovered at the former Old Cathedral Cemetery site. Disinterment by specialists employed by CCHS is in progress and re-interment will be required. CCHS has requested Cemeteries to share equally in the costs; however, the ultimate total cost has not been determined and is not presently estimable by Cemeteries. In the opinion of management and counsel, any additional liability, in excess of the amount recorded by Cemeteries, will not have a material adverse effect on the financial position or results of operations of Cemeteries.

CATHOLIC CEMETERIES, INC.
PROPOSED BUDGET FOR YEAR 2002-2003

ACCT.	INCOME ACCOUNTS		FY 2001-2002		6 MOS 2001-2002		FY 2002-2003
	CATHEDRAL CEMETERY						
400339-01	Other Revenue	$	10,900	$	6,353	$	10,900
403550-01	Lot Sales - Net*		28,000		16,481		35,000
403553-01	Mausoleum Sales - Net*		346,000		118,299		280,000
403552-01	Foundation Sales - Net*		17,680		9,773		19,000
403557-01	Interment Fee		165,075		85,053		172,000
403558-01	Fees and Deeds		1,000		185		1,000
403559-01	Annual Care		1,600		1,230		1,600
435515-01	Entombments		35,145		19,215		39,000
435516-01	Lettering Crypts		24,000		8,565		18,000
435517-01	Memorials		45,000		24,378		50,000
435523-01	Lettering Memorials		12,000		6,753		14,000
	Total Revenue - Cathedral	$	686,400	$	296,285	$	640,500
	ALL SAINTS CEMETERY						
0339-02	Other Revenue	$	12,600	$	12,665	$	13,000
3551-02	Lot Sales - Net*		178,000		101,318		210,000
3552-02	Foundation Sales - Net*		54,000		28,308		58,000
403557-02	Interment Fees		240,250		134,140		268,280
403558-02	Fees and Deeds		900		995		1,500
435510-02	Mausoleum Sales - Net*		152,945		30,114		149,000
435513-02	Entombments		20,790		7,325		18,000
435514-02	Lettering Crypts		12,770		4,935		12,000
435518-02	Memorials		104,000		59,936		120,000
435524-02	Lettering Memorials		5,000		4,600		9,500
435528-02	Lawn Crypts		30,000		18,995		37,900
	Total Revenue - All Saints	$	811,255	$	403,331	$	897,180
CEMETERY DRAW FROM ENDOWED CARE FUND							
436010-00	Inc.from Endowed Care Portfolio managed by the Diocese of Wilmington	$	380,000	$	190,000	**	680,000
ANTICIPATED TOTAL OPERATIONAL INCO		$	1,877,655	$	889,616	$	2,217,680

'OTE: Lot & Mausoleum Sales are shown net of the 10% of Gross Sales allocated to Endowed Care
d the 20% of Gross sales allocated and disbursed to the Development and Capital Improvement Budget.

****Includes draw for Old Cathedral**

DOW 03172

CATHOLIC CEMETERIES, INC.
PROPOSED BUDGET FOR YEAR 2002-2003

CT.	Expense Accounts	FY 2001-2002	6 MOS 2001-2002	FY 2002-2003
	Salaries & Related Expenditures			
various	Employees - Salary	$ 431,028	$ 222,577	$ 448,756
505190-**	Employees - Hourly	355,570	167,176	352,104
505191-**	Maintenance - Overtime	25,000	15,152	32,000
505192-**	Maintenance - Seasonal	18,000	8,649	18,000
505210-**	Employee Health Insurance	114,948	56,051	123,444
505211-**	Blood Bank	84	0	84
505221-**	Diocesan Pension	47,196	0	49,965
505240-**	Worker's Compensation	30,000	27,186	32,000
505223-**	Employee Uniform Expense	8,000	3,835	8,240
505250-**	Social Security Taxes	51,435	25,547	52,753
505280-**	Medicare	12,029	5,975	12,337
505230-**	Sick Leave	no request	0	
505270-**	Temporary Agency Employment	23,000	23,274 **	50,000
505171-01	Religious Compensation	13,372	6,689	14,292
TAL SALARIES AND RELATED EXPENDITURE		$ 1,129,662	$ 562,111	$ 1,179,683
	OPERATIONAL COSTS			
	Miscellaneous Expenditures			
500539-**	Miscellaneous Other	$ 3,500	$ 912	$ 3,500
	Supplies			
505502-**	Office/Computer - C & AS	6,000	3,349	6,600
505503-**	Interment Supplies	5,000	2,497	5,000
505504-**	Chapel	1,200	421	1,000
505505-**	Janitorial	4,000	1,383	3,500
505506/01-**	Materials & Supplies - Misc./Shop	1,600	551	1,200
	Telephone & Postage			
505601-01	Telephone - C	3,200	993	2,200
505602-02	Telephone - AS	3,200	972	2,200
505603-00	Telephone - Miscellaneous	2,000	841	2,000
500570-**	Postage	6,000	1,944	5,000
	Utilities - Gas, Water, Electric			
505831-01	Water, Electric and Security Lights (C)	7,800	3,969	8,000
5832-02	Water & Electric - AS	5,500	2,708	5,600
5833-01	Heat - C	2,000	301	2,000
5834-02	Heat - AS	4,200	637	4,200
505835-01	Heat - M	4,500	171	4,500

**includes renovations at Cathedral

CATHOLIC CEMETERIES, INC.
PROPOSED BUDGET FOR YEAR 2002-2003

INCOME ACCOUNTS

ACCT.		FY 2001-2002	6 MOS 2001-2002		FY 2002-2003
	Maintenance				
505841-**	Buildings and Grounds	32,000	10,086	**	57,000
505842-01	Mausoleums - C	5,000	2,290		5,000
558419-02	Mausoleums - AS	5,000	230		5,000
505843-**	Monuments	8,000	1,936		5,000
505846-01	Landscaping - C	5,000	1,470		5,000
505847-02	Landscaping - AS	5,000	5,860		5,000
505848-01	Closing Gates - C	2,500	1,200		2,600
505849-02	Closing Gates - AS	2,500	1,200		2,600
558412-02	Maintenance of Shrines	3,000	0		3,000
558413-**	Road Repairs - C & AS	5,000	5,675		5,000
558415-**	Trash Removal - C & AS	6,500	2,539		6,800
558416-**	Security	14,500	6,401		14,500
558417-02	Maintenance - Chapel - AS	1,000	0		1,000
505851**	Office Equipment	7,000	8,290		9,000
505852-**	Mobile Equipment - Autos	4,000	498		4,000
505853-**	Mobile Equipment - Trucks	8,000	1,869		[illegible]
[illegible]5854-**	Mowers	3,000	912		3,000
[illegible]855-**	Tractors & Backhoes	3,600	575		3,600
[illegible]856-**	Maintenance - Miscellaneous	2,800	668		2,000
505857-**	Heaters - Sub Contractors	1,500	458		1,500
500588-**	Insurance	44,000	38,099		44,560
500589-**	Other Taxes Licenses & Fees	2,000	1,291		2,400
500611-**	Printing & Duplicating*	9,000	4,216		9,000
506221-01	Gas, Oil-Mobile Equipment-C	7,000	2,540		6,500
506222-02	Gas, Oil-Mobile Equipment-AS	7,000	2,532		6,500
TOTAL OPERATING COSTS		$ 253,600	$ 122,484		$ 271,060
	PUBLIC SERVICE & RELATIONS				
505440-00	Professional Fees	$ 19,000	$ 11,058		18,000
505441-**	Stipends	1,820	830		1,820
500631-00	Conferences & Meetings Attended	16,000	1,168		14,000
500651-00	Conferences & Meetings Held	6,000	3,728		7,500
500641-**	Books, Subscriptions, Films	2,000	225		1,500
new category	Art Work & Brochures	5,000	645		3,500
500612/613	Advertising/Public Relations	55,000	28,967		55,000
500711-00	Membership Dues & Fees	2,000	1,190		2,200
[illegible]0712-00	Contingency Fund	10,000	2,188		10,000
[illegible]720-00	Special Events	5,000	7,352		8,000

**** Includes $ 25,000 for Cathedral Renovations**

DOW 03174

CATHOLIC CEMETERIES, INC.
PROPOSED BUDGET FOR YEAR 2002-2003

ACCT.	Expense Accounts	FY 2001-2002	6 MOS 2001-2002	FY 2002-2003
	Operational Costs Continued			
	Contributions			
500713-**	Charity Cases & Contributions	18,000	9,113	18,000
507132-00	Parish Cemetery Expense	5,000	1,650	4,500
507133-00	Old Cathedral Expense	0	0	250,000
507131-00	Allocation to Diocese of Wilmington	118,560	60,000	118,560
TOTAL PUBLIC SERVICE & RELATIONS		$ 263,380	$ 128,114	$ 512,580
	COST OF MEMORIALS & LETTERING			
500530-**	Crypt Lettering	$ 26,000	9,571	20,000
500535-**	Foundations	7,000	1,337	4,500
500536-**	Memorial Lettering	9,300	5,907	12,000
500531/2-**	Bronze & Granite Memorials	88,000	41,999	82,000
100317-00	Miscellaneous Interment Supplies	18,000	1,451	10,000
500538-**	Interment Expense	7,500	7,465	14,000
0472-**	Miscellaneous Sales Expense*	3,000	707	2,500
TAL COST OF GOODS SOLD		$ 158,800	$ 68,437	$ 145,000
	DEPRECIATION	$		$
500714-00	Depreciation Expense	244,000	133,287	276,000
TOTAL OPERATING EXPENSES		$ 2,049,442	$ 1,014,433	$ 2,384,323
NET OPERATING REVENUE/DEFICIT**		$ (171,787)	$ (124,817)	$ (166,643)
NOTE - FACTOR OUT DEPRECIATION - NET BUDGET IS			8,470	109,357

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CATHOLIC CEMETERIES, INC.
PROPOSED BUDGET FOR YEAR 2002-2003

ENDOWED CARE FUND

ACCT.		INCOME ACCOUNTS	FY 2001-2002	6 MOS 2001-2002	FY 2002-2003
ANTICIPATED REVENUE FOR ENDOWED CARE					
10%		Lot Sales - C	$ 4,000	$ 2,354	$ 5,000
10%	-	Lot Sales - AS	25,429	14,475	30,000
10%	-	Mausoleum Sales - C	49,429	16,900	40,000
10%	-	Mausoleum Sales - AS	21,850	4,471	21,286
10%	-	Foundation Sales - C	1,964	1,085	2,111
10%	-	Foundation Sales - AS	6,000	3,145	6,444
TOTAL A	-				
ENDOWED CARE FUND			$ 108,672	$ 42,430	$ 104,841

REPORT ON DISBURSEMENTS TO ENDOWED CARE FUND			
rent Balance in Endowed Care Savings Accoun	$ 15,000	$ 15,723	$ 15,000
icipated Revenue for Endowed Care Fund	108,672	42,430	104,841
Anticipated Transfer to Endowed Care Portfolio (Dioce	(100,000)	(50,000)	(100,000)
Projected Balance in Endowed Care Savings Acco	$ 23,672	$ 8,153	$ 19,841

CATHOLIC CEMETERIES, INC.
PROPOSED BUDGET FOR YEAR 2002-2003

DEVELOPMENT/CAPITAL IMPROVEMENTS

ACCT.	INCOME ACCOUNTS	FY 2001-2002	6 MOS 2001-2002	FY 2002-2003
ANTICIPATED REVENUE FOR DEVELOPMENT/CAPITAL IMPROVEMENTS				
20%	Mausoleum Sales - C	$ 98,857	$ 33,800	$ 80,000
20% -	Mausoleum Sales - AS	43,700	8,942	43,720
20% -	Lot Sales - C	8,000	4,709	10,000
20% -	Lot Sales - AS	50,858	28,948	60,000
TOTAL A -				
CAPITAL IMPROVEMENT RESERVES		$ 201,415	$ 76,399	$ 193,720
	CAPITAL EXPENDITURES			
100044/45	Furniture & Fixtures	$ 10,000	1,369	10,000
100416-**	New Equipment	50,000	2,048	50,000
100413/14	Road Replacement & Resurfacing	30,000	0	30,000
100420-**	Land Development-New Cemetery	150,000	31,787	840,000
100430-01	Misc. Capital Improvements (C)	20,000	19,950	25,000
100412-01	Exit Road - Cathedral	20,000	0	20,000
v category	Improvements to Ball Run Drainage	100,000	0	190,000
		$ 380,000	$ 55,154	$ 1,165,000
TOTAL CAPITAL EXPENDITURES		$ 380,000	$ 55,154	$ 1,165,000
REPORT ON DEVELOPMENT/CAPITAL IMPROVEMENT FUND				
Opening Balances:				
WSFS		$ 4,986	6,423	6,475
PNC		0	1,500	1,500
Artisans' Bank		108,901	62,751	40,000
Total Opening Balance		$ 113,887	$ 70,674	$ 47,975
Anticipated Revenue from Sales		201,415	76,399	193,720
Net Operating Revenue/Deficit		(171,787)	(124,817)	(166,643)
Depreciation		244,000	133,287	276,000
Total Available for Capital Expenditures		$ 387,515	$ 155,543	$ 351,052
Withdrawal from Development Fund for New Cem.		0	0	840,000
Anticipated Expenditures (see detail above)		(380,000)	(55,154)	(1,165,000)
TOTAL BALANCE - DEVELOPMENT/ CAPITAL EXPENDITURE FUND		$ 7,515	$ 100,389	$ 26,052

DOW 03177

Catholic Diocese of Wilmington
XXIII. FINANCIAL STATE OF THE DIOCESE
Statistical Index

Entity: Catholic Diocese Foundation

Enclosures:

- Audited Financial Statements for the years ended June 30, 2002 and 2001
- Audited Financial Statements for the years ended June 30, 2000 and 1999
- Audited Financial Statements for the years ended June 30, 1998 and 1997
- Budget summary for the six years ending June 30, 2003

DOW 03178

Catholic Diocese Foundation

Financial Statements and Supplemental Schedules
For the Years Ended June 30, 2002 and 2001

Catholic Diocese Foundation
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June 30, 2002 and 2001

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PRICEWATERHOUSECOOPERS

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Report of Independent Accountants

To the Board of Directors
Catholic Diocese Foundation
Wilmington, Delaware

We have audited the accompanying balance sheets of the Catholic Diocese Foundation (the Foundation) as of June 30, 2002 and 2001 and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The Foundation has not adopted Statement of Financial Accounting Standards No. 93 (SFAS 93), "Recognition of Depreciation by Not-for-Profit Organizations," which requires not-for-profit organizations to recognize depreciation as a cost of using up the future economic benefits of their long-lived tangible assets. Also, equipment is expensed at the time of purchase that, in our opinion, should be capitalized in order to conform to accounting principles generally accepted in the United States of America. The effects of not complying with SFAS 93 and of not capitalizing equipment are not reasonably determinable.

In our opinion, except for the effect of not recognizing depreciation expense of long-lived tangible assets and of not capitalizing equipment as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2002 and 2001 and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of grants payable as of June 30, 2002 and 2001 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information as of June 30, 2002 and 2001 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP

September 27, 2002

Catholic Diocese Foundation
Balance Sheets
As of June 30, 2002 and 2001

	2002								2001
	Unrestricted				Restricted				
		Designated							
Assets	General	Development	Special	Total	France	Grimes	Total	Total	Total
Cash and cash equivalents	$ 701,015	$ -	$ -	$ 701,015	$ -	$ -	$ -	$ 701,015	$ 665,104
Pooled investments	37,876,223	(361,357)	7,007,995	44,522,861	25,000	509,982	534,982	45,057,843	50,695,519
Notes receivable	447,198	412,498		859,696				859,696	922,985
Real estate	7,752,134			7,752,134				7,752,134	7,460,752
Total assets	$ 46,776,570	$ 51,141	$ 7,007,995	$ 53,835,706	$ 25,000	$ 509,982	$ 534,982	$ 54,370,688	$ 59,744,360
Liabilities and Net Assets									
Accrued expenses & Other	$ 70,000	$	$	$ 70,000	$ -	$ -	$ -	$ 70,000	$ 20,000
Grants payable	425,000			425,000				425,000	505,000
Total liabilities	495,000			495,000				495,000	525,000
Net assets:									
Unrestricted - general	46,281,570			46,281,570				46,281,570	51,004,682
Unrestricted - designated		51,141	7,007,995	7,059,136				7,059,136	7,626,149
Temporarily restricted				-	-	359,184	359,184	359,184	412,731
Permanently restricted				-	25,000	150,798	175,798	175,798	175,798
Total net assets	46,281,570	51,141	7,007,995	53,340,706	25,000	509,982	534,982	53,875,688	59,219,360
Total liabilities and net assets	$ 46,776,570	$ 51,141	$ 7,007,995	$ 53,835,706	$ 25,000	$ 509,982	$ 534,982	$ 54,370,688	$ 59,744,360

The accompanying notes are an integral part of the financial statements.

DOW 03183

Catholic Diocese Foundation
Balance Sheets
As of June 30, 2001

	2001							
	Unrestricted				Restricted			
		Designated						
Assets	General	Development	Special	Total	France	Grimes	Total	Total
Cash and cash equivalents	$ 665,104	$ -	$ -	$ 665,104	$ -	$ -	$ -	$ 665,104
Pooled investments	42,665,006	(374,749)	7,816,733	50,106,990	38,421	550,108	588,529	50,695,519
Notes receivable	488,820	434,165	-	922,985	-	-	-	922,985
Real estate	7,460,752	-	-	7,460,752	-	-	-	7,460,752
Total assets	$ 51,279,682	$ 59,416	$ 7,816,733	$ 59,155,831	$ 38,421	$ 550,108	$ 588,529	$ 59,744,360
Liabilities and Net Assets								
Accrued expenses	20,000	-	-	20,000	-	-	-	20,000
Grants payable	255,000	-	250,000	505,000	-	-	-	505,000
Total liabilities	275,000	-	250,000	525,000	-	-	-	525,000
Net assets:								
Unrestricted - general	51,004,682	-	-	51,004,682	-	-	-	51,004,682
Unrestricted - designated	-	59,416	7,566,733	7,626,149	-	-	-	7,626,149
Temporarily restricted	-	-	-	-	13,421	399,310	412,731	412,731
Permanently restricted	-	-	-	-	25,000	150,798	175,798	175,798
Total net assets	51,004,682	59,416	7,566,733	58,630,831	38,421	550,108	588,529	59,219,360
Total liabilities and net assets	$ 51,279,682	$ 59,416	$ 7,816,733	$ 59,155,831	$ 38,421	$ 550,108	$ 588,529	$ 59,744,360

The accompanying notes are an integral part of the financial statements.

DOW 03184

Catholic Diocese Foundation
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2002

	Unrestricted				Temporarily Restricted			Permanently Restricted			
		Designated									
	General	Development	Special	Total	France	Grimes	Total	France	Grimes	Total	Total
Revenue:											
Pooled investment income (loss)	$ (3,067,142)	$(18,250)	$ (558,738)	$ (3,644,130)	$ (3,261)	$ (40,126)	$ (43,387)	$ -	$ -	$ -	$ (3,687,517)
Other investment income	16,448	9,975	-	26,423	-	-	-	-	-	-	26,423
Gain on sale of assets	-	-	-	-	-	-	-	-	-	-	-
Rental income	20,605	-	-	20,605	-	-	-	-	-	-	20,605
Other income	103,432	-	-	103,432	-	-	-	-	-	-	103,432
Net assets released from restrictions	10,160	-	-	10,160	(10,160)	-	(10,160)	-	-	-	-
Total revenue	(2,916,497)	(8,275)	(558,738)	(3,483,510)	(13,421)	(40,126)	(53,547)	-	-	-	(3,537,057)
Expenses:											
Program services:											
Grants - parishes	1,112,000	-	-	1,112,000	-	-	-	-	-	-	1,112,000
Grants - Diocesan agencies	225,000	-	-	225,000	-	-	-	-	-	-	225,000
Grants - non-Diocesan agencies	318,000	-	-	318,000	-	-	-	-	-	-	318,000
Total program services	1,655,000	-	-	1,655,000	-	-	-	-	-	-	1,655,000
Supporting services:											
Accounting and administration	27,275	-	-	27,275	-	-	-	-	-	-	27,275
Professional fees	20,731	-	-	20,731	-	-	-	-	-	-	20,731
Mass stipends	240	-	-	240	-	-	-	-	-	-	240
Real estate holding costs	103,369	-	-	103,369	-	-	-	-	-	-	103,369
Total supporting services	151,615	-	-	151,615	-	-	-	-	-	-	151,615
Total expenses	1,806,615	-	-	1,806,615	-	-	-	-	-	-	1,806,615
Changes in net assets	(4,723,112)	(8,275)	(558,738)	(5,290,125)	(13,421)	(40,126)	(53,547)	-	-	-	(5,343,672)
Net assets at beginning of year	51,004,682	59,416	7,566,733	58,630,831	13,421	399,310	412,731	25,000	150,798	175,798	59,219,360
Net assets at end of year	$46,281,570	$ 51,141	$7,007,995	$53,340,706	$ -	$359,184	$359,184	$25,000	$150,798	$175,798	$53,875,688

The accompanying notes are an integral part of the financial statements.

DOW 03185

Catholic Diocese Foundation
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2001

	Unrestricted				Temporarily Restricted			Permanently Restricted			
		Designated									
	General	Development	Special	Total	France	Grimes	Total	France	Grimes	Total	Total
Revenue:											
Pooled investment income (loss)	$ (1,241,261)	$ (23,548)	$ (211,481)	$ (1,476,290)	$ (1,049)	$ (15,408)	$ (16,457)	$ -	$ -	$ -	$ (1,492,747)
Other investment income	35,905	5,250	-	41,155	-	-	-	-	-	-	41,155
Gain on sale of assets	140,631	-	-	140,631	-	-	-	-	-	-	140,631
Rental income	10,430	-	-	10,430	-	-	-	-	-	-	10,430
Other income	4,151	-	-	4,151	-	-	-	-	-	-	4,151
Net assets released from restrictions	1,584	-	-	1,584	(1,584)	-	(1,584)	-	-	-	-
Total revenue	(1,048,560)	(18,298)	(211,481)	(1,278,339)	(2,633)	(15,408)	(18,041)	-	-	-	(1,296,380)
Expenses:											
Program services:											
Grants - parishes	626,400	-	-	626,400	-	-	-	-	-	-	626,400
Grants - Diocesan agencies	1,338,202	-	-	1,338,202	-	-	-	-	-	-	1,338,202
Grants - non-Diocesan agencies	251,800	-	750,000	1,001,800	-	-	-	-	-	-	1,001,800
Total program services	2,216,402	-	750,000	2,966,402	-	-	-	-	-	-	2,966,402
Supporting services:											
Accounting and administration	14,368	-	-	14,368	-	-	-	-	-	-	14,368
Professional fees	26,881	-	-	26,881	-	-	-	-	-	-	26,881
Mass stipends	900	-	-	900	-	-	-	-	-	-	900
Real estate holding costs	183,205	-	-	183,205	-	-	-	-	-	-	183,205
Total supporting services	225,354	-	-	225,354	-	-	-	-	-	-	225,354
Total expenses	2,441,756	-	750,000	3,191,756	-	-	-	-	-	-	3,191,756
Changes in net assets	(3,490,316)	(18,298)	(961,481)	(4,470,095)	(2,633)	(15,408)	(18,041)	-	-	-	(4,488,136)
Net assets at beginning of year	54,494,998	77,714	8,528,214	63,100,926	16,054	414,718	430,772	25,000	150,798	175,798	63,707,496
Net assets at end of year	$51,004,682	$ 59,416	$7,566,733	$58,630,831	$13,421	$399,310	$412,731	$25,000	$150,798	$175,798	$59,219,360

The accompanying notes are an integral part of the financial statements.

DOW 03186

Catholic Diocese Foundation
Statements of Cash Flows
For the Years Ended June 30, 2002 and 2001

	2002	2001
Cash flows from operating activities:		
Changes in net assets	$(5,343,672)	$(4,488,136)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net depreciation on pooled investments	4,478,291	2,567,278
Gain on sale of real estate	-	(140,631)
Land grant	-	1,073,092
Changes in assets and liabilities:		
Accrued expenses	50,000	(4,418)
Grants payable	(80,000)	(251,365)
Net cash used in operating activities	(895,381)	(1,244,180)
Cash flows from investing activities:		
Amounts drawn from pooled investments	1,950,159	2,489,575
Reinvestment of interest and dividends into pooled investments	(790,774)	(1,074,531)
Proceeds from sale of real estate	-	165,018
Purchase of real estate	(291,382)	(706,566)
Issuance of notes receivable	-	(25,000)
Repayments of notes receivable	63,289	51,207
Net cash provided by investing activities	931,292	899,703
Net increase/(decrease) in cash	35,911	(344,477)
Cash and cash equivalents at beginning of year	665,104	1,009,581
Cash and cash equivalents at end of year	$ 701,015	$ 665,104

The accompanying notes are an integral part of the financial statements.

DOW 03187

1. Summary of Significant Accounting Policies

Nature of Operations

The Catholic Diocese Foundation (the Foundation) was established in 1928 for the promotion of Catholic Religion, Catholic Education, and charity in the Catholic Diocese of Wilmington. The Foundation assists parishes in becoming established, aids in their expansion, and funds programs of education and charity. Generally, a substantial portion of the revenue for the Foundation is generated through income on investments.

Basis of Reporting

The Foundation reports using the accrual basis of accounting. The preparation of financial statements in conformity with generally accepted accounting principles 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.

Financial Statement Presentation

Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. A description of the three net asset classifications follows:

- **Unrestricted Net Assets** include those assets that are available for the support of operations and whose use is not externally restricted, although their use may be limited by other factors such as by contract or board designation.

- **Temporarily Restricted Net Assets** include gifts for which donor imposed restrictions have not been met and pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted.

- **Permanently Restricted Net Assets** include gifts, trusts, and pledges which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions.

Unrestricted funds have been designated to the Development and special funds to be used for the development of new ministries and facilities and as a reserve fund, respectively.

Contributions

Noncash contributions are recorded at fair value on the date of donation. Contributions of cash and other non-capital assets are reported as temporarily restricted operating revenue if the contributions are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Donor restricted contributions which are received and expended within the same fiscal year are reported as unrestricted revenues.

Pooled Investments
Pooled investments are stated at fair value. Pooled investment income on the statements of activities includes interest, dividends, and realized and unrealized gains and losses, net of consulting and custodial costs.

The Foundation participates with the Catholic Diocese of Wilmington, Inc. (the Diocese) and other affiliated organizations in an investment pool which is held in a custody account at Mellon Trust. The pool is invested in a combination of fixed income and equity securities and mutual funds.

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

Notes Receivable
Balances include receivables to be repaid by parishes at the Bishop's discretion as well as receivables with definitive repayment terms. Certain notes receivable maintained by the Foundation in fiscal years 2002 and 2001 were non-interest bearing.

Real Estate
Real estate consists of buildings and land. All acquisitions are capitalized at cost, when purchased, or at fair value at date of gift, when donated. The properties were acquired with the intent that they would be used for future Diocesan needs.

Statement of Financial Accounting Standards No. 93 (SFAS 93), "Recognition of Depreciation by Not-for-Profit Organizations," requires not-for-profit organizations to recognize depreciation as a cost of using up the future benefits of their long-lived tangible assets. The Foundation has not adopted SFAS 93. Also, equipment is expensed at the time of purchase that should be capitalized in order to conform to generally accepted accounting principles. The effects of not complying with SFAS 93 and of not capitalizing equipment are not reasonably determinable.

Grants Payable
Grants payable are unconditional promises to give that have been expensed in the period pledged.

2. Pooled Investments

The composition of pooled investments as of June 30, 2002 and 2001 was as follows:

	2002	2001
Cash and cash equivalents	$ (443,303)	$ (470,584)
Fixed income	13,704,966	14,779,685
Domestic equity	24,628,947	29,049,726
International equity	7,167,233	7,336,692
Total pooled investments	$45,057,843	$50,695,519

The fair value of these investments was determined based on quoted market prices at June 30, 2002 and 2001.

Pooled investment income for the years ended June 30, 2002 and 2001 consisted of the following:

	2002	2001
Interest and dividends	$ 790,774	$ 1,074,531
Net depreciation	(4,478,291)	(2,567,278)
Pooled investment loss	$(3,687,517)	$(1,492,747)

The pooled investment loss was net of custodial and advisory fees in the amounts of $331,315 and $336,699 for the years ended June 30, 2002 and 2001, respectively.

3. **Notes Receivable**

Notes receivable at June 30, 2002 and 2001 were as follows:

	2002	2001
The following receivables, principally land grants, are to be repaid at the Bishop's discretion and are non-interest bearing:		
St. Margaret Scotland	$ 28,000	$ 28,000
The following receivables have payment terms as stated below:		
St. Catherine of Siena (construction) - payable in 16 semiannual installments of $6,250 beginning in June 1995, non-interest bearing	6,250	25,000
St. Joseph on the Brandywine (Cemetery) – interest is 3% for 10 years, due October 1. Principal payments should begin October 1, 2004 in the amount of $25,000 per year	125,000	125,000
St. Luke's and St. Andrew's (building acquisition) - payable in 180 monthly payments of $1,906 with 6% interest, beginning September 1998	262,948	285,820
St. Patrick (parking lot) - payable in 15 annual installments of $10,000 beginning in December 1994, non-interest bearing	55,000	65,000
St. Francis de Sales (property acquisition) - annual interest only for five years until January 2001, then payable in 30 semiannual installments of $5,834 plus interest at 3%	157,498	169,165
St. Elizabeth Ann Seton (capital improvements) – payable in 10 annual installments of $20,000, beginning July 2004, non-interest bearing	200,000	200,000
St. Patrick (capital improvement) – due November 2003, non-interest bearing	25,000	25,000
Total notes receivable	$859,696	$922,985

4. Rental Income

The Foundation has rental agreements with tenants who rent houses and farmland owned by the Foundation. The terms of the rental agreements vary from property to property. Total rental income for the years ended June 30, 2002 and 2001 was $20,605 and $10,430, respectively.

5. Related Party Transactions

Certain members of the Foundation's board are also board members of certain affiliated corporations.

The Foundation rents office space from the Diocese. Total rental expense for the years ended June 30, 2002 and 2001 was $2,136 and $2,052, respectively. In addition, the Diocese provides administrative services for the Foundation. Employees are paid by the Diocese and all related payroll costs are reimbursed by the Foundation. Total labor expense including payroll taxes for the years ended June 30, 2002 and 2001 was $10,623 and $10,207, respectively, and is included as accounting and administrative expenses in the statements of activities.

The Foundation awarded grants to the following related organizations:

	2002	2001
Parishes	$1,112,000	$626,400
Catholic Diocese of Wilmington, Inc.	175,000	185,110
St. Mark's High School	50,000	80,000
St. Francis Hospital	25,000	750,000

In 2001, the Foundation awarded a land grant at book value to Diocese of Wilmington Schools, Inc. for $1,073,092.

Grants payable to related parties as of June 30, 2002 and 2001 amounted to $425,000 and $505,000, respectively.

Certain buildings owned by the Foundation are used by Catholic Charities, Inc. without charge. The estimated fair value of the contributed facilities usage is not significant.

6. Income Taxes

The Foundation is a not-for-profit corporation which has been granted exempt status from federal taxation under Section 501(c)(3) of the Internal Revenue Code.

Supplemental Schedules

Catholic Diocese Foundation
Supplemental Schedule of Grants Payable
As of June 30, 2002

	Purpose	Payable
Diocese of Wilmington	Deacon's Formation	$ 100,000
Diocese of Wilmington	Bishop's Discretionary	25,000
Diocese of Wilmington	Legal fees	50,000
St. John's/Holy Angels	Capital Improvements	200,000
St. Mark's High School	Capital Improvements	50,000
		$425,000

Catholic Diocese Foundation
Supplemental Schedule of Grants Payable
As of June 30, 2001

	Purpose	Payable
Diocese of Wilmington	Deacon's Formation	$ 100,000
Diocese of Wilmington	Bishop's Discretionary	25,000
Diocese of Wilmington	Legal fees	50,000
St. Mark's High School	Capital Improvements and Car	80,000
		$ 255,000
St. Francis Hospital	Capital campaign	$ 250,000

Catholic Diocese Foundation

Financial Statements and
Supplemental Schedules
for the Years Ended
June 30, 2000 and 1999

Catholic Diocese Foundation
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June 30, 2000 and 1999

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Report of Independent Accountants

To the Board of Directors
Catholic Diocese Foundation
Wilmington, Delaware

We have audited the accompanying balance sheets of the Catholic Diocese Foundation (the Foundation) as of June 30, 2000 and 1999 and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conduced our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes accessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The Foundation has not adopted Statement for Financial Accounting Standards No. 93 (SFAS 93), "Recognition of Depreciation by Not-for-Profit Organizations," which requires not-for-profit organizations to recognize depreciation as a cost of using up the future economic benefits of their long-lived tangible assets. Also, equipment is expensed at the time of purchase that, in our opinion, should be capitalized in order to conform to accounting principles generally accepted in the United States of America. The effects of not complying with SFAS 93 and of not capitalizing equipment are not reasonably determinable.

In our opinion, except for the effect of not recognizing depreciation expense of long-lived tangible assets and of not capitalizing equipment as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2000 and 1999 and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of grants payable as of June 30, 2000 and 1999 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information as of June 30, 2000 and 1999 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP

October 6, 2000

Catholic Diocese Foundation
Balance Sheets
As of June 30, 2000 and 1999

	2000								1999
	Unrestricted				Restricted				
		Designated							
Assets	General	Development	Special	Total	France	Grimes	Total	Total	Total
Cash	$ 1,009,581	$ -	$ -	$ 1,009,581	$ -	$ -	$ -	$ 1,009,581	$ 346,682
Pooled investments	45,915,343	(372,286)	8,528,214	54,071,271	41,054	565,516	606,570	54,677,841	50,341,496
Notes receivable	499,192	450,000	-	949,192	-	-	-	949,192	2,233,533
Real estate	7,851,665	-	-	7,851,665	-	-	-	7,851,665	7,997,784
Total assets	$ 55,275,781	$ 77,714	$ 8,528,214	$ 63,881,709	$ 41,054	$ 565,516	$ 606,570	$ 64,488,279	$ 60,919,495
Liabilities and Net Assets									
Accrued expenses	24,418	-	-	24,418	-	-	-	24,418	18,000
Grants payable	756,365	-	-	756,365	-	-	-	756,365	828,315
Total liabilities	780,783	-	-	780,783	-	-	-	780,783	846,315
Net assets:									
Unrestricted - general	54,494,998	-	-	54,494,998	-	-	-	54,494,998	51,835,238
Unrestricted - designated	-	77,714	8,528,214	8,605,928	-	-	-	8,605,928	7,701,813
Temporarily restricted	-	-	-	-	16,054	414,718	430,772	430,772	360,331
Permanently restricted	-	-	-	-	25,000	150,798	175,798	175,798	175,798
Total net assets	54,494,998	77,714	8,528,214	63,100,926	41,054	565,516	606,570	63,707,496	60,073,180
Total liabilities and net assets	$ 55,275,781	$ 77,714	$ 8,528,214	$ 63,881,709	$ 41,054	$ 565,516	$ 606,570	$ 64,488,279	$ 60,919,495

The accompanying notes are an integral part of the financial statements.

DOW 03199

Catholic Diocese Foundation
Balance Sheets
As of June 30, 1999

	1999							
	Unrestricted				Restricted			
		Designated						
Assets	General	Development	Special	Total	France	Grimes	Total	Total
Cash	$ 346,682	$ -	$ -	$ 346,682	$ -	$ -	$ -	$ 346,682
Pooled investments	42,411,203	(369,022)	7,763,186	49,805,367	36,304	499,825	536,129	50,341,496
Notes receivable	1,692,026	541,507	-	2,233,533	-	-	-	2,233,533
Real estate	7,997,784	-	-	7,997,784	-	-	-	7,997,784
Due to/from Special Fund	225,000	-	(225,000)	-	-	-	-	-
Total assets	$ 52,672,695	$ 172,485	$7,538,186	$60,383,366	$ 36,304	$499,825	$536,129	$60,919,495
Liabilities and Net Assets								
Accrued expenses	18,000	-	-	18,000	-	-	-	18,000
Grants payable	819,457	8,858	-	828,315	-	-	-	828,315
Total liabilities	837,457	8,858	-	846,315	-	-	-	846,315
Net assets:								
Unrestricted - general	51,835,238	-	-	51,835,238	-	-	-	51,835,238
Unrestricted - designated	-	163,627	7,538,186	7,701,813	-	-	-	7,701,813
Temporarily restricted	-	-	-	-	11,304	349,027	360,331	360,331
Permanently restricted	-	-	-	-	25,000	150,798	175,798	175,798
Total net assets	51,835,238	163,627	7,538,186	59,537,051	36,304	499,825	536,129	60,073,180
Total liabilities and net assets	$ 52,672,695	$ 172,485	$7,538,186	$60,383,366	$ 36,304	$499,825	$536,129	$60,919,495

The accompanying notes are an integral part of the financial statements.

DOW 03200

C. olic Diocese Foundation
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2000

	Unrestricted				Temporarily Restricted			Permanently Restricted			
		Designated									
	General	Development	Special	Total	France	Grimes	Total	France	Grimes	Total	Total
Revenue:											
Pooled investment income	$ 5,536,073	$ (12,870)	$ 990,028	$ 6,513,231	$ 4,750	$ 65,691	$ 70,441	$ -	$ -	$ -	$ 6,583,672
Other investment income	24,253	5,249	-	29,502	-	-	-	-	-	-	29,502
Gain on sale of assets	14,047	-	-	14,047	-	-	-	-	-	-	14,047
Rental income	70,040	-	-	70,040	-	-	-	-	-	-	70,040
Other income	9,540	-	-	9,540	-	-	-	-	-	-	9,540
Total revenue	5,653,953	(7,621)	990,028	6,636,360	4,750	65,691	70,441	-	-	-	6,706,801
Expenses:											
Program services:											
Grants - parishes	1,252,138	-	-	1,252,138	-	-	-	-	-	-	1,252,138
Grants - Diocesan agencies	296,365	-	-	296,365	-	-	-	-	-	-	296,365
Grants - non-Diocesan agencies	111,668	-	-	111,668	-	-	-	-	-	-	111,668
Total program services	1,660,171	-	-	1,660,171	-	-	-	-	-	-	1,660,171
Supporting services:											
Accounting and administration	12,948	-	-	12,948	-	-	-	-	-	-	12,948
Professional fees	23,794	-	-	23,794	-	-	-	-	-	-	23,794
Mass stipends	940	-	-	940	-	-	-	-	-	-	940
Real estate holding costs	111,178	-	-	111,178	-	-	-	-	-	-	111,178
Total supporting services	148,860	-	-	148,860	-	-	-	-	-	-	148,860
Total expenses	1,809,031	-	-	1,809,031	-	-	-	-	-	-	1,809,031
Changes in net assets before transfer	3,844,922	(7,621)	990,028	4,827,329	4,750	65,691	70,441	-	-	-	4,897,770
Equity transfer - debt forgiveness	(1,185,162)	(78,292)	-	(1,263,454)	-	-	-	-	-	-	(1,263,454)
Changes in net assets after transfer	2,659,760	(85,913)	990,028	3,563,875	4,750	65,691	70,441	-	-	-	3,634,316
Net assets at beginning of year	51,835,238	163,627	7,538,186	59,537,051	11,304	349,027	360,331	25,000	150,798	175,798	60,073,180
Net assets at end of year	$54,494,998	$ 77,714	$8,528,214	$63,100,926	$16,054	$414,718	$ 430,772	$25,000	$150,798	$175,798	$63,707,496

The accompanying notes are an integral part of the financial statements.

DOW 03201

C olic Diocese Foundation
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 1999

	Unrestricted				Temporarily Restricted			Permanently Restricted			
		Designated									
	General	Development	Special	Total	France	Grimes	Total	France	Grimes	Total	Total
Revenue:											
Pooled investment income	$ 3,177,035	$ (15,980)	$ 523,874	$ 3,684,929	$ 2,548	$ 33,392	$ 35,940	$ -	$ -	$ -	$ 3,720,869
Other investment income	14,416	9,768	-	24,184	-	-	-	-	-	-	24,184
Contributions	24,218	-	-	24,218	-	-	-	-	-	-	24,218
Rental income	6,550	-	-	6,550	-	-	-	-	-	-	6,550
Other income		-	75,000	75,000	-	-	-	-	-	-	75,000
Total revenue	3,222,219	(6,212)	598,874	3,814,881	2,548	33,392	35,940	-	-	-	3,850,821
Expenses:											
Program services:											
Grants - parishes	791,653	-	228,300	1,019,953	-	-	-	-	-	-	1,019,953
Grants - Diocesan agencies	436,004	-	-	436,004	-	-	-	-	-	-	436,004
Grants - non-Diocesan agencies	291,250	-	-	291,250	-	-	-	-	-	-	291,250
Total program services	1,518,907	-	228,300	1,747,207	-	-	-	-	-	-	1,747,207
Supporting services:											
Accounting and administration	14,083	-	-	14,083	-	-	-	-	-	-	14,083
Professional fees	19,343	-	-	19,343	-	-	-	-	-	-	19,343
Mass stipends	1,060	-	-	1,060	-	-	-	-	-	-	1,060
Real estate holding costs	120,119	-	-	120,119	-	-	-	-	-	-	120,119
Total supporting services	154,605	-	-	154,605	-	-	-	-	-	-	154,605
Total expenses	1,673,512	-	228,300	1,901,812	-	-	-	-	-	-	1,901,812
Changes in net assets	1,548,707	(6,212)	370,574	1,913,069	2,548	33,392	35,940	-	-	-	1,949,009
Net assets at beginning of year	50,286,531	169,839	7,167,612	57,623,982	8,756	315,635	324,391	25,000	150,798	175,798	58,124,171
Net assets at end of year	$51,835,238	$163,627	$7,538,186	$59,537,051	$11,304	$349,027	$360,331	$25,000	$150,798	$175,798	$60,073,180

The accompanying notes are an integral part of the financial statements.

DOW 03202

Catholic Diocese Foundation
Statements of Cash Flows
For the Years Ended June 30, 2000 and 1999

	2000	1999
Cash flows from operating activities:		
Changes in net assets	$3,634,316	$1,949,009
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Forgiveness of notes receivable	1,263,454	-
Net appreciation on pooled investments	(5,664,639)	(2,223,836)
Gain on sale of real estate	(14,047)	-
Changes in assets and liabilities:		
Accrued expenses	6,418	-
Grants payable	(71,950)	(184,255)
Net cash used in operating activities	(846,448)	(459,082)
Cash flows from investing activities:		
Amounts drawn from pooled investments	2,247,327	5,803,532
Reinvestment of interest and dividends into pooled investments	(919,033)	(1,497,033)
Proceeds from sale of real estate	167,166	-
Purchase of real estate	(7,000)	(3,875,517)
Issuance of notes receivable	(28,000)	(399,345)
Repayments of notes receivable	48,887	44,918
Net cash provided by investing activities	1,509,347	76,555
Net increase/(decrease) in cash	662,899	(382,527)
Cash at beginning of year	346,682	729,209
Cash at end of year	$1,009,581	$ 346,682

The accompanying notes are an integral part of the financial statements.

1. Summary of Significant Accounting Policies

Nature of Operations

The Catholic Diocese Foundation (the Foundation) was established in 1928 for the promotion of Catholic Religion, Catholic Education, and charity in the Catholic Diocese of Wilmington. The Foundation assists parishes in becoming established, aids in their expansion, and funds programs of education and charity. A substantial portion of the revenue for the Foundation is generated through income on investments.

Basis of Reporting

The Foundation reports using the accrual basis of accounting. The preparation of financial statements in conformity with generally accepted accounting principles 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.

Financial Statement Presentation

The financial statements have been prepared in accordance with Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-For-Profit Organizations." Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. A description of the three net asset categories follows:

- **Unrestricted Net Assets** include those assets that are available for the support of operations and whose use is not externally restricted, although their use may be limited by other factors such as by contract or board designation.

- **Temporarily Restricted Net Assets** include gifts for which donor imposed restrictions have not been met and pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted.

- **Permanently Restricted Net Assets** include gifts, trusts, and pledges which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions.

Contributions

Contributions are recognized as revenue in accordance with Statement of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made." Noncash contributions are recorded at fair value on the date of donation. Contributions of cash and other non-capital assets are reported as temporarily restricted operating revenue if the contributions are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Donor restricted contributions, which are received and expended within the same fiscal year, are reported as unrestricted revenues.

Pooled Investments

Pooled investments are stated at fair value. Pooled investment income on the statements of activities includes interest, dividends, and realized and unrealized gains and losses, net of consulting and custodial costs.

The Foundation participates with the Catholic Diocese of Wilmington, Inc. (the Diocese) and other affiliated organizations in an investment pool which is held in a custody account at Mellon Trust. The pool is invested in a combination of fixed income and equity securities and mutual funds.

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

Notes Receivable
Balances include receivables to be repaid by parishes at the Bishop's discretion as well as receivables with definitive repayment terms. Certain notes receivable maintained by the Foundation in 1999 were non-interest bearing. In 2000, these notes receivable were forgiven.

Real Estate
Real estate consists of buildings and land. All acquisitions are capitalized at cost, when purchased, or at fair value at date of gift, when donated. The properties were acquired with the intent that they would be used for future Diocesan needs.

Statement of Financial Accounting Standards No. 93 (SFAS 93), "Recognition of Depreciation by Not-for-Profit Organizations," requires not-for-profit organizations to recognize depreciation as a cost of using up the future benefits of their long-lived tangible assets. The Foundation has not adopted SFAS 93. Also, equipment is expensed at the time of purchase that, in our opinion, should be capitalized in order to conform to generally accepted accounting principles. The effects of not complying with SFAS 93 and of not capitalizing equipment are not reasonably determinable.

Grants Payable
Grants payable are unconditional promises to give that have been expensed in the period pledged.

2. Pooled Investments

The Foundation invests in a combination of fixed income and equity securities and mutual funds. The composition of pooled investments as of June 30, 2000 and 1999 was as follows:

	2000	1999
Cash and cash equivalents	$ (464,424)	$ (336,504)
Fixed income	17,086,294	14,205,063
Domestic equity	29,118,943	29,147,131
International equity	8,937,028	7,325,806
Total pooled investments	$54,677,841	$50,341,496

The fair value of these investments was determined based on quoted market prices at June 30, 2000 and 1999.

Pooled investment income for the years ended June 30, 2000 and 1999 consisted of the following:

	2000	1999
Interest and dividends	$ 919,033	$1,497,033
Net appreciation	5,664,639	2,223,836
Pooled investment income	$6,583,672	$3,720,869

The pooled investment income was net of custodial and advisory fees in the amounts of $365,231 and $254,275 for the years ended June 30, 2000 and 1999, respectively.

3. **Notes Receivable**

Notes receivable at June 30, 2000 and 1999 were as follows:

	2000	1999
The following receivables, principally land grants, are to be repaid at the Bishop's discretion and are non-interest bearing:		
Church of the Holy Child	-	$ 58,000
Holy Family	-	6,800
Resurrection Parish	-	50,000
St. Catherine of Siena	-	100,000
St. Dennis	-	69,400
St. Michael the Archangel	-	71,256
St. Elizabeth Ann Seton	-	181,500
St. Joseph, Middletown	-	112,710
St. Luke's and St. Andrew's	-	259,900
St. Luke's and St. Andrew's	-	71,251
St. Matthew	-	35,000
St. Polycarp	-	20,000
St. Margaret Scotland	$28,000	-
	28,000	1,035,817

	2000	1999
The following receivables have payment terms as stated below:		
Capuchin Poor Clare Nuns, Inc. (property acquisition) - payable at the discretion of the Board of Directors of the Foundation, not callable until 2012, non-interest bearing	-	$ 75,000
St. Catherine of Siena (construction) - payable in 16 semiannual installments of $6,250 beginning in June 1995, non-interest bearing	$ 37,500	50,000
St. Joseph on the Brandywine (Cemetery) – interest is 3% for 10 years, due October 1. Principal payments should begin October 1, 2004 in the amount of $25,000 per year	125,000	125,000
St. Luke's and St. Andrew's (building acquisition) - payable in 180 monthly payments of $1,906 with 6% interest, beginning September 1998	308,692	331,864
St. Francis de Sales (property acquisition) – 3% interest only payments of $2,230 due March, 10 year semiannual principal payments of $3,829 beginning March 2002	-	74,345
St. Patrick (parking lot) - payable in 15 annual installments of $10,000 beginning in December 1994, non-interest bearing	75,000	100,000
Immaculate Conception, Marydale (property acquisition)- terms require 2 years of semi-annual interest only payments beginning in November 1994 at 4%, then 16 semiannual payments of $5,875, which include interest. The 16 payments of $5,875 have been deferred and began November 1997	-	66,507
St. Francis de Sales (property acquisition) - annual interest only for five years until January 2001, then payable in 30 semiannual installments of $5,834 plus interest at 3%	175,000	175,000
St. Elizabeth Ann Seton (capital improvements) – payable in 10 annual installments of $20,000, beginning July 2004, non-interest bearing	200,000	200,000
	921,192	1,197,716
Total notes receivable	$ 949,192	$2,233,533

During the year ended June 30, 2000, $1,263,454 of notes receivable were forgiven.

4. Rental Income

The Foundation has rental agreements with tenants who rent houses and farmland owned by the Foundation. The terms of the rental agreements vary from property to property. Total rental income for the years ended June 30, 2000 and 1999 was $70,000 and $6,550, respectively.

5. Related Party Transactions

Certain members of the Foundation's board are also board members of certain affiliated corporations.

The Foundation rents office space from the Diocese. Total rental expense for the years ended June 30, 2000 and 1999 was $1,956 and $1,872, respectively. In addition, the Diocese provides administrative services for the Foundation. Employees are paid by the Diocese and all related payroll costs are reimbursed by the Foundation. Total labor expense including payroll taxes for the years ended June 30, 2000 and 1999 was $9,671 and $11,776, respectively, and is included as accounting and administrative expenses in the statements of activities.

The Foundation awarded grants to the following related organizations:

	2000	1999
Parishes	$1,252,138	$1,019,953
Catholic Diocese of Wilmington, Inc.	218,365	319,476
St. Mark's High School, Inc.	78,000	63,000

Grants payable to related parties as of June 30, 2000 and 1999 amounted to $756,365 and $828,315, respectively, as detailed in the supplemental schedules of grants payable.

Certain buildings owned by the Foundation are used by Catholic Charities, Inc. without charge. The estimated fair value of the contributed facilities usage is not significant.

6. Income Taxes

The Foundation is a not-for-profit corporation which has been granted exempt status from federal taxation under Section 501(c)(3) of the Internal Revenue Code.

Catholic Diocese Foundation
Supplemental Schedule of Grants Payable
As of June 30, 2000

	Purpose	Payable
Diocese of Wilmington	School's technology person	$ 45,000
Diocese of Wilmington	Deacon's Office Budget	98,365
Diocese of Wilmington	Bishop's Discretionary	25,000
Diocese of Wilmington	Legal fees	50,000
Holy Name of Jesus	Capital Improvements	50,000
St. Mark's High School	Capital Improvements and Car	78,000
Christ Our King School	Operating budget	185,000
St. Paul's School	Operating budget	225,000
		$756,365

Catholic Diocese Foundation
Supplemental Schedule of Grants Payable
As of June 30, 1999

	Purpose	Payable
St. Mark's High School	Computer equipment for library and classroom	$ 60,000
St. Helena School	Build new school entrance	60,000
Diocese of Wilmington	Bishop's discretionary	20,000
Diocese of Wilmington	Legal fees	50,000
Diocese of Wilmington	School's technology person	45,000
Diocese of Wilmington	Deacon formation	95,257
St. Mark's High School	Nun's car/second floor hallway renovation	63,000
St. Paul's School	Operating budget	225,000
Christ Our King School	Operating budget	150,000
Diocese of Wilmington	Religious education cooperative	26,000
Diocese of Wilmington	Lay ministry/collaborative summits	25,200
Children's Home	Capital improvements	8,858
		$828,315

CATHOLIC DIOCESE FOUNDATION

REPORT ON AUDITS OF FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES

for the years ended June 30, 1998 and 1997

CATHOLIC DIOCESE FOUNDATION

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Report of Independent Accountants

To the Board of Directors
Catholic Diocese Foundation
Wilmington, Delaware

We have audited the accompanying balance sheets of the Catholic Diocese Foundation (the Foundation) as of June 30, 1998 and 1997 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The Foundation has not adopted Statement for Financial Accounting Standards No. 93 (SFAS 93), "Recognition of Depreciation by Not-for-Profit Organizations," which requires not-for-profit organizations to recognize depreciation as a cost of using up the future economic benefits of their long-lived tangible assets. The effect of not complying with SFAS 93 is not reasonably determinable.

In our opinion, except for the effect of not recognizing depreciation expense of long-lived tangible assets as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 1998 and 1997 and the changes in its net assets and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of grants payable as of June 30, 1998 and 1997 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information as of June 30, 1998 and 1997 has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Price Waterhouse Coopers LLP

September 21, 1998

DOW 03214

CATHOLIC DIOCESE FOUNDATION

Balance Sheets
as of June 30, 1998 and 1997

	1998								1997
	Unrestricted				Restricted				
ASSETS	General	Development	Special	Total	France	Grimes	Total	Total	Total
Cash	$ 729,209			$ 729,209			-	$ 729,209	$ 312,791
Pooled investments	44,764,400	$ (190,042)	$ 7,349,612	51,923,970	$ 33,756	$ 466,433	$ 500,189	52,424,159	42,179,907
Notes receivable	1,510,367	368,739		1,879,106			-	1,879,106	1,564,050
Real estate	4,122,267			4,122,267			-	4,122,267	4,435,338
Total assets	$ 51,126,243	$ 178,697	$ 7,349,612	$ 58,654,552	$ 33,756	$ 466,433	$ 500,189	$ 59,154,741	$ 48,492,086
LIABILITIES AND NET ASSETS									
Accrued expenses	18,000			18,000			-	18,000	18,000
Grants payable	821,712	8,858	182,000	1,012,570			-	1,012,570	1,018,171
Total liabilities	839,712	8,858	182,000	1,030,570	-	-	-	1,030,570	1,036,171
Net assets:									
Unrestricted - general	50,286,531			50,286,531			-	50,286,531	40,090,275
Unrestricted - designated		169,839	7,167,612	7,337,451			-	7,337,451	6,940,867
Temporarily restricted				-	8,756	315,635	324,391	324,391	248,975
Permanently restricted				-	25,000	150,798	175,798	175,798	175,798
Total net assets	50,286,531	169,839	7,167,612	57,623,982	33,756	466,433	500,189	58,124,171	47,455,915
Total liabilities and net assets	$ 51,126,243	$ 178,697	$ 7,349,612	$ 58,654,552	$ 33,756	$ 466,433	$ 500,189	$ 59,154,741	$ 48,492,086

The accompanying notes are an integral part of the financial statements.

DOW 03215

CATHOLIC DIOCESE FOUNDATION

Statement of Activities
for the year ended June 30, 1998

	Unrestricted					Restricted			
		Designated							
	General	Development	Special	Donor Related	Total	France	Grimes	Total	Total
Revenue:									
Pooled investment income	$ 6,372,017	$ 15,234	$ 1,200,530		$ 7,587,781	$ 5,165	$ 72,047	$ 77,212	$ 7,664,993
Other investment income	36,339	11,256			47,595			-	47,595
Gain on sale of real estate	5,000,730				5,000,730			-	5,000,730
Rental income	5,900				5,900			-	5,900
Contributions	34,188				34,188			-	34,188
Total revenue	11,449,174	26,490	1,200,530	-	12,676,194	5,165	72,047	77,212	12,753,406
Expenses:									
Program services:									
Grants - parishes	622,400	150,000	178,039		950,439			-	950,439
Grants - Diocese and agencies	421,710		500,000		921,710			-	921,710
Grants - non-diocesan agencies	105,000				105,000			-	105,000
Other			2,397	$ 1,796	4,193			-	4,193
Total program services	1,149,110	150,000	680,436	1,796	1,981,342	-	-	-	1,981,342
Supporting services:									
Accounting and administration	15,983				15,983			-	15,983
Professional fees	21,873				21,873			-	21,873
Mass stipends	1,040				1,040			-	1,040
Real estate holding costs	64,912				64,912			-	64,912
Total supporting services	103,808	-	-	-	103,808	-	-	-	103,808
Total expenses	1,252,918	150,000	680,436	1,796	2,085,150	-	-	-	2,085,150
Excess/(deficiency) of revenue over expenses	10,196,256	(123,510)	520,094	(1,796)	10,591,044	5,165	72,047	77,212	10,668,256
Net assets released from restriction	-	-	-	1,796	1,796	(1,796)	-	(1,796)	-
Changes in net assets	10,196,256	(123,510)	520,094	-	10,592,840	3,369	72,047	75,416	10,668,256
Net assets at beginning of year	40,090,275	293,349	6,647,518	-	47,031,142	30,387	394,386	424,773	47,455,915
Net assets at end of year	$ 50,286,531	$ 169,839	$ 7,167,612	-	$ 57,623,982	$ 33,756	$ 466,433	$ 500,189	$ 58,124,171

The accompanying notes are an integral part of the financial statements.

DOW 03216

CATHOLIC DIOCESE FOUNDATION

Statement of Activities
for the year ended June 30, 1997

	Unrestricted						Restricted			
	General	Development	Designated Education	Special	Donor Related	Total	France	Grimes	Total	Total
Revenue:										
Pooled investment income	$ 6,022,085	$ 84,606	$ 503,657	$ 1,258,067		$ 7,868,415	$ 5,387	$ 70,972	$ 763,659	$ 7,944,774
Other investment income	8,147	5,250				13,397			-	13,397
Gain on sale of real estate	5,751,200					5,751,200			-	5,751,200
Rental income	8,926					8,926			-	8,926
Total revenue	11,790,358	89,856	503,657	1,258,067	-	13,641,938	5,387	70,972	76,359	13,718,297
Expenses:										
Program services:										
Grants - parishes	764,800	325,000		29,363		1,119,163			-	1,119,163
Grants - Diocese and agencies	152,350		1,724,140	173,480		2,049,970			-	2,049,970
Grants - non-diocesan agencies	125,000	100,000				225,000			-	225,000
Other	3,234				$ 2,292	5,526			-	5,526
Total program services	1,045,384	425,000	1,724,140	202,843	2,292	3,399,659	-	-	-	3,399,659
Supporting services:										
Accounting and administration	26,153					26,153			-	26,153
Professional fees	47,610					47,610			-	47,610
Mass stipends	1,040					1,040			-	1,040
Real estate holding costs	83,804					83,804			-	83,804
Total supporting services	158,607	-	-	-	-	158,607	-	-	-	158,607
Total expenses	1,203,991	425,000	1,724,140	202,843	2,292	3,558,266	-	-	-	3,558,266
Excess/(deficiency) of revenue over expenses	10,586,367	(335,144)	(1,220,483)	1,055,224	(2,292)	10,083,672	5,387	70,972	76,359	10,160,031
Net assets released from restriction	-	-	-	-	2,292	2,292	(2,292)		(2,292)	-
Transfers	281,801	(281,801)	-	-	-	-	-	-	-	-
Changes in net assets	10,868,168	(616,945)	(1,220,483)	1,055,224	-	10,085,964	3,095	70,972	74,067	10,160,031
Net assets at beginning of year	29,222,107	910,294	1,220,483	5,592,294	-	36,945,178	27,292	323,414	350,706	37,295,884
Net assets at end of year	$ 40,090,275	$ 293,349	-	$ 6,647,518	-	$ 47,031,142	$ 30,387	$ 394,386	$ 424,773	$ 47,455,915

The accompanying notes are an integral part of the financial statements.

DOW 03217

CATHOLIC DIOCESE FOUNDATION

Statements of Cash Flows
for the years ended June 30, 1998 and 1997

	1998	1997
Cash flows from operating activities:		
Changes in net assets	$ 10,668,256	$ 10,160,031
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net appreciation on pooled investments	(6,577,975)	(6,767,926)
Gain on sale of real estate	(5,000,730)	(5,751,200)
Decrease in grants payable	(5,601)	(3,110,329)
Increase in accrued expenses	-	18,000
Net cash used in operating activities	(916,050)	(5,451,424)
Cash flows from investing activities:		
Amounts drawn from pooled investments for current operations	1,670,741	6,582,764
Reinvestment of interest and dividends into pooled investments	(1,087,018)	(1,176,848)
Deposits into pooled investments	(4,250,000)	(6,096,579)
Proceeds from the sale of real estate	5,421,592	6,327,619
Purchase of real estate	(107,791)	(281,801)
Issuance of notes receivable	(349,306)	-
Repayments of notes receivable	34,250	38,375
Net cash provided by investing activities	1,332,468	5,393,530
Net increase/(decrease) in cash	416,418	(57,894)
Cash at beginning of year	312,791	370,685
Cash at end of year	$ 729,209	$ 312,791

The accompanying notes are an integral part of the financial statements.

DOW 03218

CATHOLIC DIOCESE FOUNDATION

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Nature of Operations:

The Catholic Diocese Foundation (the Foundation) was established in 1928 for the promotion of Catholic Religion, Catholic Education, and charity in the Catholic Diocese of Wilmington. The Foundation assists parishes in getting established, aids in their expansion, and funds programs of education and charity. A substantial portion of the revenue for the Foundation is generated through income on investments.

Basis of Reporting:

The Foundation reports using the accrual basis of accounting. The preparation of financial statements in conformity with generally accepted accounting principles 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.

Financial Statement Presentation:

The financial statements have been prepared in accordance with Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-For-Profit Organizations." Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. A description of the three net asset categories follows:

- **Unrestricted Net Assets** include those assets that are available for the support of operations and whose use is not externally restricted, although their use may be limited by other factors such as by contract or board designation.
- **Temporarily Restricted Net Assets** include gifts for which donor imposed restrictions have not been met and pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted.
- **Permanently Restricted Net Assets** include gifts, trusts, and pledges which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions.

1. Summary of Significant Accounting Policies, continued:

Contributions:

Contributions are recognized as revenue in accordance with Statement of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made." Noncash contributions are recorded at fair value on the date of donation. Contributions of cash and other non-capital assets are reported as temporarily restricted operating revenue if the contributions are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions, which are received and expended within the same fiscal year, are reported as unrestricted revenues.

Pooled Investments:

Pooled investments are stated at fair value. Pooled investment income on the statement of activities includes interest, dividends, and net appreciation. Net appreciation includes realized and unrealized gains and losses, net of consulting and custodial costs.

The Foundation participates with the Catholic Diocese of Wilmington, Inc. (the Diocese) and other affiliated organizations in an investment pool which is held in a custody account at Delaware Trust Capital Management. The pool is invested in a combination of fixed income and equity securities and mutual funds.

The Foundation utilizes a total return policy to determine the level of support for operations and capital expenditures from pooled investments. The level of support is determined annually.

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

Notes Receivable:

Many notes receivable maintained by the Foundation are non-interest bearing. These balances include receivables to be repaid at the Bishop's discretion as well as receivables with definitive repayment terms.

1. Summary of Significant Accounting Policies, continued:

Real Estate:

Real estate consists of buildings and land. All acquisitions are capitalized at cost, when purchased, or at fair value at date of gift, when donated. The properties were acquired with the intent that they would be used for future Diocesan needs.

Statement of Financial Accounting Standards No. 93 (SFAS 93), "Recognition of Depreciation by Not-for-Profit Organizations," requires not-for-profit organizations to recognize depreciation as a cost of using up the future benefits of their long-lived tangible assets. The Foundation has not adopted SFAS 93. The effect of not complying with SFAS 93 is not reasonably determinable.

Grants Payable:

Grants payable are unconditional promises to give that have been expensed in the period pledged.

2. Pooled Investments:

The Foundation invests in a combination of fixed income and equity securities and mutual funds. The composition of pooled investments as of June 30, 1998 and 1997 was as follows:

	1998	1997
Cash and cash equivalents	$ 2,478,585	$ (14,897)
Fixed income	10,926,023	9,832,246
Domestic equity	30,671,157	25,139,402
International equity	8,348,394	7,223,156
Total pooled investments	$ 52,424,159	$ 42,179,907

The fair value of these investments was determined based on quoted market prices at June 30, 1998 and 1997.

Pooled investment income for the years ended June 30, 1998 and 1997 was comprised of the following:

	1998	1997
Interest and dividends	$ 1,087,018	$ 1,176,848
Net appreciation	6,577,975	6,767,926
Pooled investment income	$ 7,664,993	$ 7,944,774

2. Pooled Investments, continued:

The pooled investment income was net of custodial and advisory fees in the amounts of $305,104 and $270,043 for the years ended June 30, 1998 and 1997, respectively.

3. Notes Receivable:

Notes receivable at June 30, 1998 and 1997 were as follows:

	1998	1997
The following receivables, principally land grants, are to be repaid at the Bishop's discretion and are non-interest bearing:		
Church of the Holy Child	$ 58,000	$ 58,000
Holy Family	6,800	6,800
Resurrection Parish	50,000	50,000
St. Catherine of Siena	100,000	100,000
St. Dennis	69,400	69,400
St. Michael the Archangel	71,256	71,256
St. Elizabeth Ann Seton	181,500	181,500
St. Joseph, Middletown	112,710	112,710
St. Luke's and St. Andrew's	259,900	259,900
St. Luke's and St. Andrew's	71,251	71,251
St. Matthew	35,000	35,000
St. Polycarp	20,000	20,000
	1,035,817	1,035,817

3. Notes Receivable, continued:

	1998	1997
The following receivables have payment terms as stated below:		
Capuchin Poor Clare Nuns, Inc. (property acquisition) - payable at the discretion of the Board of Directors of the Foundation, not callable until 2012, non-interest bearing	$ 75,000	$ 75,000
St. Catherine of Siena (construction) - payable in 16 semiannual installments of $6,250 beginning in June 1995, non-interest bearing	56,250	68,750
St. Elizabeth (fire code improvement) - payable in 5 annual installments of $5,875 beginning in October 1993, non-interest bearing	-	5,875
St. Luke's and St. Andrew's (building acquisition) - payable in 180 monthly payments of $1,906 with 6% interest, beginning September 1998	343,300	-
St. Luke's and St. Andrew's (capital improvements) - payable in 5 annual installments of $10,000 beginning in March 1994, non-interest bearing	10,000	10,000
St. Patrick (parking lot) - payable in 15 annual installments of $10,000 beginning in December 1994, non-interest bearing	110,000	120,000
Immaculate Conception, Marydel (property acquisition)- terms require 2 years of semi-annual interest only payments beginning in November 1994 at 4%, then 16 semiannual payments of $5,875, which include interest. The 16 payments of $5,875 have been deferred and began November 1997	73,739	73,608
St. Francis de Sales (property acquisition) - annual interest only for five years until January 2001, then payable in 30 semiannual installments of $5,834 plus interest at 3%	175,000	175,000
	843,289	528,233
Total notes receivable	$ 1,879,106	$ 1,564,050

4. Rental Income:

The Foundation has rental agreement with tenants who rent houses and farmland owned by the Foundation. The terms of the rental agreements vary from property to property. Total rental income for the years ended June 30, 1998 and 1997 was $5,900 and $8,926, respectively.

5. Related Party Transactions:

Certain members of the Foundation's board are also board members of certain affiliated corporations.

The Foundation rents office space from the Diocese. Total rental expense for the years ended June 30, 1998 and 1997 was $1,788 and $1,716, respectively. In addition, the Diocese provides administrative services for the Foundation. Employees are paid by the Diocese and all related payroll costs are reimbursed by the Foundation. Total labor expense including payroll taxes for the years ended June 30, 1998 and 1997 was $12,926 and $23,142, respectively, and is included as accounting and administrative expenses in the statement of activities.

The Foundation awarded grants to the following related organizations:

	1998	1997
Catholic Diocese of Wilmington, Inc.	$ 467,100	$ 1,987,470
St. Mark's High School, Inc.	60,000	55,500
St. Thomas More Academy, Inc.	400,000	-
Catholic Press of Wilmington, Inc.	-	7,000

During 1997, the Foundation transferred $4,424,140 to the Diocese's Education Fund. Of this amount, $3,000,000 represented a grant payable as of June 30, 1996 to provide supplements to teachers' salaries at parish and Diocesan elementary and secondary schools.

Grants payable to related parties as of June 30, 1998 and 1997 amounted to $1,012,570 and $1,018,171, respectively, as detailed in the supplemental schedules of grants payable.

Certain buildings owned by the Foundation are used by Catholic Charities, Inc. without charge. The estimated fair value of the contributed facilities usage is not significant.

6. Commitments:

On September 19, 1996, the Board approved a non-interest bearing loan up to $200,000 to St. Elizabeth Ann Seton from the Development Fund. Repayment terms begin in the sixth year after the loan is disbursed. This loan was disbursed on July 23, 1998.

7. Income Taxes:

The Foundation is a not-for-profit corporation which has been granted exempt status from federal taxation under Section 501(c)(3) of the Internal Revenue Code.

SUPPLEMENTAL SCHEDULES

CATHOLIC DIOCESE FOUNDATION

Supplemental Schedule of Grants Payable as of June 30, 1998

The Foundation's grants payable as of June 30, 1998 are summarized as follows:

	Purpose	Payable
Cathedral of St. Peter	Renovations to Bathroom	$ 107,000
Children's Home	Capital improvements	8,858
Christ Our King Parish	Parish Nurse Program	10,000
Christ Our King School	1999 Budget Support	160,000
Diocese of Wilmington	1998-1999 Training Budget (Office of Deacons)	144,000
Diocese of Wilmington	Development & Training of Spiritual Directors	35,000
Diocese of Wilmington	Millennium Committee program expenses	32,500
Diocese of Wilmington	Legal fees	50,000
Diocese of Wilmington	Bishop's discretionary ministry fund	25,000
Diocese of Wilmington Schools	Technology person for all schools	45,000
Holy Rosary	Conditional for building repairs	5,000
Old Bohemia Society	St. Francis Xavier Church	75,000
St. Edmond's Academy	Capital campaign (5 year pledge)	10,000
St. Mark's High School	Capital improvements & equipment	3,212
St. Mark's High School	Computer equipment for Library & Classrooms	60,000
St. Paul	1999 Budget Support	242,000
		$ 1,012,570

CATHOLIC DIOCESE FOUNDATION

Supplemental Schedule of Grants Payable as of June 30, 1997

The Foundation's grants payable as of June 30, 1997 are summarized as follows:

	Purpose	Payable
Children's Home	Capital improvements	$ 150,000
Children's Home	Capital Improvements	100,000
Christ Our King School	Budget support	160,000
Diocese of Wilmington	Legal fees	35,250
Diocese of Wilmington	Bishop's discretionary ministry fund	25,000
Diocese of Wilmington	1st years of Deacon Formation Program	73,480
Eastern Shore Cooperative	Religious education support for 1998	29,600
Holy Rosary	Conditional for building repairs	5,000
Old Bohemia Society	St. Francis Xavier Church	75,000
Saint Edmund's Academy	Capital campaign	20,000
St. Elizabeth High School	Upgrade electrical system	35,000
St. Mark's High School	Capital equipment	9,341
St. Mark's High School	Capital improvements and equipment	55,500
St. Matthew	Install windows in school	35,000
St. Paul School	Budget support	210,000
	Total grants payable	$ 1,018,171

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Catholic Diocese of Wilmington
XXIII. FINANCIAL STATE OF THE DIOCESE
Statistical Index

Catholic Diocese Foundation - Budget

The Foundation supports educational, charitable and religious projects within the Diocese of Wilmington. Only amounts available for grants from the General Fund are budgeted. Budgeted amounts for the five years ending June 30 are as follows:

2003	$1,600,000
2002	$1,800,000
2001	$1,750,000
2000	$1,750,000
1999	$1,600,000
1998	$1,600,000

Catholic Diocese of Wilmington
XXIII. FINANCIAL STATE OF THE DIOCESE
Statistical Index

Entity: Catholic Ministry to the Elderly, Inc.

Enclosures:

- Audited Financial Statements for the years ended June 30, 2002 and 2001
- Audited Financial Statements for the years ended June 30, 2000 and 1999
- Audited Financial Statements for the years ended June 30, 1998 and 1997
- Budget summary for the year ending June 30, 2003

Catholic Ministry to the Elderly, Inc.

Financial Statements and Supplemental Schedules
HUD Project No. 032-EH002
For the years ended June 30, 2002 and 2001

Catholic Ministry to the Elderly, Inc.
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Report of Independent Accountants

To the Board of Directors
Catholic Ministry to the Elderly, Inc.
Wilmington, Delaware

In our opinion, the accompanying balance sheets and the related statements of activities and changes in net assets and cash flows present fairly, in all material respects, the financial position of Catholic Ministry to the Elderly, Inc. (the Ministry) HUD Project No. 032-EH002 as of June 30, 2002 and 2001, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Ministry's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In accordance with *Government Auditing* Standards, we have also issued our report dated August 9, 2002 on our consideration of the Ministry's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP

August 9, 2002

Catholic Ministry to the Elderly, Inc.
Balance Sheets
As of June 30, 2002 and 2001

	2002	2001
Assets:		
Cash	$ 6,388	$ 15,873
Investments whose use is limited	328,273	390,016
Land	18,240	18,240
Building and improvements (net of accumulated depreciation of $1,701,900 and $1,611,666)	1,577,767	1,606,176
Equipment (net of accumulated depreciation of $154,727 and $150,638)	2,951	7,040
Total assets	$1,933,619	$2,037,345
Liabilities and net assets:		
Accounts payable and accrued expenses	$ 74,924	$ 49,969
Deferred rental income	4,130	5,826
Mortgage payable	2,443,008	2,499,247
Tenant security deposits	28,399	29,950
Total liabilities	2,550,461	2,584,992
Net assets:		
Unrestricted	(916,716)	(907,713)
Temporarily restricted	299,874	360,066
Total net assets	(616,842)	(547,647)
Total liabilities and net assets	$1,933,619	$2,037,345

The accompanying notes are an integral part of the financial statements.

Catholic Ministry to the Elderly, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2002

	Unrestricted	Temporarily Restricted	Total
Revenue:			
Rental income - dwelling units	$ 271,302	$ -	$ 271,302
Rental income - rent supplements	301,371	-	301,371
Investment income	-	7,282	7,282
Total revenue	572,673	7,282	579,955
Expenses:			
General and administrative	128,827	-	128,827
Operating	37,777	-	37,777
Maintenance	128,812	-	128,812
Payroll taxes and insurance	71,501	-	71,501
Interest on debt	187,910	-	187,910
Depreciation	94,323	-	94,323
Total expenses	649,150	-	649,150
(Deficiency)/excess of revenue over expenses	(76,477)	7,282	(69,195)
Net assets released from restrictions:			
HUD monthly requirement	(20,340)	20,340	-
Authorized HUD transfers, net	87,814	(87,814)	-
Total net assets released from restrictions	67,474	(67,474)	-
Changes in net assets	(9,003)	(60,192)	(69,195)
Net assets at beginning of year	(907,713)	360,066	(547,647)
Net assets at end of year	$(916,716)	$299,874	$(616,842)

The accompanying notes are an integral part of the financial statements.

Catholic Ministry to the Elderly, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2001

	Unrestricted	Temporarily Restricted	Total
Revenue:			
Rental income - dwelling units	$ 255,601		$ 255,601
Rental income - rent supplements	325,921		325,921
Investment income	-	$ 18,471	18,471
Total revenue	581,522	18,471	599,993
Expenses:			
General and administrative	113,487		113,487
Operating	40,224		40,224
Maintenance	119,413		119,413
Payroll taxes and insurance	67,716		67,716
Interest on debt	192,774		192,774
Depreciation	94,323		94,323
Total expenses	627,937	-	627,937
(Deficiency)/excess of revenue over expenses	(46,415)	18,471	(27,944)
Net assets released from restrictions:			
HUD monthly requirement	(20,340)	20,340	-
Authorized HUD transfers, net	20,235	(20,235)	-
Total net assets released from restrictions	(105)	105	-
Changes in net assets	(46,520)	18,576	(27,944)
Net assets at beginning of year	(861,193)	341,490	(519,703)
Net assets at end of year	$(907,713)	$360,066	$(547,647)

The accompanying notes are an integral part of the financial statements.

Catholic Ministry to the Elderly, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2002 and 2001

	2002	2001
Cash flows from operating activities:		
Changes in net assets	$ (69,195)	$ (27,944)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	94,323	94,323
Net appreciation of investments	(7,282)	(18,471)
(Decrease) increase in deferred rental income	(1,696)	5,365
Increase in accounts payable and accrued expenses	24,955	6,843
Net cash provided by operating activities	41,105	60,116
Cash flows from investing activities:		
Deposits in investments	(20,340)	(20,340)
HUD authorized transfers	87,814	20,235
Purchase of buildings and improvements and equipment	(61,825)	-
Net cash used in investing activities	5,649	(105)
Cash flows from financing activities:		
Payments of mortgage payable	(56,239)	(52,890)
Net cash used in financing activities	(56,239)	(52,890)
Net (decrease) / increase in cash	(9,485)	7,121
Cash at beginning of year	15,873	8,752
Cash at end of year	$ 6,388	$ 15,873
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 188,609	$ 192,774

The accompanying notes are an integral part of the financial statements.

DOW 03236

1. Summary of Significant Accounting Policies

Nature of Operations
Catholic Ministry to the Elderly, Inc. (the Ministry) was incorporated in the State of Delaware on January 6, 1978. The Ministry owns and operates the Marydale Retirement Community, a HUD subsidized housing project for low income elderly and handicapped individuals. The site on which the project is located was a gift from the Catholic Diocese Foundation. Construction was completed and occupancy of the apartments began on November 28, 1980.

Basis of Reporting
The Ministry reports using the accrual basis of accounting. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation
Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. A description of the three net asset classifications follows:

Unrestricted Net Assets include assets that are available for the support of operations and whose use is not externally restricted, although their use may be limited by other factors such as by contract or board designation.

Temporarily Restricted Net Assets include replacement reserves and residual receipts that are temporarily restricted based on the terms of the Ministry's agreement with the Department of Housing and Urban Development (HUD).

Permanently Restricted Net Assets include gifts, trusts, and pledges which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions. There are no permanently restricted net assets at June 30, 2002 and 2001.

Investments
Investments are stated at market value. Investment income on the statement of activities includes interest and dividends.

Building and Improvements and Equipment
Building and improvements and equipment are recorded at historical cost or fair market value at the date of donation, less accumulated depreciation. Expenditures for major renewals and betterments which extend the useful lives of property and equipment are capitalized; expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is provided over the estimated useful lives of the assets, ranging from 5 years to 40 years, on a straight-line basis.

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Management does not believe that there are any impairments as of June 30, 2002 or 2001.

Contributed Services
The Ministry receives services from unpaid volunteers in organizing activities for residents of the community. The value of these contributed services is not reflected in the financial statements since the services provided by the volunteers do not require specialized skills and would not be purchased by the Ministry if the volunteer services were not available.

Reclassifications
Certain balances in the 2001 statements have been reclassified to conform to the 2002 presentation.

2. Investments

The Ministry, under terms of its agreement with HUD, has established accounts to segregate tenant security deposits, replacement reserves and residual receipts. These accounts comprise the investment amounts on the balance sheet. The funds, which are invested in money market accounts, are not available for current use without approval of HUD and, accordingly, have been classified as temporarily restricted assets.

The composition of investments as of June 30, 2002 and 2001 was as follows:

	2002	2001
Tenant security deposits	$ 28,399	$ 29,950
Replacement reserves	205,188	60,158
Residual receipts	94,686	299,908
	$328,273	$390,016

Replacement Reserves
The Ministry is required by HUD to deposit $1,695 monthly into a restricted account. These funds are to be used only to fund extraordinary repair and maintenance items or to replace capital items.

Residual Receipts
The Ministry is also required by HUD to deposit any residual receipts at year-end into a restricted account. Any disbursements from this account must be approved by HUD. These funds are held in a custody account at Mellon Trust, which is managed by The Catholic Diocese of Wilmington, Inc. (the Diocese).

DOW 03238

3. Mortgage Payable

Significantly, all building and improvements are subject to a mortgage. The outstanding mortgage payable balance at June 30, 2002 and 2001 was $2,443,008 and $2,499,247, respectively. Payments are due in monthly installments of $20,472, including interest at 7.625%, due in August, 2022. The following are maturities of the mortgage payable for each of the next five years and in aggregate:

2003	$ 61,573
2004	66,436
2005	71,682
2006	77,343
2007	80,451
Thereafter	2,085,523

The interest expense on this mortgage during the years ended June 30, 2002 and 2001 was $187,910 and $192,774, respectively.

4. Pension Plan

The Diocese sponsors a noncontributory defined benefit pension plan covering all full-time lay employees of the Diocese, including the Ministry. The Plan calls for benefits to be paid to eligible employees at retirement based on compensation, as defined. Contributions to the Plan from the Ministry reflect an allocation by the Diocese based on Ministry eligible salaries as a percentage of total eligible salaries. The pension expense for the years ended June 30, 2002 and 2001 was $6,423 and $7,525, respectively, and is reflected in general and administrative expenses in the statement of activities.

5. Related Party Transactions

Certain members of the Ministry's Board of Directors are also members of the Finance Council of the Diocese.

The Diocese pays, on behalf of the Ministry, the group term life insurance and long-term disability benefits. These expenses are not reimbursed or reflected on the financial statements of the Ministry due to their immateriality.

As of June 30, 2002, the Ministry accrued approximately $8,939 related to pension expense payable and $3,000 accounts payable to the Diocese. This amount is included in accounts payable and accrued expenses on the balance sheet.

6. Income Taxes

The Ministry is a not-for-profit corporation which has been granted exempt status from federal taxation under Section 501(c)(3) for the Internal Revenue Code.

Catholic Ministry to the Elderly, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

Federal Grantor/Program Title	CFDA Number	Federal Expenditures
U.S. Department of Housing and Urban Development/ Section 8 Housing Assistance Payments	14.195	$ 301,371

Catholic Ministry to the Elderly, Inc.
Notes to Schedule of Expenditures of Federal Awards
June 30, 2002 and 2001

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the activities in the federal assistance programs of the Ministry. All financial awards received directly from federal agencies are included on the schedule. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.*

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting. Management believes all federal awards considered necessary for a fair presentation in accordance with *Government Auditing Standards* have been included.

3. Relationship to Basic Financial Statements

Federal expenditures as reported on the Schedule of Expenditures of Federal awards agree to expenditures reported on the Statement of Activities.

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Report of Independent Accountants on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Catholic Ministry to the Elderly, Inc.
Wilmington, Delaware

We have audited the financial statements of Catholic Ministry to the Elderly, Inc. (the Ministry) as of and for the year ended June 30, 2002, and have issued our report thereon dated August 9, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Ministry's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Ministry's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the Ministry in a separate letter dated August 9, 2002.

This report is intended solely for the information and use of the Ministry's board of directors, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

PricewaterhouseCoopers LLP

August 9, 2002

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Report of Independent Accountants on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133

To the Board of Directors
Catholic Ministry to the Elderly, Inc.
Wilmington, Delaware

Compliance

We have audited the compliance of Catholic Ministry to the Elderly, Inc. (the Ministry) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2002. The Ministry's major federal program is identified in the Schedule of Expenditures of Federal Awards – Federal Program Detail in the Schedule of the U. S. Department of Housing and Urban Development Real Estate Assessment Center – Electronic Submission. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Ministry's management. Our responsibility is to express an opinion on the Ministry's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Ministry's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Ministry's compliance with those requirements.

In our opinion, the Ministry complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2002.

Internal Control over Compliance

The management of the Ministry is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Ministry's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Ministry's board of directors, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

PricewaterhouseCoopers LLP

August 9, 2002

Catholic Ministry to the Elderly, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2002

Financial Statements

(i)	Type of auditor's report issued:	Unqualified	
(ii)	Internal control over financial reporting:		
	Material weakness(es) identified?	___ yes	_X_ no
	Reportable condition(s) identified not considered to be material weaknesses?	___ yes	_X_ none reported
(iii)	Noncompliance material to financial statements noted?	___ yes	_X_ no

Federal Awards

(iv)	Internal control over major programs:		
	Material weakness(es) identified?	___ yes	_X_ no
	Reportable condition(s) identified that are not considered to be material weaknesses?	___ yes	_X_ none reported
(v)	Type of auditor's report issued on compliance for major programs:	Unqualified	
(vi)	Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	___ yes	_X_ no
(vii)	Identification of major programs:		

Name of Federal Program or Cluster	CFDA Number(s)
U.S. Department of Housing and Urban Development/ Section 8 Housing Assistance Program	14.195

(viii)	Dollar threshold used to distinguish between Type A and Type B programs:	$300,000

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

CATHOLIC MINISTRY TO THE ELDERLY, INC.

REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES
HUD PROJECT NO. 032-EH002
for the years ended June 30, 1998 and 1997

CATHOLIC MINISTRY TO THE ELDERLY, INC.

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Independent Auditor's Report

To the Board of Directors
Catholic Ministry to the Elderly, Inc.
Wilmington, Delaware

In our opinion, the accompanying balance sheets and the related statements of activities and cash flows present fairly, in all material respects, the financial position of Catholic Ministry to the Elderly, Inc. (the Ministry) HUD Project No. 032-EH002 as of June 30, 1998 and 1997 and the results of their operations and cash flows for the years then ended in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Ministry's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary data listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the Ministry. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued reports dated August 7, 1998 on our consideration of the Ministry's internal controls, on the Ministry's compliance with specific requirements applicable to affirmative fair housing, and on the Ministry's compliance with specific requirements applicable to major HUD programs.

PricewaterhouseCoopers LLP

August 7, 1998

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CATHOLIC MINISTRY TO THE ELDERLY, INC.

Balance Sheets
as of June 30, 1998 and 1997

	1998			
	Unrestricted	Temporarily Restricted	Total	1997 Total
Assets:				
Cash	$ 10,372		$ 10,372	$ 37,039
Investments		$ 381,678	381,678	435,954
Rent receivable	126		126	-
Land	18,240		18,240	18,240
Building and improvements (net of accumulated depreciation of $1,344,450 and $1,258,793)	1,823,199		1,823,199	1,859,501
Equipment (net of accumulated depreciation of $131,549 and $118,714)	19,194		19,194	22,800
Total assets	$ 1,871,131	$ 381,678	$ 2,252,809	$ 2,373,534
Liabilities and net assets:				
Accounts payable and accrued expenses	44,198		44,198	41,425
Deferred rental income	247		247	-
Mortgage payable	2,646,586		2,646,586	2,688,692
Tenant security deposits	-	24,299	24,299	24,473
Total liabilities	2,691,031	24,299	2,715,330	2,754,590
Net assets:				
Unrestricted	(819,900)		(819,900)	(792,537)
Temporarily restricted	-	357,379	357,379	411,481
Total net assets	(819,900)	357,379	(462,521)	(381,056)
Total liabilities and net assets	$ 1,871,131	$ 381,678	$ 2,252,809	$ 2,373,534

The accompanying notes are an integral part of the financial statements.

CATHOLIC MINISTRY TO THE ELDERLY, INC.

Statement of Activities
for the year ended June 30, 1998

	Unrestricted	Temporarily Restricted	Total
Revenue:			
Rental income - dwelling units	$ 190,535		$ 190,535
Rental income - rent supplements	376,624		376,624
Investment income		$ 17,348	17,348
Miscellaneous income	950		950
Total revenue	568,109	17,348	585,457
Expenses:			
General and administrative	96,790		96,790
Operating	44,195		44,195
Maintenance	167,176		167,176
Taxes and insurance	56,975		56,975
Interest on debt	203,294		203,294
Depreciation	98,492		98,492
Total expenses	666,922	-	666,922
(Deficiency)/excess of revenue over expenses	(98,813)	17,348	(81,465)
Net assets released from restrictions:			
HUD monthly requirement	(20,340)	20,340	
Authorized HUD transfers, net	91,790	(91,790)	
Total net assets released from restrictions	71,450	(71,450)	-
Changes in net assets	(27,363)	(54,102)	(81,465)
Net assets at beginning of year	(792,537)	411,481	(381,056)
Net assets at end of year	$ (819,900)	$ 357,379	$ (462,521)

The accompanying notes are an integral part of the financial statements.

CATHOLIC MINISTRY TO THE ELDERLY, INC.

Statement of Activities
for the year ended June 30, 1997

	Unrestricted	Temporarily Restricted	Total
Revenue:			
Rental income - dwelling units	$ 200,003		$ 200,003
Rental income - rent supplements	383,415		383,415
Investment income		$ 20,074	20,074
Miscellaneous income	20,472		20,472
Total revenue	603,890	20,074	623,964
Expenses:			
General and administrative	103,394		103,394
Operating	42,029		42,029
Maintenance	157,373		157,373
Taxes and insurance	57,544		57,544
Interest on debt	206,395		206,395
Depreciation	93,566		93,566
Total expenses	660,301	-	660,301
(Deficiency)/excess of revenue over expenses	(56,411)	20,074	(36,337)
Net assets released from restrictions:			
HUD monthly requirement	(20,340)	20,340	-
Authorized HUD transfers, net	55,500	(55,500)	-
Total net assets released from restrictions	35,160	(35,160)	-
Changes in net assets	(21,251)	(15,086)	(36,337)
Net assets at beginning of year	(771,286)	426,567	(344,719)
Net assets at end of year	$ (792,537)	$ 411,481	$ (381,056)

The accompanying notes are an integral part of the financial statements.

CATHOLIC MINISTRY TO THE ELDERLY, INC.

Statements of Cash Flows
for the years ended June 30, 1998 and 1997

	1998	1997
Cash flows from operating activities:		
Changes in net assets	$ (81,465)	$ (36,337)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	98,492	93,566
Investment income	(17,348)	(20,074)
Increase in rental receivable	(126)	-
Increase in deferred rental income	247	-
Increase in accounts payable and accrued expenses	2,773	14,908
Net cash provided by operating activities	2,573	52,063
Cash flows from investing activities:		
Net transfer from restricted funds	71,450	35,160
Purchase of buildings and improvements and equipment	(58,584)	(41,971)
Net cash provided by/(used in) investing activities	12,866	(6,811)
Cash flows from financing activities:		
Payments of mortgage payable	(42,106)	(39,024)
Net cash used in financing activities	(42,106)	(39,024)
Net (decrease)/increase in cash	(26,667)	6,228
Cash at beginning of year	37,039	30,811
Cash at end of year	$ 10,372	$ 37,039
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 203,561	$ 206,643

The accompanying notes are an integral part of the financial statements.

CATHOLIC MINISTRY TO THE ELDERLY, INC.

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Nature of Operations:

Catholic Ministry to the Elderly, Inc. (the Ministry) was incorporated in the State of Delaware on January 6, 1978. The Ministry owns and operates the Marydale Retirement Community, a HUD subsidized housing project for low income elderly and handicapped individuals. The site on which the project is located was a gift from the Catholic Diocese Foundation. Construction was completed and occupancy of the apartments began on November 28, 1980.

Basis of Reporting:

The Ministry reports using the accrual basis of accounting. The preparation of financial statements in conformity with generally accepted accounting principles 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.

Financial Statement Presentation:

The financial statements have been prepared in accordance with Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations." Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. A description of the three net asset categories follows:

Unrestricted Net Assets are those assets that are available for the support of operations and whose use is not externally restricted, although their use may be limited by other factors such as by contract or board designation.

Temporarily Restricted Net Assets include gifts for which donor imposed restrictions have not been met and trust activity and pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted.

1. Summary of Significant Accounting Policies, continued:

Financial Statement Presentation, continued:

Permanently Restricted Net Assets include gifts, trusts, and pledges which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions.

Investments:

Investments are stated at cost, which approximates market value. Investment income on the statement of activities includes interest, net of consulting and custodial costs.

Building and Improvements and Equipment:

Building and improvements and equipment are recorded at cost. Expenditures for major renewals and betterments which extend the useful lives of property and equipment are to be capitalized; expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is provided over the estimated useful lives of the assets on a straight-line basis.

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Management does not believe that there are any material impairments as of June 30, 1998 or 1997.

Contributed Services:

The Ministry receives services from unpaid volunteers in organizing activities for residents of the community. The value of these contributed services is not reflected in the financial statements since the services provided by the volunteers do not require specialized skills and would not be purchased by the Ministry if the volunteer services were not available.

2. Investments:

The Ministry, under terms of its agreement with the Department of Housing and Urban Development, has established accounts to segregate tenant security deposits, replacement reserves and residual receipts. These accounts comprise the investment amounts on the balance sheet. The funds, which are invested in money market accounts, are not available for current use without approval of HUD and, accordingly, have been classified as temporarily restricted assets.

2. Investments, continued:

The composition of investments as of June 30, 1998 and 1997 was as follows:

	1998	1997
Tenant security deposits	$ 24,299	$ 24,473
Replacement reserves	39,434	45,675
Residual receipts	317,945	365,806
	$ 381,678	$ 435,954

Tenant Security Deposits:

The Ministry collects a security deposit on each unit. These funds are maintained in an account separate from that used for general project operations.

Replacement Reserves:

The Ministry is required by HUD to deposit $1,695 monthly into a restricted account. These funds are to be used only to fund extraordinary repairment and maintenance items or the replacement of capital items.

Residual Receipts:

The Ministry is also required by HUD to deposit any residual receipts at year-end into a restricted account. Any disbursements from this account must be approved by HUD.

These funds are held in a custody account at Delaware Trust Capital Management, which is managed by The Catholic Diocese of Wilmington (the "Diocese").

3. Mortgage Payable:

The outstanding mortgage payable balances at June 30, 1998 and 1997 were $2,646,586 and $2,688,692, respectively. Payments are due in monthly installments of $20,472 including interest at 7.625%, due in August 2022. Following are maturities of the mortgage payable for each of the next five years and in aggregate:

1999	$ 45,431
2000	49,018
2001	52,890
2002	57,066
2003	61,573
2004 and thereafter	2,380,608

The interest expense on this mortgage during the years ended June 30, 1998 and 1997 was $203,294 and $206,395, respectively.

4. Pension Plan:

The Diocese sponsors a noncontributory defined benefit pension plan covering all full-time lay employees of the Diocese, including the Ministry. The Plan calls for benefits to be paid to eligible employees at retirement based on compensation, as defined. Contributions to the Plan from the Ministry reflect an allocation by the Diocese based on Ministry eligible salaries as a percentage of total eligible salaries. The pension expense for the years ended June 30, 1998 and 1997 was $5,300 and $5,200, respectively, and is reflected in general and administrative expenses in the statement of activities. The 1998 amount includes $3,700 for the lay employees and $1,600 for the religious employees. The 1997 amount includes $3,600 for the lay employees and $1,600 for the religious employees.

5. Related Party Transactions:

Certain members of the Ministry's Board of Directors are also members of the Finance Council of the Diocese.

The Diocese pays, on behalf of the Ministry, the group term life insurance and long-term disability benefits. These expenses are not reimbursed or reflected on the financial statements of the Ministry.

6. Income Taxes:

The Ministry is a not-for-profit corporation which has been granted exempt status from federal taxation under Section 501(c)(3) for the Internal Revenue Code.

SUPPLEMENTAL SCHEDULES

CATHOLIC MINISTRY TO THE ELDERLY, INC.

Supplemental Schedule of Expenses
for the years ended June 30, 1998 and 1997

	1998	1997
General and administrative expenses:		
Office salaries	$ 32,289	$ 32,368
Office expenses	5,216	3,155
Pension	5,300	5,200
Manager salaries	34,316	32,017
Auditing expense	7,500	14,600
Telephone	4,927	4,807
Miscellaneous administrative expenses	7,242	11,247
Total administrative expenses	96,790	103,394
Operating expenses:		
Janitor supplies	1,004	1,105
Gasoline, oil, and grease	2,120	2,548
Electric	19,705	15,936
Water	9,779	9,365
Exterminating contract	700	2,180
Trash removal	9,455	9,423
Miscellaneous operating expenses	1,432	1,472
Total operating expenses	44,195	42,029
Maintenance expenses:		
Grounds, supplies, and replacements	23,230	22,238
Repairs payroll	60,923	57,822
Repairs material	30,776	31,463
Repairs contracts	49,716	44,314
Motor vehicle repairs	2,531	1,536
Total maintenance expenses	167,176	157,373
Taxes and insurance:		
Payroll taxes	7,237	6,301
Insurance	49,738	51,243
Total taxes and insurance	56,975	57,544
Interest on debt	203,294	206,395
Depreciation expense	98,492	93,566
Total expenses	$ 666,922	$ 660,301

DOW 03259

CATHOLIC MINISTRY TO THE ELDERLY, INC.

Supplemental Data Required by HUD as of June 30, 1998

Statements of Accounts/Notes Receivable — Not applicable.

Statement of Delinquent Accounts Receivable — Not applicable.

Schedule of Mortgage Escrow Deposits
Catholic Ministry to the Elderly, Inc. is not subject to property taxes due to its tax-exempt status. The insurance is presently paid from non-escrowed funds as it is billed.

Tenant Security Deposits $24,299
The above deposits are held in a separate account identified as security deposits.

Repair and Replacement Funds and Residual Receipts $357,379
The following sets forth Repair and Replacement Funds (held by PNC Bank, N.A.) and Residual Receipts (held by CoreStates Bank, N.A.)

	Repair and Replacement Funds	Residual Receipts	Totals
Balance as of June 30, 1997	$ 45,675	$ 365,806	$ 411,481
Additions:			
Investment income	1,746	15,602	17,348
Reserve for replacement monthly deposits	20,340		20,340
Deductions:			
Authorized transfers to operating account	(28,327)A	(63,463)A	(91,790)
Balance as of June 30, 1998	$ 39,434	$ 317,945	$ 357,379

(A) Details of transfers to operating account

Authorization Date	Amount	Authorization Date	Amount
September 1997	$ 5,390	September 1997	$ 36,660
June 1998	22,937	November 1997	26,803
	$ 28,327		$ 63,463

Schedule of Accounts Payable
This account represents routine trade payables.

CATHOLIC MINISTRY TO THE ELDERLY, INC.

Supplemental Data Required by HUD, Continued
June 30, 1998

Schedule of Accrued Taxes — Not applicable.

Schedule of Compensation of Partners — Not applicable.

Schedule of Changes in Fixed Assets

	Assets		
	Balance 6/30/97	Additions	Balance 6/30/98
Land	$ 18,240		$ 18,240
Buildings	2,982,184		2,982,184
Improvements	136,110	$ 49,355	185,465
Equipment	53,129	3,839	56,968
Furniture	40,881	5,390	46,271
Automobiles	47,504		47,504
Totals	$ 3,278,048	$ 58,584	$ 3,336,632

	Accumulated Depreciation			
	Balance 6/30/97	Additions	Balance 6/30/98	Net Book Value
Land	-	-	-	$ 18,240
Buildings	$ 1,230,758	$ 74,608	$ 1,305,366	1,676,818
Improvements	28,035	11,049	39,084	146,381
Equipment	44,193	3,035	47,228	9,740
Furniture	38,300	2,278	40,578	5,693
Automobiles	36,221	7,522	43,743	3,761
Totals	$ 1,377,507	$ 98,492	$ 1,475,999	1,860,633

Statement of Receipts and Disbursements

Per Notice H 90-8 (HUD), this statement has been eliminated and the Statement of Cash Flows has been presented using the indirect method.

Schedule of Identity of Interest Firms

None.

Computation of Surplus Cash, Distributions and Residual Receipts

U.S. Department of Housing and Urban Development
Office of Housing
Federal Housing Commissioner

Project Name: MaryDale Retirement Com. Catholic Ministry to the Elderly, Inc.

Fiscal Period Ended: 6 / 30 / 98

Project Number: 032-EH002

Part A – Compute Surplus Cash

Cash			
1. Cash (Accounts 1110, 1120, 1191, 1192)	$	34,671	
2. Tenant subsidy vouchers due for period covered by financial statement	$	0	
3. Other (describe)	$	0	
(a) Total Cash (Add Lines 1, 2, and 3)			$ 34,671
Current Obligations			
4. Accrued mortgage interest payable	$	16,817	
5. Delinquent mortgage principal payments	$	0	
6. Delinquent deposits to reserve for replacements	$	0	
7. Accounts payable (due within 30 days)	$	9,209	
8. Loans and notes payable (due within 30 days)	$	0	
Deficient Tax Insurance or MIP Escrow Deposits	$	0	
10. Accrued expenses (not escrowed)	$	18,172	
11. Prepaid Rents (Account 2210)	$	247	
12. Tenant security deposits liability (Account 2191)	$	24,299	
13. Other (Describe)	$	0	
(b) Less Total Current Obligations (Add Lines 4 through 13)			$ 68,744
(c) Surplus Cash (Deficiency) (Line (a) minus Line (b))			$ (34,073)

Part B – Compute Distributions to Owners and Required Deposit to Residual Receipts

1. Surplus Cash			$ 0
Limited Dividend Projects			
2a. Annual Distribution Earned During Fiscal Period Covered by the Statement	$	0	
2b. Distribution Accrued and Unpaid as of the End of the Prior Fiscal Period	$	0	
2c. Distributions Paid During Fiscal Period Covered by Statement	$	0	
3. Amount to be Carried on Balance Sheet as Distribution Earned but Unpaid (Line 2a plus 2b minus 2c)	$	0	
Amount Available for Distribution During Next Fiscal Period			$ 0
5. Deposit Due Residual Receipts (Must be deposited with Mortgagee within 60 days after Fiscal Period ends)			$ 0

Prepared By

Loan Technician — Date

Reviewed By

Loan Servicer — Date

form HUD-93486 (12-80)

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
2400 Eleven Penn Center
Philadelphia PA 19103-2962
Telephone (215) 963 8000
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Independent Auditor's Report on Internal Controls

To the Board of Directors
Catholic Ministry to the Elderly, Inc.
Wilmington, Delaware

We have audited the financial statements of Catholic Ministry to the Elderly, Inc. (the Ministry) HUD Project No. 032-EH002 as of and for the year ended June 30, 1998, and have issued our report thereon dated August 7, 1998. We have also audited the Ministry's compliance with requirements applicable to HUD-assisted programs and have issued our reports thereon dated August 7, 1998.

We have conducted our audits in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States, and the "Consolidated Audit Guide for Audits of HUD Programs" (the Guide), issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General. Those standards and the Guide require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether the Ministry complied with laws and regulations, noncompliance with which would be material to a HUD-assisted program.

In planning and performing our audits, we obtained an understanding of the design of relevant internal controls and determined whether they had been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements of the Ministry and on its compliance with specific requirements applicable to its major HUD-assisted programs and to report on internal controls in accordance with the provisions of the Guide and not to provide any assurance on internal controls.

The management of the Ministry is responsible for establishing and maintaining internal controls. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal controls. The objectives of internal controls are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles and that HUD-assisted programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal controls, errors, irregularities or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

DOW 03263

We performed tests of controls, as required by the Guide, to evaluate the effectiveness of the design and operation of internal controls that we considered relevant to preventing or detecting material noncompliance with specific requirements applicable to the Ministry's HUD-assisted programs. Our procedures were less in scope than would be necessary to render an opinion on internal control policy and procedures. Accordingly, we do not express such an opinion.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited or that noncompliance with laws and regulations that would be material to a HUD-assisted program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of internal controls would not necessarily disclose all matters in internal controls that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as disclosed above.

We also noted other matters involving internal controls and their operations that we have reported to the management of the Ministry in a separation communication dated August 7, 1998.

This report is intended for the information of management and the Department of Housing and Urban Development. However, this report is a matter of public record and its distribution is not limited.

Price Waterhouse Coopers LLP

August 7, 1998

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
2400 Eleven Penn Center
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Facsimile (215) 963 8700

Independent Auditor's Report on Compliance with Specific Requirements Applicable to Fair Housing and Non-Discrimination

To the Board of Directors
Catholic Ministry to the Elderly, Inc.
Wilmington, Delaware

We have audited the financial statements of Catholic Ministry to the Elderly, Inc. (the Ministry) HUD Project No. 032-EH002 as of and for the year ended June 30, 1998, and have issued our report thereon dated August 7, 1998.

We have applied procedures to test the Ministry's compliance with Fair Housing and Non-Discrimination requirements applicable to its HUD-assisted programs, for the year ended June 30, 1998.

Our procedures were limited to the applicable compliance requirement described in the "Consolidated Audit Guide for Audits of HUD Programs" issued by the U.S. Department of Housing and Urban Development, Office of Inspector General. Our procedures were substantially less in scope than an audit, the objective of which would be the expression of an opinion on the Ministry's compliance with the Fair Housing and Non-Discrimination requirements. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under the Guide.

This report is intended for the information of management and the Department of Housing and Urban Development. However, this report is a matter of public record and its distribution is not limited.

PricewaterhouseCoopers LLP

August 7, 1998

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Independent Auditor's Report on Compliance with Specific Requirements Applicable to Major HUD Programs

To the Board of Directors
Catholic Ministry to the Elderly, Inc.
Wilmington, Delaware

We have audited the financial statements of Catholic Ministry to the Elderly, Inc. (the Ministry) HUD Project No. 032-EH002 as of and for the year ended June 30, 1998 and have issued our report thereon dated August 7, 1998. In addition, we have audited the Ministry's compliance with the specific program requirements governing

- Management, maintenance, and replacement reserve
- Federal financial reports
- Application, eligibility and re-examination of tenants
- Security deposits
- Mortgage status
- Residual receipts
- Cash receipts and disbursements

that are applicable to each of its major HUD-assisted programs, for the year ended June 30, 1998. The management of the Ministry is responsible for compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the "Consolidated Audit Guide for Audits of HUD Programs" (the Guide) issued by the U.S. Department of Housing and Urban Development, Office of Inspector General. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Ministry's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

DOW 03266

In our opinion, the Ministry complied, in all material respects, with the requirements described above that are applicable to each of its major HUD-assisted programs for the year ended June 30, 1998.

This report is intended for the information of management and the Department of Housing and Urban Development. However, this report is a matter of public record and its distribution is not limited.

Price Waterhouse Coopers LLP

August 7, 1998

DOW 03267

CATHOLIC MINISTRY TO THE ELDERLY, INC.

Schedule of Findings and Questioned Costs
June 30, 1998

Current Year Findings

None noted.

Prior Year Findings

None noted.

DOW 03268

CATHOLIC MINISTRY TO THE ELDERLY, INC.

Supplementary Data

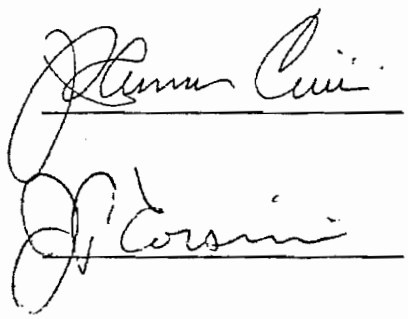
Certificate of Officers

HUD Project No. 032-EH002

E.I. No. 51-0255891

June 30, 1998

We hereby certify that we have examined the accompanying financial statements, supporting schedules, and supplementary data of the Catholic Ministry to the Elderly, Inc. and, to the best of our knowledge and belief, the same is complete and accurate.



August 7, 1998

DOW 03269

Statement of Profit and Loss

U.S. Department of Housing and Urban Development
Office of Housing
Federal Housing Commissioner

OMB Approval No. 2502-0052 (Exp. 9/30/98)

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Do not send this form to the above address.

For Month/Period Beginning: 7/1/97 Ending: 6/30/98 Project Number: 032-EH002 Project Name: MaryDale Retirement Community/ Catholic Ministry to the Elderly, Inc.

Part I	Description of Account	Acct. No.	Amount*	
Rental Income 5100	Apartments or Member Carrying Charges (Coops)	5120	$ 190,535	
	Tenant Assistance Payments	5121	$ 376,624	
	Furniture and Equipment	5130	$ 0	
	Stores and Commercial	5140	$ 0	
	Garage and Parking Spaces	5170	$ 0	
	Flexible Subsidy Income	5180	$ 0	
	Miscellaneous (specify)	5190	$ 0	
	Total Rent Revenue Potential at 100% Occupancy			$ 567,159
Vacancies 5200	Apartments	5220	(0)	
	Furniture and Equipment	5230	(0)	
	Stores and Commercial	5240	(0)	
	Garage and Parking Spaces	5270	(0)	
	Miscellaneous (specify)	5290	(0)	
	Total Vacancies			(0)
	Net Rental Revenue Rent Revenue Less Vacancies			$ 567,159
	Elderly and Congregate Services Income—5300			
	Total Service Income (Schedule Attached)	5300		$
Financial Revenue 5400	Interest Income—Project Operations	5410	$ 0	
	Income from Investments—Residual Receiptsd	5430	$ 15,602	
	Income from Investments—Reserve for Replacement	5440	$ 1,746	
	Income from Investments—Miscellaneous	5490	$ 950	
	Total Financial Revenue			$ 18,298
Other Revenue 5900	Laundry and Vending	5910	$ 0	
	NSF and Late Charges	5920	$ 0	
	Damages and Cleaning Fees	5930	$ 0	
	Forfeited Tenant Security Deposits	5940	$ 0	
	Other Revenue (specify)	5990	$ 0	
	Total Other Revenue			$ 0
	Total Revenue			$ 585,457
Administrative Expenses 6200/6300	Advertising	6210	$ 0	
	Other Administrative Expense	6250	$ 7,242	
	Office Salaries	6310	$ 32,289	
	Office Supplies	6311	$ 5,216	
	Office or Model Apartment Rent	6312	$ 0	
	Management	6320	$ 0	
	Manager or Superintendent Salaries	6330	$ 34,316	
	Manager or Superintendent Rent Free Unit	6331	$ 0	
	Legal Expenses (Project)	6340	$ 0	
	Auditing Expenses (Project)	6350	$ 7,500	
	Bookkeeping Fees/Accounting Services	6351	$ 0	
	Telephone and Answering Service	6360	$ 4,927	
	Bad Debts	6370	$ 0	
	Miscellaneous Administrative Expenses (specify)	6390	$ 5,300	
	Total Administrative Expenses			$ 96,790
Utilities Expense 6400	Fuel Oil/Coal	6420	$ 0	
	Electricity (Light and Misc. Power)	6450	$ 19,705	
	Water	6451	$ 9,779	
	Gas	6452	$ 2,120	
	Sewer	6453	$ 0	
	Total Utilities Expense			$ 31,604

* All amounts must be rounded to the nearest dollar; $.50 and over.

Operating and Maintenance Expenses 6500	Janitor and Cleaning Payroll	6510	$	0	
	Janitor and Cleaning Supplies	6515	$	1,004	
	Janitor and Cleaning Contract	6517	$	0	
	Exterminating Payroll/Contract	6519	$	700	
	Exterminating Supplies	6520	$	0	
	Garbage and Trash Removal	6525	$	9,455	
	Security Payroll/Contract	6530	$	0	
	Grounds Payroll	6535	$	0	
	Grounds Supplies	6536	$	0	
	Grounds Contract	6537	$	23,230	
	Repairs Payroll	6540	$	60,923	
	Repairs Material	6541	$	30,776	
	Repairs Contract	6542	$	49,716	
	Elevator Maintenance/Contract	6545	$	0	
	Heating/Cooling Repairs and Maintenance	6546	$	0	
	Swimming Pool Maintenance/Contract	6547	$	0	
	Snow Removal	6548	$	0	
	Decorating Payroll/Contract	6560	$	0	
	Decorating Supplies	6561	$	0	
	Other	6570	$	0	
	Miscellaneous Operating and Maintenance Expenses	6590	$	3,963	
	Total Operating and Maintenance Expenses				$ 179,767
Taxes and Insurance 6700	Real Estate Taxes	6710	$	0	
	Payroll Taxes (FICA)	6711	$	7,237	
	Miscellaneous Taxes, Licenses and Permits	6719	$	0	
	Property and Liability Insurance (Hazard)	6720	$	28,775	
	Fidelity Bond Insurance	6721	$	0	
	Workmen's Compensation	6722	$	530	
	Health Insurance and Other Employee Benefits	6723	$	20,433	
	Other Insurance (specify)	6729	$	0	
	Total Taxes and Insurance				$ 56,975
Financial Expenses 6800	Interest on Bonds Payable	6810	$	0	
	Interest on Mortgage Payable	6820	$	203,294	
	Interest on Notes Payable (Long-Term)	6830	$	0	
	Interest on Notes Payable (Short-Term)	6840	$	0	
	Mortgage Insurance Premium/Service Charge	6850	$	0	
	Miscellaneous Financial Expenses	6890	$	0	
	Total Financial Expenses				$ 203,294
Elderly & Congregate Service Expenses 6900	**Total Service Expenses**—Schedule Attached	6900			$ 0
	Total Cost of Operations Before Depreciation				$ 568,430
	Profit (Loss) Before Depreciation				$ 17,027
	Depreciation (Total)—6600 (specify)	6600		98,492	$
	Operating Profit or (Loss)				$ (81,465)
Corporate or Mortgagor Entity Expenses 7100	Officer Salaries	7110	$		
	Legal Expenses (Entity)	7120	$		
	Taxes (Federal-State-Entity)	7130-32	$		
	Other Expenses (Entity)	7190	$		
	Total Corporate Expenses				$ 0
	Net Profit or (Loss)				$ (81,465)

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Miscellaneous or other Income and Expense Sub-account Groups. If miscellaneous or other income and/or expense sub-accounts (5190, 5290, 5490, 5990, 6390, 6590, 6729, 6890, and 7190) exceed the Account Groupings by 10% or more, attach a separate schedule describing or explaining the miscellaneous income or expense.

Part II

1. Total principal payments required under the mortgage, even if payments under a Workout Agreement are less or more than those required under the mortgage.	$ 42,106
2. Replacement Reserve deposits required by the Regulatory Agreement or Amendments thereto, even if payments may be temporarily suspended or waived.	$ 20,340
3. Replacement or Painting Reserve releases which ar eincluded as expense items on this Profit and Loss statement	$ 43,123
4. Project Improvement Reserve Releases under the Flexible Subsidy Program that are included as expense items on this Profit and Loss Statement.	$ 0

* All amounts must be rounded to the nearest dollar; $.50 and over,

Budget Worksheet
Income and Expense Projections

U.S. Department of Housing and Urban Development
Office of Housing
Federal Housing Commissioner

OMB Approval No. 2502-0324 (exp. 9/30/98)

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

Project Number:	Name of Project:	
032-EH-002	Catholic Ministry to the Elderly-Marydale	7/01/02 - 6/30/03

Description of Account		Acct No.	HUD-92410 audited last FY01	Current FY02 (no. of mos: 9)	Budget from (02) to (03)
Rental Income 5100	Apartments or Member Carrying Charges (Coops)	5120			
	Tenant Assistance Payments	5121			
	Furniture and Equipment	5130			
	Stores and Commercial	5140			
	Garage and Parking Spaces	5170			
	Flexible Subsidy Income	5180			
	Miscellaneous (specify)	5190			
	Total Rent Revenue Potential at 100% Occupancy		597,456	451,548	607,824
Vacancies 5200	Apartments	5220			
	Furniture and Equipment	5230			
	Stores and Commercial	5240			
	Garage and Parking Spaces	5270			
	Miscellaneous (specify)	5290			
	Total Vacancies		15,934	14,552	
	Net Rental Revenue (Rent Revenue *less* Vacancies)		581,522	436,996	607,824
Elderly & Congregate Srvcs. Income 5300	**Total** Service Income (schedule attached)	5300	581,522	436,996	607,824
Financial Revenue 5400	Interest Income-Project Operations	5410			
	Income from Investments-Residual Receipts	5430	17,094	6,423	3,000
	Income form Investments-Reserve for Replacement	5440	1,377	503	1,000
	Income from Investments-Miscellaneous	5490		165	
	Total Financial Revenue		18,471	7,091	4,000
Other Revenue 5900	Laundry and Vending	5910			
	NSF and Late Charges	5920			
	Damages and Cleaning Fees	5930			
	Forfeited Tenant Security Deposits	5940			
	Other Revenue (specify)	5990			
	Total Other Revenue				
	Total Revenue		599,993	444,087	611,824
Admin. Expenses 6200/ 6300	Advertising	6210		1,012	
	Other Renting Expense	6250			
	Office Salaries	6310		28,736	39,700
	Office Supplies	6311		9,396	7,000
	Office or Model Apartment Rent	6312			
	Management Fee	6320			
	Manager or Superintendent Salaries	6330		33,750	46,800
	Manager or Superintendent Rent Free Unit	6331			
	Legal Expenses (Project)	6340			
	Auditing Expenses (Project)	6350		9,000	9,000
	Bookkeeping Fees/Accounting Services	6351			
	Telephone and Answering Services	6360		7,105	8,500
	Miscellaneous Administrative Expenses (specify)	6390		2,894	3,500
	Total Administrative Expenses		113,487	91,893	114,500
	Sub Total Expenses (carry forward to p. 2)		113,487	91,893	114,500

Edition dated 2/92 may be used until supply is exhausted

form HUD-92547-A (9/95)
ref. Handook 4350.1

Description of Account		Acct.No.	HUD-92410 audited last FY 01	Current FY 02 (no. of mos: 9)	Budget from (02) to (03)
	Sub Total Expenses (carried forward from p. 1)		113,487	91,893	114,500
Utilities 6400	Fuel Oil/Coal	6420			
	Electricity	6450		10,945	15,000
	Water	6451		7,956	10,500
	Gas	6452			
	Sewer	6453			
	Total Utilities Expense		27,100	18,901	25,500
Operating & Maintan. Expenses 6500	Janitor and Cleaning Payroll	6510			
	Janitor and Cleaning Supplies	6515		445	600
	Janitor and Cleaning Contract	6517			
	Exterminating Payroll/Contract	6519		1,125	1,500
	Exterminating Supplies	6520			
	Garbage and Trash Removal	6525		4,249	6,000
	Security Payroll/Contract	6530			
	Grounds Payroll	6535			
	Grounds Supplies	6536			
	Grounds Contract	6537		20,258	18,650
	Repairs Payroll	6540		37,483	51,320
	Repairs Material	6541		14,574	13,000
	Repairs Contract	6542		19,786	25,000
	Elevator Maintenance/Contract	6545			
	Heating/Cooling Repairs and Maintenance	6546			
	Swimming Pool Maintenance/Contract	6547			
	Snow Removal	6548			2,000
	Decorating Payroll/Contract	6560			
	Decorating Supplies	6561			
	Vehicle & Maint. Equip. Operation and Repairs	6570		1,697	2,200
	Misc. Operating & Maintenance Expenses	6590		1,677	2,200
	Total Operating & Maintenance Expenses		159,637	101,314	122,470
Taxes and Insurance 6700	Real Estate Taxes	6710			
	Payroll Taxes (FICA)	6711		7,374	10,000
	Miscellaneous Taxes, Licenses and Permits	6719		45	45
	Property and Liability Insurance (Hazard)	6720		26,190	35,000
	Fidelity Bond Insurance	6721			
	Workmen's Compensation	6722		370	500
	Health Insurance & Other Employee Benefits	6723		23,707	31,800
	Other Insurance (specify) PENSION	6729			6,000
	Total Taxes & Insurance		67,717	57,686	83,345
Financial Expenses 6800	Interest on Bonds Payable	6810			
	Interest on Mortgage Payable	6820	192,774	141,868	184,096
	Interest on Notes Payable (Long-Term) *	6830			
	Interest on Notes Payable (Short-Term) *	6840			
	Mortgage Insurance Premium/Service Charge	6850			
	Miscellaneous Financial Expenses	6890			
	Total Financial Expenses		192,774	141,868	184,096
Elderly & Congregate Srvcs. Expenses 6900	**Total** Service Expenses (schedule attached)	6900			
	Reserve for Replacements Dep. Req.		20,340	15,255	20,340
	Painting Reserve				
	Principal Payments Req.		52,893	42,383	61,573
	Debt Service (Sec. 241 & other approved loans)				
	Debt Service Reserve (202)				
	General Operating Reserve				
	Total Cost of Operations		633,948	469,300	611,824
	Less Total Revenue		599,993	444,087	611,824
	Excess (Deficiency) Income Over Expenses		(33,955)	(25,213)	0

We hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.
Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

(Signature) Donald Price — Date 4/18/02

* HUD Approved Secondary Financing Only for Budget Projections.

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form HUD-92547-A (9/95)
ref. Handook 4350.1

Catholic Diocese of Wilmington
XXIII. FINANCIAL STATE OF THE DIOCESE
Statistical Index

Entity: Catholic Youth Organization, Inc.

Enclosures:

- Audited Financial Statements for the years ended June 30, 2002 and 2001
- Audited Financial Statements for the years ended June 30, 2000 and 1999
- Audited Financial Statements for the years ended June 30, 1998 and 1997
- Budget summary for the year ending June 30, 2003

DOW 03274

Catholic Youth Organization, Inc.

Financial Statements and Supplemental Schedule
For the Years Ended June 30, 2002 and 2001

Catholic Youth Organization, Inc.
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June 30, 2002 and 2001

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Report of Independent Accountants

To the Board of Directors
Catholic Youth Organization, Inc.
Wilmington, Delaware

In our opinion, the accompanying balance sheets and the related statements of activities and changes in net assets and cash flows present fairly, in all material respects, the financial position of Catholic Youth Organization, Inc. (CYO) at June 30, 2002 and 2001 and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of CYO's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of administrative expenses for the year ended June 30, 2002 with comparative totals for the year ended June 30, 2001 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information as of June 30, 2002 and 2001 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP

September 27, 2002

Catholic Youth Organization, Inc.
Balance Sheets
As of June 30, 2002 and 2001

	2002	2001
Assets:		
Cash	$ 50,772	$ 36,283
Pooled investments	173,170	194,651
Prepaid expenses	-	12,555
Total assets	$223,942	$243,489
Liabilities and net assets:		
Accounts payable and accrued expenses	$ 41,862	$ 58,437
Deferred support	49,932	8,534
Total liabilities	91,794	66,971
Net assets:		
Unrestricted	55,081	88,563
Unrestricted - designated	77,067	87,955
Total net assets	132,148	176,518
Total liabilities and net assets	$223,942	$243,489

The accompanying notes are an integral part of the financial statements.

Catholic Youth Organization, Inc.
Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2002 and 2001

	2002	2001
Revenue and other support:		
Contributions	$ 6,582	$ 11,506
Government grants	23,849	22,931
United Way	126,543	140,688
Catholic Diocese of Wilmington, Inc.	129,900	123,504
Program fees	177,636	149,242
Special event fees	134,526	19,006
Fundraising revenues	50,154	59,101
Pooled investment loss	(13,981)	(7,223)
Other	2,948	2,032
Contributed facilities usage	350,000	325,000
Net assets released from restrictions	-	19,500
Total revenue and other support	988,157	865,287
Expenses:		
Program services:		
Athletics	198,432	201,752
Athletics – contributed facilities usage	350,000	325,000
Youth at risk	86,713	78,808
Leadership development	226,984	163,359
Total program services	862,129	768,919
Supporting services:		
Management and general	153,574	151,719
Fundraising	16,824	14,511
Total supporting services	170,398	166,230
Total expenses	1,032,527	935,149
Decrease in unrestricted net assets	(44,370)	(69,862)
Temporarily restricted revenue and other support:		
Released from restriction	-	(19,500)
Total changes in net assets	(44,370)	(89,362)
Net assets at beginning of year	176,518	265,880
Net assets at end of year	$ 132,148	$ 176,518

The accompanying notes are an integral part of the financial statements.

Catholic Youth Organization, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2002 and 2001

	2002	2001
Cash flows from operating activities:		
Changes in net assets	$ (44,370)	$ (89,362)
Depreciation	-	3,591
Net depreciation on pooled investments	17,052	12,788
Changes in assets and liabilities:		
Prepaid expenses	12,555	(12,205)
Accounts payable and accrued expenses	(16,575)	27,056
Deferred support	41,398	2,219
Net cash provided by operating activities	10,060	(55,913)
Cash flows from investing activities:		
Reinvestment of interest and dividends into pooled investments	(3,071)	(5,565)
Transfers from pooled investments	7,500	69,500
Net cash provided by (used in) investing activities	4,429	63,935
Net increase in cash	14,489	8,022
Cash at beginning of year	36,283	28,261
Cash at end of year	$ 50,772	$ 36,283

The accompanying notes are an integral part of the financial statements.

1. Summary of Significant Accounting Policies

Nature of Operations

Catholic Youth Organization, Inc. (CYO) is part of the Catholic Diocese of Wilmington, Inc. (the Diocese). CYO's purpose is to provide a variety of educational, social, recreational, and spiritual activities for youth between the ages of nine and nineteen to contribute to the development of mature men and women who reflect in their lives the values of the gospel. While CYO's primary purpose is to serve Catholic youth, the organization's services are available to any youth, regardless of religious affiliation.

CYO's approach to Christian formation emphasizes the involvement of youth in locally organized programs. Assistance by CYO is provided to the parish groups in the following ways:

- Organizational planning for parish programs
- Leadership training for youth
- Adult training in youth work and athletics
- Consultation and program planning with parish personnel
- Direct administration of Diocesan-wide activities in recreational, social, spiritual and community services areas

Effective July 1, 2000, the financial statements of CYO, Inc. include the activities of the Youth Ministry Office. These activities were previously included in the financial statements of the Diocesse of Wilmington. These additional services focus on non-athletic activities consistent with the nature of operations described above.

Basis of Reporting

CYO reports using the accrual basis of accounting. The preparation of financial statements in conformity with generally accepted accounting principles 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.

Financial Statement Presentation

Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. A description of the three net asset classifications follows:

Unrestricted Net Assets include those assets that are available for the support of operations and whose use is not externally restricted, although their use may be limited by other factors such as by contract or board designation.

Temporarily Restricted Net Assets include gifts for which donor imposed restrictions have not been met and pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted.

Permanently Restricted Net Assets include gifts, trusts, and pledges which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions.

All net assets of CYO are unrestricted as of June 30, 2002. CYO had assets which were temporarily restricted as of June 30, 2000, which were utilized for the purpose imposed by the donor during the fiscal year ended June 30, 2001.

Contributions
Noncash contributions are recorded at fair value on the date of donation. Contributions of cash and other non-capital assets are reported as temporarily restricted operating revenue if the contributions are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose for the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions which are received and expended within the same fiscal year are reported as unrestricted revenues.

Pooled Investments
Pooled investments are stated at fair value. Pooled investment income on the statement of activities includes interest, dividends, and realized and unrealized gains and losses, net of consulting and custodial costs.

CYO participates with the Diocese and other affiliated organizations in an investment pool which is held in a custody account at Mellon Trust. The pool is invested in a combination of fixed income and equity securities and mutual funds.

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

Furniture and Equipment
Furniture and equipment are recorded at cost. CYO records depreciation using the straight-line method. Furniture is depreciated over an estimated useful life of five years, while equipment is depreciated over an estimated useful life of five to seven years. At June 30, 2002 and 2001, all furniture and equipment is fully depreciated.

Contributed Services and Facilities
CYO records the fair value of contributed services which would ordinarily be purchased from individuals with specialized skills. Services from other non-specialized volunteers are not reflected in the financial statements of CYO.

CYO also records in revenues and expenses the difference between the estimated fair value of donated facilities usage costs and amounts paid for their use.

Reclassifications
Certain balances in the 2001 statements have been reclassified to conform to the 2002 presentation.

2. Pooled Investments

The composition of pooled investments as of June 30, 2002 and 2001 was as follows:

	2002	2001
Cash and cash equivalents	$ 621	$ 607
Fixed income	51,998	55,672
Domestic equity	93,379	110,722
International equity	27,172	27,650
Total pooled investments	$173,170	$194,651

The fair value of these investments was determined based on quoted market prices at June 30, 2002 and 2001.

Pooled investment income (loss) for the years ended June 30, 2002 and 2001 consisted of the following:

	2002	2001
Interest and dividends	$ 3,071	$ 5,565
Net depreciation	(17,052)	(12,788)
Pooled investment loss	$(13,981)	$ (7,223)

The pooled investment income was net of custodial and advisory fees in the amount of $1,271 and $1,562 for the years ended June 30, 2002 and 2001, respectively.

3. Furniture and Equipment

At June 30, 2002 and 2001, furniture and equipment consisted of the following:

	2002	2001
Office equipment and furniture	$30,419	$30,419
Computer equipment	18,040	18,040
Improvements	2,065	2,065
	50,524	50,524
Accumulated depreciation	(50,524)	(50,524)
	$ -	$ -

4. Pension Plan

The Diocese sponsors a noncontributory defined benefit pension plan covering all full-time lay employees of the Diocese, including CYO. The plan calls for benefits to be paid to eligible employees at retirement based on compensation, as defined in the Plan documents. Contributions to the plan from CYO reflect an allocation by the Diocese based on CYO's eligible salaries as a percentage of total eligible salaries. The pension expense for the years ended June 30, 2002 and 2001 was approximately $13,100 and $7,900, respectively, and is reflected in management and general expenses on the statement of activities.

5. Related Party Transactions

Certain members of CYO's board are also board members of the Diocese, a related entity.

For the years ended June 30, 2002 and 2001, the Diocese provided funding in the amount of $129,900 and $123,504, respectively, to support the operations of CYO.

CYO reimburses the Diocese for wages, payroll taxes, and health benefits the Diocese disburses on behalf of CYO. For the years ended June 30, 2002 and 2001, these expenses totaled $237,220 and $217,160, respectively. Of these balances, unpaid amounts of approximately $10,700 and $15,400, respectively, are included in accounts payable and accrued expenses for the years ended June 30, 2002 and 2001.

The Diocese pays, on behalf of CYO, the group term life insurance and long-term disability benefits for all full-time employees of CYO. The Diocese also provides administrative services for CYO. These expenses are not reimbursed or reflected on the financial statements of CYO since the amounts are not significant.

CYO and Youth Ministry, an office of the Diocese, both utilize and maintain a building owned by the Diocese. The agreement between CYO, Youth Ministry and the Diocese is for an indefinite period of time with no charge for rental fees. The estimated fair value of the contributed facilities usage is not significant.

CYO receives donations from Diocesan parishes for usage of facilities and playing fields for athletic programs. The estimated fair value of the cost of athletic facilities, net of amounts disbursed, was $350,000 and $325,000 for the years ended June 30, 2002 and 2001, respectively, and is reflected on the statements of activities.

6. Income Taxes

CYO is a not-for-profit corporation which has been granted exempt status from federal taxation under Section 501(c)(3) of the Internal Revenue Code.

Supplemental Schedule

Catholic Youth Organization, Inc.
Supplemental Schedule of Functional Expenses
For the Year Ended June 30, 2002
With Comparative Totals for the Year Ended June 30, 2001

	2002						2001
	Program Services						
	Athletics	Youth at Risk	Leadership Development	Total Program Services	Supporting Services	Total Expenses	Total Expenses
Salaries	$ 47,182	$47,182	$ 47,182	$ 141,546	$ 47,182	$ 188,728	$ 183,536
Employee benefits	7,977	7,977	7,977	23,931	7,979	31,910	26,879
Payroll taxes	3,463	3,463	3,463	10,389	3,465	13,854	14,624
Total salaries and related expenses	58,622	58,622	58,622	175,866	58,626	234,492	225,039
Professional fees	-	-	-	-	10,155	10,155	24,872
Supplies	1,438	4,690	-	6,128	7,000	13,128	16,641
Telephone	1,137	1,137	1,137	3,411	1,138	4,549	4,644
Postage and shipping	-	-	-	-	7,189	7,189	7,467
Rent	5,498	5,498	5,498	16,494	5,498	21,992	28,612
Rental and maintenance of equipment	-	-	-	-	29,872	29,872	22,895
Printing and publication	-	-	-	-	13,756	13,756	15,419
Travel	1,370	1,370	1,370	4,110	1,368	5,478	6,838
Conferences and meetings	2,257	2,257	2,257	6,771	2,257	9,028	8,224
Membership dues	-	-	-	-	2,138	2,138	1,768
Officiating fees	119,110	-	-	119,110	-	119,110	118,216
Special events	-	7,538	157,805	165,343	-	165,343	77,545
Trophies	-	-	-	-	1,071	1,071	4,290
Fundraising expenses	-	-	-	-	16,824	16,824	19,655
Miscellaneous	9,000	5,601	295	14,896	13,506	28,402	24,433
Contributed facilities usage	350,000	-	-	350,000	-	350,000	325,000
Total expenses before depreciation	548,432	86,713	226,984	862,129	170,398	1,032,527	931,558
Depreciation	-	-	-	-	-	-	3,591
Total expenses	$548,432	$86,713	$226,984	$ 862,129	$170,398	$1,032,527	$ 935,149

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Catholic Youth Organization, Inc.

Financial Statements and
Supplemental Schedule
For the Years Ended
June 30, 2000 and 1999

Catholic Youth Organization, Inc.
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Report of Independent Accountants

To the Board of Directors
Catholic Youth Organization, Inc.
Wilmington, Delaware

In our opinion, the accompanying balance sheets and the related statements of activities and changes in net assets and cash flows present fairly, in all material respects, the financial position of Catholic Youth Organization, Inc. (CYO) at June 30, 2000 and 1999 and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of CYO's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of functional expenses for the year ended June 30, 2000 with comparative totals for the year ended June 30, 1999 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information as of June 30, 2000 and 1999 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP

September 29, 2000

Catholic Youth Organization, Inc.
Balance Sheets
As of June 30, 2000 and 1999

	2000	1999
Assets:		
Cash	$ 28,261	$ 74,906
Pooled investments	271,375	226,525
Prepaid expenses	350	1,085
Furniture and equipment, net	3,590	6,176
Total assets	$303,576	$308,692
Liabilities and net assets:		
Accounts payable and accrued expenses	31,381	23,794
Deferred support	6,315	17,324
Total liabilities	37,696	41,118
Net assets:		
Unrestricted	152,620	165,200
Unrestricted - designated	93,760	82,874
Temporarily restricted	19,500	19,500
Total net assets	265,880	267,574
Total liabilities and net assets	$303,576	$308,692

The accompanying notes are an integral part of the financial statements.

Catholic Youth Organization, Inc.
Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2000 and 1999

	2000	1999
Revenue and other support:		
Contributions	$ 26,950	$ 12,308
Government grants	21,840	54,690
Other grants	1,049	12,639
United Way	125,284	118,483
Catholic Diocese of Wilmington	60,000	28,941
Program fees	147,220	172,092
Special event fees	98,350	57,109
Fundraising revenues	57,797	67,135
Pooled investment income	29,850	14,722
Other investment income	90	816
Other	5,920	3,913
Contributed facilities usage	446,000	280,000
Total revenue and other support	1,020,350	822,848
Expenses:		
Program services:		
Athletics	158,438	143,227
Athletics – contributed facilities usage	446,000	280,000
Substance abuse prevention	50,043	33,183
Community service	48,701	30,582
Youth development	177,311	129,074
Total program services	880,493	616,066
Supporting services:		
Management and general	126,849	147,112
Fundraising	14,702	18,930
Total supporting services	141,551	166,042
Total expenses	1,022,044	782,108
(Decrease) increase in unrestricted net assets	(1,694)	40,740
Temporarily restricted revenue and other support:		
Youth Program grants	-	19,500
Total changes in net assets	(1,694)	60,240
Net assets at beginning of year	267,574	207,334
Net assets at end of year	$ 265,880	$ 267,574

The accompanying notes are an integral part of the financial statements.

Catholic Youth Organization, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2000 and 1999

	2000	1999
Cash flows from operating activities:		
Changes in net assets	$ (1,694)	$ 60,240
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	2,586	2,586
Net appreciation on pooled investments	(25,448)	(8,133)
Changes in assets and liabilities:		
Prepaid expenses	735	9,147
Accounts payable and accrued expenses	7,587	(5,426)
Deferred support	(11,009)	8,399
Net cash (used in) provided by operating activities	(27,243)	66,813
Cash flows from investing activities:		
Reinvestment of interest and dividends into pooled investments	(4,402)	(6,589)
Deposits into pooled investments	(15,000)	(20,000)
Net cash used in investing activities	(19,402)	(26,589)
Net (decrease) increase in cash	(46,645)	40,224
Cash at beginning of year	74,906	34,682
Cash at end of year	$ 28,261	$ 74,906

The accompanying notes are an integral part of the financial statements.

1. Summary of Significant Accounting Policies

Nature of Operations

Catholic Youth Organization, Inc. (CYO) is part of the Catholic Diocese of Wilmington, Inc. (the Diocese). CYO's purpose is to provide a variety of educational, social, recreational, and spiritual activities for youth between the ages of nine and nineteen to contribute to the development of mature men and women who reflect in their lives the values of the gospel. While CYO's primary purpose is to serve Catholic youth, the organization's services are available to any youth, regardless of religious affiliation.

CYO's approach to Christian formation emphasizes the involvement of youth in locally organized programs. Assistance by CYO is provided to the parish groups in the following ways:

- Organizational planning for parish programs
- Leadership training for youth
- Adult training in youth work and athletics
- Consultation and program planning with parish personnel
- Direct administration of Diocesan-wide activities in recreational, social, spiritual and community services areas

Basis of Reporting

CYO reports using the accrual basis of accounting. The preparation of financial statements in conformity with generally accepted accounting principles 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.

Financial Statement Presentation

The financial statements have been prepared in accordance with Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations." Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. A description of the three net asset categories follows:

- **Unrestricted Net Assets** include those assets that are available for the support of operations and whose use is not externally restricted, although their use may be limited by other factors such as by contract or board designation.

- **Temporarily Restricted Net Assets** include gifts for which donor imposed restrictions have not been met and pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted.

- **Permanently Restricted Net Assets** include gifts, trusts, and pledges which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions.

All net assets of CYO are either unrestricted or temporarily restricted as of June 30, 2000 and 1999.

Contributions
Contributions are recognized as revenue in accordance with Statement of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made." Noncash contributions are recorded at fair value on the date of donation. Contributions of cash and other non-capital assets are reported as temporarily restricted operating revenue if the contributions are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose for the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions which are received and expended within the same fiscal year are reported as unrestricted revenues.

Pooled Investments
Pooled investments are stated at fair value. Pooled investment income on the statement of activities includes interest, dividends, and realized and unrealized gains and losses, net of consulting and custodial costs.

CYO participates with the Diocese and other affiliated organizations in an investment pool which is held in a custody account at Mellon Trust. The pool is invested in a combination of fixed income and equity securities and mutual funds.

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

Furniture and Equipment
Furniture and equipment are recorded at cost. CYO records depreciation using the straight-line method. Furniture is depreciated over an estimated useful life of five years, while equipment is depreciated over an estimated useful life of five to seven years.

Contributed Services and Facilities
CYO records the fair value of contributed services which would ordinarily be purchased from individuals with specialized skills. Services from other non-specialized volunteers are not reflected in the financial statements of CYO. The value of these donated volunteer services for athletic and other youth programs approximated $640,000 and $467,000 for the years ended 2000 and 1999, respectively.

CYO also records in revenues and expenses the difference between the estimated fair value of donated facilities usage costs and amounts paid for their use.

Reclassifications
Certain balances in the 1999 statements have been reclassified to conform to the 2000 presentation.

2. Pooled Investments

CYO invests in a combination of fixed income and equity securities and mutual funds. The composition of pooled investments as of June 30, 2000 and 1999 was as follows:

	2000	1999
Cash and cash equivalents	$ 15,553	$ 420
Fixed income	79,207	63,439
Domestic equity	135,223	129,990
International equity	41,392	32,676
Total pooled investments	$271,375	$226,525

The fair value of these investments was determined based on quoted market prices at June 30, 2000 and 1999.

Pooled investment income for the years ended June 30, 2000 and 1999 consisted of the following:

	2000	1999
Interest and dividends	$ 4,402	$ 6,589
Net appreciation	25,448	8,133
Pooled investment income	$29,850	$14,722

The pooled investment income was net of custodial and advisory fees in the amount of $1,646 and S864 for the years ended June 30, 2000 and 1999, respectively.

3. Furniture and Equipment

At June 30, 2000 and 1999, furniture and equipment consisted of the following:

	2000	1999
Office equipment and furniture	$30,419	$30,419
Computer equipment	18,040	18,040
Improvements	2,065	2,065
	50,524	50,524
Accumulated depreciation	(46,934)	(44,348)
	$ 3,590	$ 6,176

4. **Pension Plan**

The Diocese sponsors a noncontributory defined benefit pension plan covering all full-time lay employees of the Diocese, including CYO. The plan calls for benefits to be paid to eligible employees at retirement based on compensation, as defined in the Plan documents. Contributions to the plan from CYO reflect an allocation by the Diocese based on CYO's eligible salaries as a percentage of total eligible salaries. The pension expense for the years ended June 30, 2000 and 1999 was approximately $7,700 and $5,300, respectively, and is reflected in management and general expenses on the statement of activities.

5. **Related Party Transactions**

Certain members of CYO's board are also board members of the Diocese, a related entity.

For the years ended June 30, 2000 and 1999, the Diocese provided funding in the amount of $60,000 and $28,941, respectively, to support the operations of CYO.

CYO reimburses the Diocese for wages, payroll taxes, and health benefits the Diocese disburses on behalf of CYO. For the years ended June 30, 2000 and 1999, these expenses totaled $132,889 and $132,521, respectively. Of these balances, unpaid amounts of approximately $6,700 and $8,000, respectively, are included in accounts payable and accrued expenses for the years ended June 30, 2000 and 1999.

The Diocese pays, on behalf of CYO, the group term life insurance and long-term disability benefits for all full-time employees of CYO. The Diocese also provides administrative services for CYO. These expenses are not reimbursed or reflected on the financial statements of CYO since the amounts are not significant.

CYO and Youth Ministry, an office of the Diocese, both utilize and maintain a building owned by the Diocese. The agreement between CYO, Youth Ministry and the Diocese is for an indefinite period of time with no charge for rental fees. The estimated fair value of the contributed facilities usage is not significant.

CYO receives donations from Diocesan parishes for usage of facilities and playing fields for athletic programs. The estimated fair value of the cost of athletic facilities, net of amounts disbursed, was $446,000 and $280,000 for the years ended June 30, 2000 and 1999, respectively, and is reflected on the statements of activities.

6. **Income Taxes**

CYO is a not-for-profit corporation which has been granted exempt status from federal taxation under Section 501(c)(3) of the Internal Revenue Code.

7. **Subsequent Event**

Effective July 1, 2000, CYO was renamed Catholic Youth Ministries, Inc. to reflect the merging of activities of CYO and Youth Ministry.

olic Youth Organization, Inc.

Supplemental Schedule of Functional Expenses
For the Year Ended June 30, 2000
With Comparative Totals for the Year Ended June 30, 1999

	2000							1999
	Program Services							
	Athletics	Substance Abuse Prevention	Community Service	Youth Development	Total Program Services	Supporting Services	Total Expenses	Total Expenses
Salaries	$ 21,173	$23,290	$ 19,056	$ 16,939	$ 80,458	$ 25,409	$ 105,867	$107,456
Employee benefits	6,363	7,040	5,787	5,111	24,301	7,674	31,975	16,943
Payroll taxes	1,621	1,783	1,459	1,297	6,160	1,945	8,105	8,122
Total salaries and related expenses	29,157	32,113	26,302	23,347	110,919	35,028	145,947	132,521
Professional fees	12,560	-	11,993	-	24,553	7,489	32,042	16,185
Supplies	1,732	935	500	-	3,167	9,694	12,861	15,028
Telephone	855	940	769	684	3,248	1,026	4,274	4,354
Postage and shipping	-	-	-	-	-	5,749	5,749	6,703
Rent	7,715	8,487	6,944	6,172	29,318	9,258	38,576	8,850
Rental and maintenance of equipment	-	-	-	-	-	23,230	23,230	13,757
Printing and publication	-	4,590	-	3,510	8,100	4,869	12,969	8,335
Travel	870	957	783	696	3,306	1,044	4,350	2,425
Conferences and meetings	1,042	1,147	938	6,629	9,756	1,251	11,007	14,421
Membership dues	-	-	-	-	-	1,035	1,035	645
Officiating fees	99,673	-	-	-	99,673	-	99,673	94,767
Special events	-	304	-	135,860	136,164	-	136,164	121,344
Trophies	2,601	-	-	-	2,601	-	2,601	6,198
Facility rentals	1,723	-	-	-	1,723	16,358	18,081	12,775
Fundraising expenses	-	-	-	-	-	14,640	14,640	18,868
Miscellaneous	-	-	-	-	-	10,259	10,259	22,346
Contributed facilities usage	446,000	-	-	-	446,000	-	446,000	280,000
Total expenses before depreciation	603,928	49,473	48,229	176,898	878,528	140,930	1,019,458	779,522
Depreciation	510	570	472	413	1,965	621	2,586	2,586
Total expenses	$604,438	$50,043	$ 48,701	$177,311	$880,493	$141,551	$1,022,044	$782,108

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CATHOLIC YOUTH ORGANIZATION, INC.

REPORT ON AUDITS OF
FINANCIAL STATEMENTS
AND
SUPPLEMENTAL SCHEDULE
for the years ended
June 30, 1998 and 1997

CATHOLIC YOUTH ORGANIZATION, INC.

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PRICEWATERHOUSECOOPERS

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Report of Independent Accountants

To the Board of Directors
Catholic Youth Organization, Inc.
Wilmington, Delaware

In our opinion, the accompanying balance sheets and the related statements of activities and cash flows present fairly, in all material respects, the financial position of Catholic Youth Organization, Inc. (CYO) as of June 30, 1998 and 1997 and the changes in its net assets and its cash flows for the years then ended, in conformity with generally accepted accounting principles. These financial statements are the responsibility of CYO's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of functional expenses for the year ended June 30, 1998 with comparative totals for the year ended June 30, 1997 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information as of June 30, 1998 and 1997 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP

September 21, 1998

CATHOLIC YOUTH ORGANIZATION, INC.

Balance Sheets
as of June 30, 1998 and 1997

	1998				1997
	Unrestricted				
	Current Operations	Furniture and Equipment	Invested Reserves	Total	Total
Assets:					
Cash	$ 34,682			$ 34,682	$ 33,995
Pooled investments			$ 191,803	191,803	143,208
Grant receivable				-	13,000
Prepaid expenses	10,232			10,232	42,552
Furniture and equipment, net		$ 8,762		8,762	9,645
Total assets	$ 44,914	$ 8,762	$ 191,803	$ 245,479	$ 242,400
Liabilities and net assets:					
Accounts payable and accrued expenses	29,220			29,220	31,366
Deferred support	8,925			8,925	52,941
Total liabilities	38,145	-	-	38,145	84,307
Net assets:					
Unrestricted	6,769	8,762	113,671	129,202	111,325
Unrestricted - designated			78,132	78,132	46,768
Total net assets	6,769	8,762	191,803	207,334	158,093
Total liabilities and net assets	$ 44,914	$ 8,762	$ 191,803	$ 245,479	$ 242,400

The accompanying notes are an integral part of the financial statements.

CATHOLIC YOUTH ORGANIZATION, INC.

Statements of Activities
for the years ended June 30, 1998 and 1997

	1998				1997
	Unrestricted				
	Current Operations	Furniture and Equipment	Invested Reserves	Total	Total
Revenue and other support:					
Contributions	$ 6,221			$ 6,221	$ 6,439
Government grants	28,632			28,632	32,481
Other grants	10,000			10,000	-
United Way	140,946			140,946	108,940
Catholic Diocese of Wilmington	37,399			37,399	18,280
Program fees	150,825			150,825	162,595
Special event fees	117,953			117,953	67,130
Fundraising revenues	73,932			73,932	26,185
Pooled investment income	-		$ 28,595	28,595	24,889
Other investment income	375			375	785
Other	2,920			2,920	6,622
Contributed facilities usage	261,000			261,000	154,000
Contributed services	57,000			57,000	-
Total revenue and other support	887,203	-	28,595	915,798	608,346
Expenses:					
Depreciation		$ 2,383		2,383	2,352
Program services:					
Athletics	143,572			143,572	146,574
Substance abuse prevention	41,141			41,141	42,414
Community service	35,507			35,507	42,116
Youth development	160,605			160,605	92,673
Total program services	380,825	2,383	-	383,208	326,129
Supporting services:					
Management and general	129,567			129,567	121,721
Fundraising	35,782			35,782	9,282
Contributed facilities usage	261,000			261,000	154,000
Contributed services	57,000			57,000	-
Total supporting services	483,349	-	-	483,349	285,003
Total expenses	864,174	2,383	-	866,557	611,132
Excess/(deficiency) of revenue over expenses	23,029	(2,383)	28,595	49,241	(2,786)
Transfers	(21,500)	1,500	20,000	-	-
Changes in net assets	1,529	(883)	48,595	49,241	(2,786)
Net assets at beginning of year	5,240	9,645	143,208	158,093	160,879
Net assets at end of year	$ 6,769	$ 8,762	$ 191,803	$ 207,334	$ 158,093

The accompanying notes are an integral part of the financial statements.

CATHOLIC YOUTH ORGANIZATION, INC.

Statements of Cash Flows
for the years ended June 30, 1998 and 1997

	1998	1997
Cash flows from operating activities:		
Change in net assets	$ 49,241	$ (2,786)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,383	2,352
Net appreciation on pooled investments	(23,970)	(20,634)
Decrease in accounts receivable	-	8,390
(Increase)/decrease in grants receivable	13,000	(13,000)
(Increase)/decrease in prepaid expenses	32,320	(41,925)
Increase/(decrease) in accounts payable and accrued expenses	(2,146)	14,765
Increase/(decrease) in deferred support	(44,016)	40,661
Net cash provided by/(used in) operating activities	26,812	(12,177)
Cash flows from investing activities:		
Amounts drawn from pooled investments for current operations	-	683
Reinvestment of interest and dividends into pooled investments	(4,625)	(4,255)
Deposits into pooled investments	(20,000)	-
Purchase of furniture and equipment	(1,500)	(5,552)
Net cash used in investing activities	(26,125)	(9,124)
Net increase/(decrease) in cash	687	(21,301)
Cash at beginning of year	33,995	55,296
Cash at end of year	$ 34,682	$ 33,995

The accompanying notes are an integral part of the financial statements.

CATHOLIC YOUTH ORGANIZATION, INC.

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Nature of Operations:

Catholic Youth Organization, Inc. (CYO) is part of the Catholic Diocese of Wilmington, Inc. (the Diocese), a part of the Roman Catholic Church. CYO's purpose is to provide a variety of educational, social, recreational, and spiritual activities for youth between the ages of nine to nineteen to contribute to the development of mature men and women who reflect in their lives the values of the gospel. While CYO's primary purpose is to serve Catholic youth, the organization's services are available to any youth, regardless of religious affiliation.

CYO's approach to Christian formation emphasizes the involvement of youth in locally organized programs. Assistance by CYO is provided to the parish groups in the following ways:

Organizational planning for parish programs
Leadership training for youth
Adult training in youth work and athletics
Consultation and program planning with parish personnel
Direct administration of Diocesan-wide activities in recreational, social, spiritual and community services areas

Basis of Reporting:

CYO reports using the accrual basis of accounting. The preparation of financial statements in conformity with generally accepted accounting principles 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.

1. Summary of Significant Accounting Policies, continued:

Financial Statement Presentation:

The financial statements have been prepared in accordance with Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations." Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. A description of the three net asset categories follows:

- **Unrestricted Net Assets** include those assets that are available for the support of operations and whose use is not externally restricted, although their use may be limited by other factors such as by contract or board designation.

- **Temporarily Restricted Net Assets** include gifts for which donor imposed restrictions have not been met and pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted.

- **Permanently Restricted Net Assets** include gifts, trusts, and pledges which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions.

All net assets of CYO are unrestricted as of June 30, 1998 and 1997, with some having been designated by the Board for particular uses.

Contributions

Contributions are recognized as revenue in accordance with Statement of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made." Noncash contributions are recorded at fair value on the date of donation. Contributions of cash and other non-capital assets are reported as temporarily restricted operating revenue if the contributions are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose for the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions which are received and expended within the same fiscal year are reported as unrestricted revenues.

1. Summary of Significant Accounting Policies, continued:

Pooled Investments:

Pooled investments are stated at fair value. Pooled investment income on the statement of activities includes interest, dividends, and net appreciation. Net appreciation includes realized and unrealized gains and losses, net of consulting and custodial costs.

CYO participates with the Diocese and other affiliated organizations in an investment pool which is held in a custody account at Delaware Trust Capital Management. The pool is invested in a combination of fixed income and equity securities and mutual funds.

CYO utilizes a total return policy to determine the level of support for operations and capital expenditures from pooled investments. The level of support is determined annually.

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

Furniture and Equipment:

Furniture and equipment are recorded at cost. CYO records depreciation using the straight-line method. Furniture is depreciated over an estimated useful life of five years, while equipment is depreciated over an estimated useful life of five to seven years.

Contributed Services and Facilities:

CYO records the fair value of contributed services which would ordinarily be purchased from individuals with specialized skills. In 1998, these services included marketing and computer programming services.

Services from other non-specialized volunteers are not reflected in the financial statements of CYO. The value of these donated volunteer services for athletic and other youth programs approximated $265,000 and $240,000 for the years ended 1998 and 1997, respectively.

CYO also records in revenues and expenses, the difference between the estimated fair value of donated facilities usage costs and amounts expended for their use.

Reclassifications:

Certain amounts in the 1997 statements have been reclassified to conform to the 1998 presentation.

2. Pooled Investments:

CYO invests in a combination of fixed income and equity securities and mutual funds. The composition of pooled investments as of June 30, 1998 and 1997 was as follows:

	1998	1997
Cash and cash equivalents	$ 393	$ 400
Fixed income	51,550	46,507
Domestic equity	130,462	88,324
International equity	9,398	7,977
Total	$ 191,803	$ 143,208

The fair value of these investments was determined based on quoted market prices at June 30, 1998 and 1997:

Pooled investment income for the years ended June 30, 1998 and 1997 was comprised of the following:

	1998	1997
Interest and dividends	$ 4,625	$ 4,255
Net appreciation	23,970	20,634
Pooled investment income	$ 28,595	$ 24,889

The pooled investment income was net of custodial and advisory fees in the amount of $1,107 and $921 for the years ended June 30, 1998 and 1997, respectively.

3. Furniture and Equipment:

At June 30, 1998 and 1997, furniture and equipment consisted of the following:

	1998	1997
Office equipment and furniture	$ 30,419	$ 30,419
Computer equipment	18,040	16,540
Improvements	2,065	2,065
	50,524	49,024
Accumulated depreciation	(41,762)	(39,379)
	$ 8,762	$ 9,645

4. Pension Plan:

The Diocese sponsors a noncontributory defined benefit pension plan covering all full-time lay employees of the Diocese, including CYO. The plan calls for benefits to be paid to eligible employees at retirement based on compensation, as defined. Contributions to the plan from CYO reflect an allocation by the Diocese based on CYO eligible salaries as a percentage of total eligible salaries. The pension expense for the years ended June 30, 1998 and 1997 was $6,972 and $5,075, respectively and is reflected in management and general expenses on the statement of activities.

5. Related Party Transactions:

Certain members of CYO's board are also board members of the Diocese, a related entity.

The Diocese pays, on behalf of CYO, the group term life insurance and long-term disability benefits for all full-time employees of CYO. These expenses are not reimbursed or reflected on the financial statements of CYO since the amounts are not significant.

CYO and Youth Ministry, an office of the Diocese, both utilize and maintain a building owned by the Diocese. The agreement between CYO, Youth Ministry and the Diocese is for an indefinite period of time with no charge for rental fees. The estimated fair value of the contributed facilities usage is not significant.

CYO receives donations from Diocesan parishes for usage of facilities and playing fields for athletic programs. The estimated fair value of the cost of athletic facilities, net of amounts disbursed, was $261,000 and $154,000 for the years ended June 30, 1998 and 1997, respectively, and is reflected on the statements of activities.

6. Income Taxes:

CYO is a not-for-profit corporation which has been granted exempt status from federal taxation under Section 501(c)(3) of the Internal Revenue Code.

SUPPLEMENTAL SCHEDULE

CATHOLIC YOUTH ORGANIZATION, INC.

Supplemental Schedule of Functional Expenses for the year ended June 30, 1998 with comparative totals for the year ended June 30, 1997

	1998							1997
	Program Services							
	Athletics	Substance Abuse Prevention	Community Service	Youth Development	Total Program Services	Supporting Services	Total Expenses	Total Expenses
Salaries	$ 27,023	$ 29,724	$ 24,313	$ 20,113	$ 101,173	$ 32,423	$ 133,596	$ 114,292
Employee benefits	2,090	2,299	1,880	1,671	7,940	2,507	10,447	16,232
Payroll taxes	3,796	4,175	3,415	3,036	14,422	4,555	18,977	9,626
Total salaries and related expenses	32,909	36,198	29,608	24,820	123,535	39,485	163,020	140,150
Professional fees	9,275				9,275	11,875	21,150	29,455
Supplies	1,488	656	4,750	327	7,221	7,654	14,875	15,706
Telephone					-	7,484	7,484	3,055
Postage and shipping			7		7	5,889	5,896	472
Rent					-	13,552	13,552	8,850
Rental and maintenance of equipment					-	13,273	13,273	10,371
Printing and publication		180		5,228	5,408	3,124	8,532	15,173
Travel	21	981	142	1,908	3,052		3,052	4,121
Conferences and meetings	270	3,098		3,056	6,424	2,090	8,514	13,359
Membership dues	25			305	330	585	915	3,287
Miscellaneous	752	28			780	12,558	13,338	8,144
Officiating fees	82,126				82,126		82,126	84,300
Special events			1,000	124,601	125,601	5,012	130,613	78,054
Trophies	6,453				6,453		6,453	6,177
Facility rentals	10,253			360	10,613	6,986	17,599	24,824
Fundraising expenses					-	35,782	35,782	9,282
Contributed facilities usage					-	261,000	261,000	154,000
Contributed services					-	57,000	57,000	-
Total expenses before depreciation	143,572	41,141	35,507	160,605	380,825	483,349	864,174	608,780
Depreciation	477	524	429	381	1,811	572	2,383	2,352
Total expenses	$ 144,049	$ 41,665	$ 35,936	$ 160,986	$ 382,636	$ 483,921	$ 866,557	$ 611,132

DOW 03311

CATHOLIC YOUTH MINISTRIES 2003 BUDGET

Codes	Description	2003 Budget	2002 Projected	6 months ended 12/31/2001	2002 Budget	Projected vs 02 Bdgt	03 Bdgt vs Projected	2003 Budget Basis / Comments
	INCOME							
301.50	Unrestricted contributions	2,000.00	2,000.00	0.00	2,600.00	(600.00)	0.00	
302.30	Lend-a-hand contributions	0.00	5,855.00	5,454.62	8,500.00	(2,645:00)	(5,855.00)	
311.22	United Way of DE-Project Care	0.00	6,000.00	0.00	12,000.00	(6,000.00)	(6,000.00)	based on 1/2 year
311.30	United Way of DE-Youth at Risk	12,000.00	9,000.00	0.00	16,870.00	(7,870.00)	1,000.00	based on 1/2 year
311.40	United Way of DE-Community Outre	0.00	7,250.00	0.00	14,500.00	(7,250.00)	(7,250.00)	based on 1/2 year
311.50	United Way of DE-Unrestricted	82,000.00	93,500.00	57,266.91	80,000.00	13,500.00	(11,500.00)	
312.10	United Way of Southeastern PA	2,000.00	2,206.00	2,028.43	1,500.00	706.00	(206.00)	
312.50	United Ways-Other	1,000.00	1,000.00	443.72	1,750.00	(750.00)	0.00	
313.50	State Grant-in-Aid	23,800.00	24,500.00	11,924.50	23,800.00	700.00	(700.00)	unchanged
314.50	Catholic Diocese Appeal	133,700.00	128,600.00	64,299.96	128,600.00	0.00	5,100.00	increase 4%
321.10	Baseball program fees	7,200.00	6,300.00	1,300.00	7,000.00	(700.00)	2,700.00	increase fee $150/team and addition of 2nd umpire
322.10	Boys basketball program fees	45,180.00	41,000.00	655.00	41,000.00	0.00	4,180.00	increase fee $20/team
323.10	Girls basketball program fees	41,610.00	38,375.00	1,275.00	41,000.00	(2,625.00)	3,235.00	increase fee $20/team
324.10	Cheerleading program fees	1,500.00	1,752.00	1,152.00	2,500.00	(748.00)	(252.00)	we may drop cheerleading
325.10	Cross country program fees	3,600.00	2,365.00	2,150.00	2,580.00	(215.00)	1,235.00	change charge to per person vs. per team
326.10	Football program fees	8,000.00	5,950.00	5,010.00	5,950.00	0.00	2,050.00	increase fee $50/team
327.10	Soccer program fees	18,725.00	17,200.00	15,700.00	17,600.00	(400.00)	1,525.00	increase fee $25/team
328.10	Softball program fees	6,960.00	6,300.00	1,425.00	7,050.00	(750.00)	660.00	increase fee $20/team
329.10	Track program fees	6,580.00	6,300.00	1,275.00	6,375.00	(75.00)	280.00	increase fee $20/team
330.10	Volleyball program fees	32,730.00	30,000.00	25,560.00	30,750.00	(750.00)	2,730.00	increase fee $20/team
331.10	Wrestling program fees	4,400.00	3,640.00	355.00	4,550.00	(910.00)	760.00	increase fee $100/team
332.10	Summer League Fees	0.00	3,750.00	2,700.00	4,300.00	(550.00)	(3,750.00)	summer league has been dropped
332.25	KOMMOTION program fees	7,500.00	4,865.00	3,480.00	8,000.00	(3,135.00)	2,635.00	increase fee to $20
333.25	NEXUS program fees	10,000.00	6,000.00	1,385.00	20,000.00	(14,000.00)	4,000.00	increase fee to $20
334.25	It's Academic	950.00	1,018.00	0.00	950.00	68.00	(68.00)	
335.25	Spelling Bee program fees	550.00	550.00	25.00	550.00	0.00	0.00	
337.25	Youth Leadership Institute	10,500.00	4,325.00	4,325.00	7,500.00	(3,175.00)	6,175.00	increase fee to $150
338.25	Adult Leadership Training	0.00	0.00	20.00	500.00	(500.00)	0.00	
351.30	Red Ribbon Race	0.00	1,026.00	1,026.00	0.00	1,026.00	(1,026.00)	
352.30	Memorial Fund	200.00	2,615.00	2,615.00	0.00	2,615.00	(2,415.00)	move to general
370.30	March For Life	2,400.00	2,070.00	0.00	2,500.00	(430.00)	330.00	move to leadership dvlp
371.25	NCYC	0.00	84,146.00	73,559.00	90,000.00	(5,854.00)	(84,146.00)	not held in fy03
372.25	World Youth Day	25,000.00	25,000.00	1,700.00	25,000.00	0.00	0.00	
373.50	Golf outing fundraiser income	40,000.00	45,275.00	45,225.00	50,000.00	(4,725.00)	(5,275.00)	
375.25	Intermed./Advanced Cert	0.00	0.00	0.00	500.00	(500.00)	0.00	delete this account
376.25	CMD Certification	16,000.00	14,983.00	14,983.37	8,500.00	6,483.00	1,017.00	
381.50	IMNA interest	0.00	0.00	0.00	100.00	(100.00)	0.00	no bank interest
385.50	Investment - Diocesean Managed	0.00	0.00	(19,539.67)	1,000.00	(1,000.00)	0.00	
386.25	Youth Festival	0.00	10,000.00	0.00	14,000.00	(2,000.00)	(12,000.00)	

DOW 03312

CATHOLIC YOUTH MINISTRIES — 2003 BUDGET

Codes	Description	2003 Budget	2002 Projected	6 months ended 12/31/2001	2002 Budget	Projected vs 02 Bdgt	03 Bdgt vs Projected	2003 Budget Basis / Comments
387.10	Boys Volleyball	0.00	0.00	0.00	1,650.00	(1,650.00)	0.00	boys volleyball has been dropped
391.50	Amusement ParkTicket	0.00	4,880.00	4,880.00	7,000.00	(2,120.00)	(4,880.00)	program dropped
393.50	Advertising Income	0.00	0.00	0.00	1,000.00	(1,000.00)	0.00	
399.50	Miscellaneous income	1,500.00	2,200.00	178.81	3,000.00	(800.00)	(700.00)	
x04.25	NCCYM	13,000.00	0.00	0.00	0.00	0.00	13,000.00	figured at $650 for 20
x12.50	Transfer from reserve	0.00	7,500.00	0.00	0.00	7,500.00	(7,500.00)	as planned for fy 02
x13.50	Regional Reimbursement	1,000.00	0.00	0.00	0.00	0.00	1,000.00	partial reimb.for travel
		0.00	0.00	0.00	0.00	0.00	0.00	
		561,585.00	659,296.00	333,837.65	702,525.00	(41,229.00)	(99,911.00)	
	EXPENSES							
501.50	Salaries-lay professional	172,900.00	178,735.00	101,932.08	208,750.00	(30,015.00)	(5,835.00)	salary schedule
511.50	FICA	10,750.00	11,000.00	6,226.12	13,000.00	(2,000.00)	(250.00)	salary schedule
512.50	Medicare	2,500.00	2,600.00	1,456.12	3,050.00	(450.00)	(100.00)	salary schedule
513.50	Worker's compensation	600.00	700.00	594.56	250.00	450.00	(100.00)	salary schedule
514.50	Health and dental ins.-lay	14,000.00	19,500.00	14,150.10	16,000.00	3,500.00	(5,500.00)	salary schedule
515.50	Retirement-lay	10,600.00	10,200.00	0.00	6,000.00	4,200.00	400.00	6.36% of qual salry
601.50	Audit fees	6,700.00	6,500.00	0.00	3,000.00	3,500.00	200.00	actual plus $500
604.50	Strategic Planning	0.00	1,042.00	1,041.75	0.00	1,042.00	(1,042.00)	
605.50	CYO advertising	0.00	500.00	0.00	250.00	250.00	(500.00)	
606.50	Professional Services-General	500.00	715.00	715.00	1,000.00	(285.00)	(215.00)	
607.50	Video Creation	0.00	5,083.00	5,082.50	0.00	5,083.00	(5,083.00)	
621.50	Office Supplies	7,000.00	7,500.00	5,808.24	5,500.00	2,000.00	(500.00)	this had erroneously been lowered for this year
622.50	Printing	7,500.00	7,000.00	4,170.94	8,000.00	(1,000.00)	500.00	
623.50	Telephone	4,500.00	4,500.00	2,295.69	4,500.00	0.00	0.00	
624.50	Postage and shipping	7,000.00	6,500.00	3,971.98	7,000.00	(500.00)	500.00	
625.50	Equip. rental and maintenance	26,000.00	25,000.00	13,995.51	23,500.00	1,500.00	1,000.00	
626.50	Equipment purchase	0.00	656.00	616.80	750.00	(94.00)	(656.00)	
627.50	Utilities-Broom Street	14,000.00	13,000.00	6,838.69	12,500.00	500.00	1,000.00	
628.50	Household Supplies	1,500.00	1,000.00	638.27	1,500.00	(500.00)	500.00	
629.50	Household Repairs	0.00	7,000.00	2,979.87	7,500.00	(500.00)	(7,000.00)	
631.50	Mileage reimbursement	5,500.00	5,000.00	2,847.12	6,500.00	(1,500.00)	500.00	
632.50	Conferences Held	1,250.00	1,350.00	692.85	1,000.00	350.00	(100.00)	
633.50	Region XIV Travel,Conf.	2,000.00	3,028.00	851.61	1,500.00	1,528.00	(1,028.00)	
634.25	Youth Ministry 101	3,500.00	4,507.00	3,892.17	7,500.00	(2,993.00)	(1,007.00)	
636.25	YouthLeadership Inst.	9,800.00	8,009.00	7,509.13	12,000.00	(3,991.00)	1,791.00	
637.10	Athletics as Ministry Dinner	0.00	0.00	0.00	4,500.00	(4,500.00)	0.00	program not held
639.30	March for Life	2,400.00	2,300.00	200.00	2,250.00	50.00	100.00	move to leadership dvlp

DOW 03313

CATHOLIC YOUTH MINISTRIES 2003 BUDGET

Codes	Description	2003 Budget	2002 Projected	6 months ended 12/31/2001	2002 Budget	Projected vs 02 Bdgt	03 Bdgt vs Projected	2003 Budget Basis / Comments
640.50	Recognition	500.00	600.00	246.90	1,000.00	(400.00)	(100.00)	
641.50	Conferences Attended	3,500.00	3,200.00	931.28	2,000.00	1,200.00	300.00	adult conference this year
643.50	Resources-Internal,External	1,000.00	1,500.00	1,160.12	1,000.00	500.00	(500.00)	
644.50	Membership dues and fees	1,250.00	2,000.00	1,193.95	1,500.00	500.00	(750.00)	will drop some community membership
645.25	Chesapeake Bay Conference	0.00	1,100.00	180.00	1,000.00	100.00	(1,100.00)	partly recorded in conferences
646.25	Intermed/Advance Cert	0.00	0.00	0.00	500.00	(500.00)	0.00	
647.25	CMD Certification	13,400.00	11,100.00	11,055.73	10,000.00	1,100.00	2,300.00	
648.25	NCYC	0.00	84,018.29	68,223.48	87,500.00	(3,481.71)	(84,018.29)	
649.25	Youth Festival	0.00	10,000.00	700.00	12,000.00	(2,000.00)	(10,000.00)	
650.50	Miscellaneous	1,000.00	1,200.00	411.62	1,500.00	(300.00)	(200.00)	
651.30	Red Ribbon Race	0.00	1,056.00	1,055.85	0.00	1,056.00	(1,056.00)	
651.50	Bank Charges	0.00	541.09	541.09	0.00	541.09	(541.09)	
652.30	Memorial Fund	0.00	2,327.00	2,276.86	0.00	2,327.00	(2,327.00)	move to general
654.10	Insur-parish (BABB, INC.)	11,000.00	9,000.00	9,000.00	9,000.00	0.00	2,000.00	increase fee to $2.75
655.50	Insur-Diocesan Property	7,800.00	7,746.00	7,745.71	7,500.00	246.00	54.00	
656.25	Young Adult Ministry	10,000.00	3,640.00	1,272.47	2,500.00	1,140.00	6,360.00	
657.30	Teens MD	3,000.00	100.00	72.34	2,000.00	(1,900.00)	2,900.00	
658.30	Community Outreach	0.00	2,000.00	1,528.65	2,000.00	0.00	(2,000.00)	
659.30	Youth at Risk Training	3,000.00	1,000.00	0.00	1,500.00	(500.00)	2,000.00	
660.30	Youth at Risk Resources	1,500.00	500.00	39.95	1,500.00	(1,000.00)	1,000.00	
665.25	Kommotion Program Expenses	6,000.00	5,257.00	5,257.39	5,000.00	257.00	743.00	
666.25	Diocesan Youth Board	1,000.00	295.17	295.17	2,000.00	(1,704.83)	704.83	
667.50	Advisory Board Expense	500.00	750.00	383.93	750.00	0.00	(250.00)	
671.30	Book Covers-Cost	0.00	4,000.00	4,000.00	4,000.00	0.00	(4,000.00)	
672.50	Amusement Park Tickets	0.00	4,271.70	4,271.70	6,100.00	(1,828.30)	(4,271.70)	
674.25	World Youth Day	12,000.00	20,000.00	2,100.00	20,000.00	0.00	(8,000.00)	
681.50	Golf Outing Expenses	12,600.00	12,552.00	12,552.56	12,500.00	52.00	48.00	
684.30	Sustance Abuse Programs	0.00	1,854.99	1,854.99	2,500.00	(645.01)	(1,854.99)	
685.50	Public Relations	0.00	400.00	0.00	500.00	(100.00)	(400.00)	
686.25	Project Care	0.00	0.00	0.00	5,000.00	(5,000.00)	0.00	
693.25	NEXUS Program Expense	10,000.00	7,000.00	0.00	15,000.00	(8,000.00)	3,000.00	
701.10	Cheerleading Supplies	1,500.00	1,438.29	1,360.79	2,200.00	(761.71)	61.71	
703.30	Lend-a-Hand Supplies	0.00	2,406.00	1,995.00	8,000.00	(5,594.00)	(2,406.00)	program dropped
709.25	It's Academic	900.00	1,200.00	357.79	900.00	300.00	(300.00)	
710.25	Spelling Bee Exp.	500.00	400.00	271.99	500.00	(100.00)	100.00	
711.30	Youth at Risk Programs	0.00	2,000.00	659.09	2,500.00	(500.00)	(2,000.00)	
801.10	Baseball Expenses	10,000.00	6,339.00	0.00	6,000.00	339.00	3,661.00	add 2nd umpire
802.10	Boys Basketball Exp.	32,000.00	23,200.00	3,418.17	29,500.00	(6,300.00)	8,800.00	
803.10	Girls Basketball Exp.	28,900.00	27,900.00	6,903.26	29,500.00	(1,600.00)	1,000.00	
804.10	Footbal Expenses	5,900.00	4,805.00	4,620.00	6,000.00	(1,195.00)	2,095.00	

DOW 03314

CATHOLIC YOUTH MINISTRIES — 2003 BUDGET

Codes	Description	2003 Budget	2002 Projected	6 months ended 12/31/2001	2002 Budget	Projected vs 02 Bdgt	03 Bdgt vs Projected	2003 Budget Basis / Comments
805.10	Soccer Expenses	15,600.00	13,033.00	12,808.50	14,500.00	(1,467.00)	2,567.00	
806.10	Softball Expenses	2,000.00	1,990.00	0.00	2,000.00	(10.00)	10.00	
807.10	Volleyball Expenses	18,800.00	18,257.00	18,257.31	18,000.00	257.00	543.00	
808.10	Wrestling Expenses	6,300.00	5,872.00	1,813.00	5,500.00	372.00	428.00	
809.10	Boys Volleyball Expenses	0.00	0.00	0.00	1,275.00	(1,275.00)	0.00	program not held
914.10	Mid-Atlantic Expense	600.00	600.00	0.00	600.00	0.00	0.00	
915.10	Cross-Country Expense	2,900.00	2,299.50	2,156.45	2,000.00	299.50	600.50	
916.10	Track Expense	3,000.00	2,870.00	0.00	2,400.00	470.00	130.00	
917.10	Summer League Expense	0.00	2,470.00	2,470.00	4,000.00	(1,530.00)	(2,470.00)	
x04.25	NCCYM	12,000.00	0.00	0.00	0.00	0.00	12,000.00	
x05.25	Diocesan Youth Conference	0.00	0.00	0.00	0.00	0.00	0.00	
x06.25	Youth Ministry Training	2,500.00	0.00	0.00	0.00	0.00	2,500.00	
x09.30	Drug Free Poster Contest	4,500.00	0.00	0.00	0.00	0.00	4,500.00	formerly Book Covers
x12.50	Technology	4,000.00	10,000.00	0.00	0.00	10,000.00	(6,000.00)	online registration, etc. moved from 501.50
		0.00	0.00	0.00	0.00	0.00	0.00	
		561,450.00	659,014.03	383,950.19	710,025.00	(51,010.97)	(96,564.03)	
		135.00	281.97	(50,112.54)	(7,500.00)	9,781.97	(3,346.97)	

Catholic Diocese of Wilmington
XXIII. FINANCIAL STATE OF THE DIOCESE
Statistical Index

Entity: St. Mark's High School

Enclosures:

- Audited Financial Statements for the years ended June 30, 2002 and 2001
- Audited Financial Statements for the years ended June 30, 2000 and 1999
- Audited Financial Statements for the years ended June 30, 1998 and 1997
- Budget summary for the year ending June 30, 2003

Saint Mark's High School

Financial Statements
For the Years Ended June 30, 2002 and 2001

Saint Mark's High School
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June 30, 2002 and 2001

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PRICEWATERHOUSECOOPERS

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Report of Independent Accountants

To the Board of Directors
Diocese of Wilmington Schools, Inc.
Saint Mark's High School
Wilmington, Delaware

We have audited the accompanying balance sheets of Saint Mark's High School (St. Mark's) as of June 30, 2002 and 2001 and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of Saint Mark's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Saint Mark's has not adopted Statement of Financial Accounting Standards No. 93 (SFAS 93), "Recognition of Depreciation by Not-for-Profit Organizations," which requires not-for-profit organizations to recognize depreciation as a cost of using up the future economic benefits of their long-lived tangible assets. Also, certain equipment is expensed at the time of purchase that, in our opinion, should be capitalized in order to conform to accounting principles generally accepted in the United States of America. If buildings and building improvements were depreciated and certain equipment were capitalized, land, buildings and building improvements and net assets would be decreased by approximately $4,675,000 and $4,471,000 at June 30, 2002 and 2001, respectively. Additionally, changes in net assets would decrease by approximately $20,000 and $86,000 for the years ended June 30, 2002 and 2001, respectively.

In our opinion, except for the effect of not recognizing depreciation expense of long-lived tangible assets and of not capitalizing equipment as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Saint Mark's as of June 30, 2002 and 2001 and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

September 13, 2002

Saint Mark's High School
Balance Sheet
As of June 30, 2002

Assets	Unrestricted	Temporarily Restricted	Total
Cash and cash equivalents	$ 384,914	$ 227,570	$ 612,484
Tuition receivable, net	62,969	-	62,969
Investments	1,123,044	-	1,123,044
Other assets	28,150	-	28,150
Land, buildings, and improvements	10,648,765	-	10,648,765
Total assets	$ 12,247,842	$ 227,570	$ 12,475,412
Liabilities and Net Assets			
Accounts payable	287,467	-	287,467
Accrued liabilities	863,211	-	863,211
Deferred income	1,168,323	-	1,168,323
Third-party funds	70,557	-	70,557
Refundable advances - state and federal funding	-	227,570	227,570
Note payable	404,160	-	404,160
Total liabilities	2,793,718	227,570	3,021,288
Net assets:			
Unrestricted	9,454,124	-	9,454,124
Temporarily restricted	-	-	-
Total net assets	9,454,124	-	9,454,124
Total liabilities and net assets	$ 12,247,842	$ 227,570	$ 12,475,412

The accompanying notes are an integral part of the financial statements.

Saint Mark's High School
Balance Sheet
As of June 30, 2001

Assets	Unrestricted	Temporarily Restricted	Total
Cash and cash equivalents	$ 893,395	$ 244,055	$ 1,137,450
Tuition receivable, net	48,545	-	48,545
Investments	674,675	-	674,675
Other assets	24,640	-	24,640
Land, buildings, and improvements	10,424,605	-	10,424,605
Total assets	$ 12,065,860	$ 244,055	$ 12,309,915
Liabilities and Net Assets			
Accounts payable	268,980	-	268,980
Accrued liabilities	793,176	-	793,176
Deferred income	1,282,118	-	1,282,118
Third-party funds	66,156	-	66,156
Refundable advances - state and federal funding	-	226,549	226,549
Note payable	225,000	-	225,000
Total liabilities	2,635,430	226,549	2,861,979
Net assets:			
Unrestricted	9,430,430	-	9,430,430
Temporarily restricted	-	17,506	17,506
Total net assets	9,430,430	17,506	9,447,936
Total liabilities and net assets	$ 12,065,860	$ 244,055	$ 12,309,915

The accompanying notes are an integral part of the financial statements.

Saint Mark's High School
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2002

	Unrestricted	Temporarily Restricted	Total
Revenue and support:			
Public support:			
Diocesan contributions	$1,207,197	$ -	$ 1,207,197
Other contributions	441,036	35,550	476,586
State and Federal funding	80,865	-	80,865
Total public support	1,729,098	35,550	1,764,648
Other revenue:			
Tuition and fees	8,544,483	-	8,544,483
Auxiliary programs	388,469	-	388,469
Student activities	323,606	-	323,606
Other	2,550	-	2,550
Total other revenue	9,259,108	-	9,259,108
Total revenue and support	10,988,206	35,550	11,023,756
Expenses:			
Academic programs	7,031,714	-	7,031,714
Auxiliary programs	339,902	-	339,902
Student activities	1,007,082	-	1,007,082
General and administrative	1,424,818	-	1,424,818
Fundraising	230,507	-	230,507
Capital expenditures	835,344	-	835,344
Contributions to Diocesan-held funds	144,578	-	144,578
Other non-operating expenses	3,623	-	3,623
Total expenses	11,017,568	-	11,017,568
Total revenue and support less total expenses	(29,362)	35,550	6,188
Net assets released from restrictions	53,056	(53,056)	-
Changes in net assets	23,694	(17,506)	6,188
Net assets at beginning of year	9,430,430	17,506	9,447,936
Net assets at end of year	$9,454,124	$ -	$ 9,454,124

The accompanying notes are an integral part of the financial statements.

Saint Mark's High School
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2001

	Unrestricted	Temporarily Restricted	Total
Revenue and support:			
Public support:			
Diocesan contributions	$ 776,940	$ -	S 776,940
Other contributions	564,121	81,350	645,471
State and Federal funding	71,219	-	71,219
Total public support	1,412,280	81,350	1,493,630
Other revenue:			
Tuition and fees	8,018,422	-	8,018,422
Auxiliary programs	357,695	-	357,695
Student activities	339,496	-	339,496
Other	102,147	-	102,147
Total other revenue	8,817,760	-	8,817,760
Total revenue and support	10,230,040	81,350	10,311,390
Expenses:			
Academic programs	6,455,141	-	6,455,141
Auxiliary programs	349,247	-	349,247
Student activities	945,878	-	945,878
General and administrative	1,364,391	-	1,364,391
Fundraising	235,768	-	235,768
Capital expenditures	748,105	-	748,105
Contributions to Diocesan-held funds	174,552	-	174,552
Other non-operating expenses	35,015	-	35,015
Total expenses	10,308,097	-	10,308,097
Total revenue and support less total expenses	(78,057)	81,350	3,293
Net assets released from restrictions	95,435	(95,435)	-
Changes in net assets	17,378	(14,085)	3,293
Net assets at beginning of year	9,413,052	31,591	9,444,643
Net assets at end of year	$9,430,430	$ 17,506	$ 9,447,936

The accompanying notes are an integral part of the financial statements.

Saint Mark's High School
Statement of Functional Expenses
For the Year Ended June 30, 2002

	Academic Programs	Auxiliary Programs	Student Activities	Maintenance & Utilities	General & Administrative	Fund Raising	Capital Expenses	Contributions to Diocesan Held Funds	Non-operating Expenses	2002 Total
Payroll and related expenses	$ 5,948,115	$ -	$ 395,006	$ 357,341	$ 904,035	$ 98,963	$ -	$ -	$ -	$ 7,703,460
Other expenses:										
Capital exp - Academic	-	-	-	-	-	-	163,572	-	-	163,572
Capital exp - Auxiliary / convent	-	-	-	-	-	-	2,158	-	-	2,158
Capital exp. - Student activities	-	-	-	-	-	-	26,151	-	-	26,151
Capital exp. - Administrative	-	-	-	-	-	-	48,309	-	-	48,309
Capital exp. - Maintenance	-	-	-	-	-	-	542,098	-	-	542,098
Capital exp. - Bleachers- Restricted	-	-	-	-	-	-	53,056	-	-	53,056
Capital replacement fund	-	-	-	-	-	-	-	114,000	-	114,000
Operating reserve fund	-	-	-	-	-	-	-	17,378	-	17,378
SMHS Educational Trust	-	-	-	-	-	-	-	13,200	-	13,200
Grant expenditures - Academic	-	-	-	-	-	-	-	-	998	998
Grant expenditures - Activities/ Other	-	-	-	-	-	-	-	-	2,625	2,625
Grant expenditures - Maintenance	-	-	-	-	-	-	-	-	-	-
Advertising	-	-	-	-	43,336	-	-	-	-	43,336
Athletic events	-	-	14,029	-	-	-	-	-	-	14,029
Athletic equipment	-	-	39,374	-	-	-	-	-	-	39,374
Athletic officials fees	-	-	22,488	-	-	-	-	-	-	22,488
Audit	-	-	-	-	20,000	-	-	-	-	20,000
Books and printed material	8,583	-	-	-	3,560	-	-	-	-	12,243
Bus program	-	257,040	-	-	-	-	-	-	-	257,040
Clergy & Religious	-	2,049	-	-	10,068	-	-	-	-	12,117
Communication - Copier	45,363	-	-	-	17,318	-	-	-	-	62,681
Communication - Postage & shipping	-	-	-	-	35,943	5,670	-	-	-	41,613
Communication - Printing	9,259	-	-	-	60,367	2,394	-	-	-	72,020
Comm - Telephone/ fax/ pager	-	1,124	-	798	25,227	-	-	-	-	27,149
Equipment purch./repair/maintenance	31,591	878	4,779	21,773	23,115	3,202	-	-	-	85,338
Fundraising events	-	-	-	-	-	37,505	-	-	-	37,505
Graduation	-	-	40,703	-	-	-	-	-	-	40,703
Insurance	-	5,808	10,767	5,560	50,520	-	-	-	-	72,655
Library books and periodicals	21,507	-	-	-	-	-	-	-	-	21,507
Magazine drive subscriptions	-	-	-	-	-	51,932	-	-	-	51,932
Membership dues	3,028	-	850	145	5,572	-	-	-	-	9,595
Occupancy - Cleaning contract	-	-	-	187,762	-	-	-	-	-	187,762
Occupancy - General	-	1,300	-	36,850	-	-	-	-	-	38,150
Occupancy - Repairs & maintenance	-	7,942	-	140,493	-	-	-	-	-	148,435
Occupancy - Utilities	-	-	-	247,500	-	-	-	-	-	247,500
Other	3,967	-	3,326	1,244	26,446	6,785	-	-	-	41,758
Professional services	-	20,653	17,880	-	4,994	-	-	-	-	43,537
Seminars & conferences	9,264	-	631	2,059	4,964	-	-	-	-	16,918
Student activity events	-	-	319,001	-	-	-	-	-	-	319,001
Student Advanced Placement program	23,088	-	-	-	-	-	-	-	-	23,088
Student field trips	56,542	-	-	-	-	-	-	-	-	56,542
Student programs - testing/ other	26,132	7,596	3,131	-	4,033	-	-	-	-	40 892
Substitute teachers - part time	30,728	-	-	-	-	-	-	-	-	30,728
Supplies - Classroom/ lab/ education	40,850	-	2,751	-	-	-	-	-	-	43,601
Supplies - Office	10,257	-	310	79	17,794	-	-	-	-	28,440
Supplies - Technology	53,314	-	-	-	-	-	-	-	-	53,314
Theater productions	-	-	8,114	-	-	-	-	-	-	8,114
Travel and meetings	4,852	1,415	22,947	4,625	24,669	940	-	-	-	59,448
Total	378,425	305,815	511,081	648,918	377,896	108,428	835,344	144,578	3,623	3,314,108
Total	6,326,540	305,815	906,087	1,006,259	1,281,931	207,391	835,344	144,578	3,623	11,017,568
Allocation of maintenance expenses	705,174	34,087	100,995	(1,006,259)	142,887	23,116	-	-	-	-
Total expenses	$ 7,031 714	$ 339,902	$ 1,007,082	$ -	$ 1,424,818	$ 230,507	$ 835,344	$ 144,578	$ 3,623	$ 11,017,568

The accompanying notes are an integral part of the financial statements.

Saint Mark's High School
Statement of Functional Expenses
For the Year Ended June 30, 2001

	Academic Programs	Auxiliary Programs	Student Activities	Maintenance & Utilities	General & Administrative	Fund Raising	Capital Expenses	Contributions to Diocesan Held Funds	Non-operating Expenses	2001 Total
Payroll and related expenses	$ 5,510,142	$ 7,664	$ 346,361	$ 328,535	$ 853,622	$ 88,228	$ -	$ -	$ -	$ 7,134,552
Other expenses:										
Capital exp. - Academic	-	-	-	-	-	-	178,701	-	-	178,701
Capital exp - Auxiliary / convent	-	-	-	-	-	-	23,232	-	-	23,232
Capital exp - Student activities	-	-	-	-	-	-	7,597	-	-	7,597
Capital exp - Administrative	-	-	-	-	-	-	54,837	-	-	54,837
Capital exp. - Maintenance	-	-	-	-	-	-	392,053	-	-	392,053
Capital exp. - Restricted	-	-	-	-	-	-	91,585	-	-	91,585
Capital replacement fund	-	-	-	-	-	-	-	108,000	-	108,000
Operating reserve fund	-	-	-	-	-	-	-	777	-	777
SMHS Educational Trust	-	-	-	-	-	-	-	65,775	-	65,775
Grant expenditures - Academic	-	-	-	-	-	-	-	-	4,515	4,515
Grant expenditures - Activities/ Other	-	-	-	-	-	-	-	-	5,500	5,500
Grant expenditures - Maintenance	-	-	-	-	-	-	-	-	25,000	25,000
Advertising	-	-	-	-	53,880	-	-	-	-	53,880
Athletic events	-	-	11,924	-	-	-	-	-	-	11,924
Athletic equipment	-	-	37,231	-	-	-	-	-	-	37,231
Athletic officials fees	-	-	19,451	-	-	-	-	-	-	19,451
Audit	-	-	-	-	20,000	-	-	-	-	20,000
Books and printed material	5,410	-	-	-	1,526	-	-	-	-	7,936
Bus program	3,274	265,000	-	-	-	-	-	-	-	268,274
Clergy & Religious	-	3,039	-	-	9,857	-	-	-	-	12,896
Communication - Copier	45,171	-	-	-	18,680	-	-	-	-	63,851
Communication - Postage & shipping	-	-	-	-	26,282	7,132	-	-	-	35,414
Communication - Printing	6,618	-	-	-	61,912	3,247	-	-	-	71,777
Comm.- Telephone/ fax/ pager	-	1,087	-	1,127	22,057	-	-	-	-	24,271
Equipment purch./repair/maintenance	35,733	267	4,523	21,167	18,579	1,835	-	-	-	82,104
Fundraising events	-	-	-	-	-	49,390	-	-	-	49,390
Graduation	-	-	40,017	-	-	-	-	-	-	40,017
Insurance	-	7,155	6,970	4,970	50,490	-	-	-	-	69,585
Library books and periodicals	15,343	-	-	-	-	-	-	-	-	15,343
Magazine drive subscriptions	-	-	-	-	-	61,923	-	-	-	61,923
Membership dues	3,536	-	137	130	4,512	-	-	-	-	8,315
Occupancy - Cleaning contract	-	-	-	171,741	-	-	-	-	-	171,741
Occupancy - General	-	1,080	-	32,728	-	-	-	-	-	33,808
Occupancy - Repairs & maintenance	-	2,998	-	96,971	-	-	-	-	-	99,969
Occupancy - Utilities	-	2,230	-	248,273	-	-	-	-	-	250,503
Other	2,970	-	30	1,166	36,389	772	-	-	-	41,267
Professional services	-	19,897	16,500	-	3,894	-	-	-	-	40,291
Seminars & conferences	11,491	-	800	-	2,491	-	-	-	-	14,782
Student activity events	-	-	333,890	-	-	-	-	-	-	333,890
Student Advanced Placement program	25,678	-	-	-	-	-	-	-	-	25,678
Student field trips	-	-	-	-	-	-	-	-	-	-
Student programs - testing/ other	25,563	3,543	2,413	-	6,205	-	-	-	-	37,724
Substitute teachers - part time	26,202	-	-	-	-	-	-	-	-	26,202
Supplies - Classroom/ lab/ education	48,585	-	2,357	-	-	-	-	-	-	50,942
Supplies - Office	6,609	-	2,990	40	13,815	80	-	-	-	23,534
Supplies - Technology	52,582	-	-	-	-	-	-	-	-	52,582
Theater productions	-	-	10,094	-	-	-	-	-	-	10,094
Travel and meetings	965	1,292	18,121	3,299	25,394	213	-	-	-	49,284
Total	316,670	307,588	507,448	581,812	377,963	124,592	748,105	174,552	35,015	3,173,545
Total	5,826,812	315,252	853,809	910,147	1,231,585	212,820	748,105	174,552	35,015	10,308,097
Allocation of maintenance expenses	628,329	33,995	92,069	(910,147)	132,806	22,948	-	-	-	-
Total expenses	$ 6,455,141	$ 349,247	$ 945,878	$ -	$ 1,364,391	$ 235,768	$ 748,105	$ 174,552	$ 35,015	$ 10,308,097

The accompanying notes are an integral part of the financial statements.

Saint Mark's High School
Statements of Cash Flows
For the Years Ended June 30, 2002 and 2001

	2002	2001
Cash flows from operating activities:		
Change in net assets	$ 6,188	$ 3,293
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Bad debt expense	4,699	3,177
Capital expenditures	835,344	748,105
Net depreciation on investments	52,631	19,861
Changes in assets and liabilities:		
Tuition receivable	(19,123)	(9,057)
Pledge receivable	-	20
Other assets	(3,510)	20,769
Accounts payable	18,487	57,832
Accrued liabilities	70,035	63,119
Deferred income	(113,795)	101,659
Third-party funds	4,401	(10,920)
Refundable advances	1,021	(4,757)
Net cash provided by operating activities	856,378	993,101
Cash flows from investing activities:		
Capital expenditures	(835,344)	(748,105)
Deposit into bank CD's	(301,000)	-
Deposit into pooled investment	(200,000)	(211,531)
Net cash used in investing activities	(1,336,344)	(959,636)
Cash flows from financing activities:		
Payment on note payable	(45,000)	(45,000)
Net cash used in financing activities	(45,000)	(45,000)
Net decrease in cash and cash equivalents	(524,966)	(11,535)
Cash and cash equivalents at beginning of year	1,137,450	1,148,985
Cash and cash equivalents at end of year	$ 612,484	$ 1,137,450
Supplemental disclosures of cash flow information:		
Capital expenses included in accounts payable	$ 52,132	$ 168,692

The accompanying notes are an integral part of the financial statements.

1. **Summary of Significant Accounting Policies**

Nature of Operations
Saint Mark's High School (Saint Mark's) was established by the Catholic Diocese of Wilmington, Inc. (the Diocese) to foster Catholic education, which is a creative and living process which seeks to develop the individual wholly and fully. Saint Mark's is committed to creating the finest Catholic and Christian leaders by cultivating each student spiritually, socially, intellectually, and physically. Based upon the principles and values of the Gospels and traditions of Catholic doctrine, the Saint Mark's program offers opportunities for religious formation and practice, a curriculum of academic excellence and a wide variety of extra- and co-curricular activities.

These statements present the operating results of Saint Mark's, which is an operating segment of the Diocese of Wilmington Schools, Inc.

Basis of Reporting
Saint Mark's reports using the accrual basis of accounting. The preparation of financial statements in conformity with generally accepted accounting principles 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.

Financial Statement Presentation
Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. A description of the three net asset classifications follows:

- *Unrestricted Net Assets* include those assets that are available for the support of operations and whose use is not externally restricted, although their use may be limited by other factors such as by contract or board designation.

- *Temporarily Restricted Net Assets* include gifts for which donor imposed restrictions have not been met, and pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted.

- *Permanently Restricted Net Assets* include gifts, trusts, and pledges which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions. As of June 30, 2002 and 2001 there were no permanently restricted net assets.

Contributions
Noncash contributions are recorded at fair market value on the date of donation. Contributions of cash and other non-capital assets are reported as temporarily restricted operating revenue if the contributions are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose for the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions which are received and expended within the same fiscal year are reported as unrestricted revenues.

Cash and Cash Equivalents
Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less and a no-penalty certificate of deposit that is convertible on demand. Saint Mark's investments in cash and cash equivalents are interest-bearing. At times, these amounts may exceed federally insured limits.

Investments
Investments are stated at fair value. Investment income on the statement of activities includes interest and dividends and realized and unrealized gains and losses, net of consulting and custodial costs.

Saint Mark's participates with the Diocese and other affiliated organizations in an investment pool which is held in a custody account at Mellon Trust. The pool is invested in a combination of fixed income, equity securities, and mutual funds.

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

Saint Mark's also invests in bank certificates of deposit (CD's) with maturities greater than 90 days, but less than one year.

Pledges Receivable
Unconditional promises to give cash and other assets are reported at fair value as pledges receivable and contributions in the period the promise is received. Unconditional promises that are expected to be collected in future years are recorded at the net present value of their estimated 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. Conditional promises are not included as support until the conditions are substantially met.

Land, Buildings, and Improvements

Land, buildings, and certain land and building improvements are capitalized based on historical cost. All other long-lived assets are expensed at the time of purchase (except assets utilized pursuant to a capitalized lease – see footnote 5).

Accrued Liabilities - Faculty Contracts Payable
Saint Mark's Professional Employee Contracts for faculty are for the ten-month period from August 20, 2001 through June 20, 2002 and August 20, 2000 through June 20, 2001, respectively. Many faculty voluntarily elect to receive their payment for services over twelve months, rather than ten. At year-end, Saint Mark's records a liability for earned but unpaid faculty compensation including the related payroll taxes. As of June 30, 2002 and 2001, Saint Mark's had accrued liabilities-faculty contracts payable of $754,580 and $697,637, respectively.

Deferred Income
Deferred income of Saint Mark's represents tuition, fees, bus deposits, math & science camp fees, certain donations and grants received in advance for the fiscal 2002 – 2003 and 2001 – 2002 school years.

Vacation
Saint Mark's recognizes the cost of vested vacation pay as earned by employees.

Contributed Services
Saint Mark's receives services from unpaid volunteers in organizing activities for students and various Saint Mark's programs. The value of these contributed services is not reflected in the accompanying financial statements since the services provided by the volunteers do not require specialized skills and would not be purchased by Saint Mark's if the volunteer services were not available.

Description of Program and Supporting Services
The following program and supporting services are included in the accompanying financial statements:

Academic programs. Provide quality secondary education based on a core curriculum and a broad spectrum of electives which enables students to recognize and challenge their individual abilities; foster knowledge; stimulate interest; facilitate a dynamic, creative curriculum that motivates students to think critically, analyze data and draw conclusions; provide pastoral care program and religious education as an integral part of student's education; instill a distinctive Catholic atmosphere of lived Gospel values and principles and the traditions of Catholicism; include facilities, classrooms, and laboratories with the technology and equipment needed to educate for future learning and life.

Auxiliary programs. Includes the operations of the bus program, cafeteria, vending machines, parking, convent, facility rental and commission from bookstore sales.

Student activities. Includes all extracurricular activities such as proms, dances, graduation expenses, athletic contests, theater productions, and retreat expenses.

Expense Allocation
The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reclassifications
Certain balances in the 2001 statements have been reclassified to conform to the 2002 presentation.

2. **Concentration of Credit Risk**

The financial instruments that are exposed to concentrations of credit risk consist primarily of cash equivalents. The cash equivalents are high-quality, short-term securities placed with institutions with high credit ratings. Saint Mark's has accounts with Citizens Bank, PNC Bank, and Wilmington Trust. At times these accounts may exceed federally insured limits.

3. **Tuition Receivable**

At June 30, 2002 and 2001, tuition receivable consisted of the following:

	2002	2001
Tuition receivable	$ 174,969	$ 160,545
Less: Allowance for uncollectibles	(112,000)	(112,000)
	$ 62,969	$ 48,545

During 2002, Saint Mark's wrote off $11,453 in aged receivable balances, which had been fully reserved. This write-off did not impact the Statement of Activities and Changes in Net Assets.

4. **Investments**

The composition of investments as of June 30, 2002 and 2001 was as follows:

	2002	2001
Cash and cash equivalents	$ 55,682	$ 5,449
Fixed income	233,987	193,997
Domestic equity	411,792	379,218
International equity	120,583	96,011
Subtotal pooled investments	822,044	674,675
Bank certificates of deposit	301,000	-
Total investments	$1,123,044	$674,675

The fair value of these investments was determined based on quoted market prices at June 30, 2002 and 2001.

Investment income for the year ended June 30, 2002 and 2001 consisted of the following:

	2002	2001
Interest and dividends	$ 11,903	$ 11,531
Net (depreciation)	(64,534)	(19,861)
Pooled investment income	(52,631)	(8,330)
Bank CD interest	1,000	-
Total investment income	$ (51,631)	$ (8,330)

The pooled investment income is net of custodial and advisory fees in the amount of $4,877 and $3,382 in 2002 and 2001, respectively.

5. Land, Buildings, and Improvements

Saint Mark's building and the land upon which it sits are owned by the Diocese of Wilmington Schools, Inc., of which Saint Mark's is an operating segment. In lieu of rental expense, Saint Mark's is responsible for all annual repairs, maintenance and capital expenditures.

In 2002 Saint Mark's leased 120 Apple laptop computers for all faculty to use in their jobs. The lease is accounted for as a capital lease. The laptops were placed into service in the 2002-2003 school year. Saint Mark's expects to depreciate them over two years.

At June 30, 2002 and 2001, land, buildings, and improvements consisted of the following:

	2002	2001
Land and improvements	$ 783,500	$ 783,500
Building and improvements	9,641,105	9,641,105
Leased computers	224,160	-
	$10,648,765	$10,424,605

6. Deferred Income

At June 30, 2002 and 2001 deferred income consisted of the following:

	2002	2001
Tuition fees, and bus	$1,153,133	$1,245,796
Math & science camp/ other	6,900	9,700
Development	8,290	26,622
	$1,168,323	$1,282,118

7. Third-Party Funds

Third-party funds represent money held and accounted for by the finance office of Saint Mark's for the benefit of various organizations and clubs.

As of June 30, 2002 and 2001 these funds were the property of the following:

	2002	2001
Athletics Association Fund	$31,251	$18,792
Band Boosters Fund	9,859	8,740
Chorus Fund	4,534	5,314
Class Reunion Fund	-	(1,100)
Field Trip Fund	-	8,971
Student Activities Fund	24,913	25,438
	$70,557	$66,156

8. Refundable Advances

The State of Delaware transportation grant is classified as an agency or "pass through" transaction. Accordingly, Saint Mark's does not record revenue or expense from this program. The activity in the refundable advance account is reported as follows:

	2002	2001
Refundable advances, beginning of year	$226,549	$231,306
Grant awards received	211,116	205,714
Grant expenditures	(210,095)	(210,471)
Refundable advances, end of year	$227,570	$226,549

9. **Note Payable**

The Diocese advanced $400,000 to Saint Mark's for improvement to its roof. This loan is in the form of a note payable, and is non-interest bearing with remaining repayment terms of $45,000 per year through 2005. The balance as of June 30, 2002 and 2001 was $180,000 and $225,000, respectively.

10. **Leases**

In 2002 Saint Mark's signed a $224,160 non-interest lease with GE Capital for 120 Apple laptop computers. The contract calls for two annual payments of $112,040, due December 2002 and 2003. The lease liability is classified in notes payable.

Saint Mark's leases copiers under operating leases expiring in various years through January 2004. Rental expense for the years ended June 30, 2002 and 2001 was $62,853 and $45,366, respectively.

Future minimum rental payments at June 30, 2002, under agreements classified as operating leases with noncancelable terms in excess of one year, are as follows:

2003	$ 57,483
2004	28,741
Total	$ 86,224

11. **Pension Plans**

The Diocese sponsors a noncontributory defined benefit pension plan covering all full-time lay employees of the Diocese, including Saint Mark's. The Plan calls for benefits to be paid to eligible employees at retirement based on compensation, as defined in the Plan document. The Diocese incurred expense on behalf of Saint Mark's of approximately $391,000 and $346,000 for the years ended June 30, 2002 and 2001, respectively. Saint Mark's does not reimburse the Diocese for this cost. Accordingly, Saint Mark's recorded this transaction as public support-Diocesan contributions and an increase in benefit expense.

12. **Related Party Transactions**

Certain members of Saint Mark's board are also board members of the Diocese, a related entity.

Saint Mark's receives contributions and grants from the Diocese and the Catholic Diocese Foundation. These entities are related to Saint Mark's through common control. A summary of the contributions and grants received from these entities for the years ended June 30, 2002 and 2001 is as follows:

	2002	2001
Revenue and support - Diocesan contributions:		
Catholic Diocese of Wilmington:		
Annual Catholic Appeal	$ 188,000	$ 188,000
Saint Mark's Educational Trust - financial aid	70,000	-
Scholarships	32,000	39,040
Vision - financial aid	9,600	14,900
Pension, LTD and Life insurance	456,000	404,000
Capital replacement fund	342,597	25,000
Saint Mark's reserve fund	29,000	28,000
Catholic Diocese Foundation:		
Capital projects	80,000	78,000
	$ 1,207,197	$ 776,940

For the years ended 2002 and 2001, the Diocese also paid Saint Mark's convent rent of $3,300 and $3,060, respectively, which Saint Mark's reports as auxiliary program revenue.

Saint Mark's contributes to funds held and administered by the Diocese and the Diocese of Wilmington Schools, Inc. These entities are related to Saint Mark's through common control. A summary of the contributions to these entities for the years ended June 30, 2002 and 2001 is as follows:

	2002	2001
Contributions to Catholic Diocese of Wilmington held funds:		
St. Mark's Capital Replacement Fund	$ 114,000	$ 108,000
St. Mark's Long Range Plan Operating Reserve Fund	17,378	777
St. Mark's Educational Trust	13,200	65,775
	$ 144,578	$ 174,552
Contributions to Diocese of Wilmington Schools, Inc. held funds:		
Bus Program (included in auxiliary expense)	$ 257,040	$ 265,000

13. Income Taxes

Diocese of Wilmington Schools, Inc., of which Saint Mark's is an operating segment, is a not-for-profit corporation which has been granted exempt status from federal taxation under Section 501(c)(3) of the Internal Revenue Code.

St. Mark's High School

Financial Statements
For the Years Ended June 30, 2000 and 1999

St. Mark's High School
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For the Years Ended June 30, 2000 and 1999

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Report of Independent Accountants

To the Board of Directors
Diocese of Wilmington Schools, Inc.
St. Mark's High School
Wilmington, Delaware

We have audited the accompanying balance sheets of St. Mark's High School (St. Mark's) as of June 30, 2000 and 1999, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of St. Mark's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as discussed in the following paragraph, we conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

St. Mark's has not adopted Statement of Financial Accounting Standards No. 93 (SFAS 93), "Recognition of Depreciation by Not-for-Profit Organizations," which requires not-for-profit organizations to recognize depreciation as a cost of using up the future economic benefits of their long-lived tangible assets. Also, certain equipment is expensed at the time of purchase that, in our opinion, should be capitalized in order to conform to generally accepted accounting principles. If buildings and building improvements were depreciated and certain equipment were capitalized, land, buildings and building improvements and net assets would be decreased by approximately $4,557,000 and $4,724,000 at June 30, 2000 and 1999, respectively. Additionally, changes in net assets would decrease by approximately $167,000 and $224,000 for the years ended June 30, 2000 and 1999, respectively.

In our opinion, except for the effect of not recognizing depreciation expense of buildings and building improvements and of not capitalizing certain equipment as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of St. Mark's as of June 30, 2000 and 1999, and the changes in its net assets and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

PricewaterhouseCoopers LLP

September 15, 2000

St. Mark's High School
Balance Sheets
As of June 30, 2000 and 1999

	2000			1999
	Unrestricted	Temporarily Restricted	Total	Total
Assets				
Cash and cash equivalents	$ 882,223	S 266,762	$ 1,148,985	$ 1,554,827
Tuition receivable, net	42,665		42,665	51,026
Pledges receivable, net		20	20	62,318
Investments	483,005		483,005	100,089
Other assets	45,409		45,409	10,325
Land, buildings, and improvements	10,424,605		10,424,605	10,424,605
Due from/(to) related net assets	20	(20)	-	-
Total assets	$ 11,877,927	$ 266,762	$ 12,144,689	$ 12,203,190
Liabilities and net assets				
Accounts payable	211,148		211,148	290,959
Accrued liabilities	730,057		730,057	704,255
Deferred income	1,176,594	3,865	1,180,459	1,200,498
Third-party funds	77,076		77,076	60,138
Refundable advances - state and federal funding		231,306	231,306	220,066
Note payable	270,000		270,000	315,000
Total liabilities	2,464,875	235,171	2,700,046	2,790,916
Net assets:				
Unrestricted	9,413,052		9,413,052	9,412,274
Temporarily restricted		31,591	31,591	-
Total net assets	9,413,052	31,591	9,444,643	9,412,274
Total liabilities and net assets	$ 11,877,927	$ 266,762	$ 12,144,689	$ 12,203,190

The accompanying notes are an integral part of the financial statements.

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St. Mark's High School
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2000

	Unrestricted	Temporarily Restricted	Total
Revenue and support:			
Public support:			
Diocesan contributions	$ 726,440		$ 726,440
Other contributions	307,490	$ 200,000	507,490
State and Federal funding	71,169		71,169
Total public support	1,105,099	200,000	1,305,099
Other revenue:			
Tuition and fees	7,705,994		7,705,994
Auxiliary programs	478,977		478,977
Student activities	256,494		256,494
Other	115,303		115,303
Total other revenue	8,556,768	-	8,556,768
Total revenue and support	9,661,867	200,000	9,861,867
Expenses:			
Academic programs	6,113,613		6,113,613
Auxiliary programs	446,335		446,335
Student activities	813,304		813,304
General and administrative	1,331,592		1,331,592
Fundraising	213,589		213,589
Capital expenditures	699,367		699,367
Contributions to Diocesan-held funds	205,854		205,854
Other non-operating expenses	5,845		5,845
Total expenses	9,829,499	-	9,829,499
Total revenue and support less total expenses	(167,632)	200,000	32,368
Net assets released from restrictions	168,409	(168,409)	-
Changes in net assets	777	31,591	32,368
Net assets at beginning of year	9,412,275	-	9,412,275
Net assets at end of year	$9,413,052	$ 31,591	$9,444,643

The accompanying notes are an integral part of the financial statements.

DOW 03340

St. Mark's High School
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 1999

	Unrestricted	Temporarily Restricted	Total
Revenue and support:			
Public support:			
Diocesan contributions	$ 785,263		$ 785,263
Other contributions	283,796		283,796
State and Federal funding	71,961		71,961
Total public support	1,141,020	-	1,141,020
Other revenue:			
Tuition and fees	7,109,844		7,109,844
Auxiliary programs	477,235		477,235
Student activities	181,408		181,408
Other	105,188		105,188
Total other revenue	7,873,675	-	7,873,675
Total revenue and support	9,014,695	-	9,014,695
Expenses:			
Academic programs	5,550,563		5,550,563
Auxiliary programs	569,359		569,359
Student activities	541,720		541,720
General and administrative	1,432,543		1,432,543
Fundraising	135,136		135,136
Capital expenditures	525,966		525,966
Contributions to Diocesan-held funds	229,100		229,100
Other non-operating expenses	24,074		24,074
Total expenses	9,008,461	-	9,008,461
Total revenue and support less total expenses	6,234	-	6,234
Changes in net assets	6,234		6,234
Net assets at beginning of year	9,406,040	-	9,406,040
Net assets at end of year	$9,412,274	-	$9,412,274

The accompanying notes are an integral part of the financial statements.

St. Mark's High School
Statement of Functional Expenses
For the Year Ended June 30, 2000

	Academic Programs	Auxiliary Programs	Student Activities	Maintenance and Utilities	General & Administrative	Fund Raising	Capital Expenses	Contributions to Diocesan Held Funds	Non-operating Expenses	Total
Payroll and related expenses	$5,190,759	$ 7,184	$312,391	$ 332,773	$ 840,997	$ 84,177	-	-	-	$6,768,281
Other expenses:										
Capital expenses – Academic	-	-	-	-	-	-	$ 235,174	-	-	235,174
Capital expenses – Auxiliary/conve	-	-	-	-	-	-	36,623	-	-	36,623
Capital expenses – Student activitie	-	-	-	-	-	-	7,133	-	-	7,133
Capital expenses – Administrative	-	-	-	-	-	-	32,207	-	-	32,207
Capital expenses – Maintenance	-	-	-	-	-	-	219,821	-	-	219,821
Capital expenses – restricted	-	-	-	-	-	-	168,409	-	-	168,409
Capital replacement fund	-	-	-	-	-	-	-	$ 182,000	-	182,000
Operating reserve fund	-	-	-	-	-	-	-	6,234	-	6,234
SMHS Education Trust	-	-	-	-	-	-	-	17,620	-	17,620
Grant expenditures – Academic	-	-	-	-	-	-	-	-	$3,345	3,345
Grant expenditures – Activities	-	-	-	-	-	-	-	-	2,500	2,500
Advertising	-	-	-	-	43,348	-	-	-	-	43,348
Advanced Placement program	25,369	-	-	-	-	-	-	-	-	25,369
Athletic contests	-	-	16,135	-	-	-	-	-	-	16,135
Athletic equipment	-	-	34,223	-	-	-	-	-	-	34,223
Athletic officials fees	-	-	20,560	-	-	-	-	-	-	20,560
Audit and accounting services	-	-	-	-	19,000	-	-	-	-	19,000
Books and printed material	6,272	-	-	-	1,168	-	-	-	-	7,440
Bus program	-	265,000	-	-	-	-	-	-	-	265,000
Clergy and religious	-	4,550	-	-	9,285	-	-	-	-	13,835
Communication - postage and shipping	-	-	-	-	39,736	430	-	-	-	40,166
Communication - printing	57,948	-	-	-	74,178	5,189	-	-	-	137,315
Communication - telephone	-	1,003	-	805	24,475	-	-	-	-	26,283
ipment purchase and maintenance	21,720	895	4,129	19,533	5,823	1,570	-	-	-	53,670
Fundraising events	-	-	-	-	-	39,624	-	-	-	39,624
Graduation	-	-	43,311	-	-	-	-	-	-	43,311
Insurance	-	6,608	-	4,713	50,411	-	-	-	-	61,732
Library books and periodicals	26,204	-	-	-	-	-	-	-	-	26,204
Magazine drive subscriptions	-	65,575	-	-	-	-	-	-	-	65,575
Membership dues	3,786	-	115	265	3,981	-	-	-	-	8,147
Occupancy - Cleaning contract	-	-	-	164,709	-	-	-	-	-	164,709
Occupancy - general	-	1,470	-	34,747	-	-	-	-	-	36,217
Occupancy - repairs and maintenance	-	3,018	-	105,062	-	-	-	-	-	108,080
Occupancy - utilities	-	2,531	-	244,555	-	-	-	-	-	247,086
Other	16,965	-	357	925	31,609	58,965	-	-	-	108,821
Professional services	-	19,101	12,089	4,659	7,132	-	-	-	-	42,981
Public relations	-	-	-	-	10,936	-	-	-	-	10,936
Seminars and conferences	17,806	-	698	-	4,461	375	-	-	-	23,340
Student activity events	-	-	245,814	-	-	-	-	-	-	245,814
Student programs/testing	3,066	7,714	1,700	-	2,094	-	-	-	-	14,574
Substitute teachers - part-time	22,660	-	-	-	-	-	-	-	-	22,660
Supplies - A.V. and technology	38,421	-	-	-	-	-	-	-	-	38,421
Supplies - classroom/lab/education	45,626	-	2,299	-	-	-	-	-	-	47,925
Supplies - office	5,554	-	3,310	-	10,169	640	-	-	-	19,673
Theater production expense	-	-	11,999	-	-	-	-	-	-	11,999
Travel and meetings	3,110	3,772	20,584	3,876	15,930	667	-	-	-	47,939
Vending machine expenses	-	12,040	-	-	-	-	-	-	-	12,040
Total	294,507	393,277	417,323	583,849	353,736	107,460	699,367	205,854	5,845	3,061,218
Total	5,485,266	400,461	729,714	916,622	1,194,733	191,637	699,367	205,854	5,845	9,829,499
Allocation of maintenance expenses	628,347	45,874	83,590	(916,622)	136,859	21,952	-	-	-	-
Total expenses	$6,113,613	$ 446,335	$ 813,304	-	$1,331,592	$213,589	$ 699,367	$205,854	$5,845	$9,829,499

The accompanying notes are an integral part of the financial statements.

DOW 03342

St. Mark's High School
Statement of Functional Expenses
For the Year Ended June 30, 1999

	Academic Programs	Auxiliary Programs	Student Activities	Maintenance and Utilities	General & Administrative	Fund Raising	Capital Expenses	Contributions to Diocesan-held Fund	Non-operating Expenses	Total
Payroll and related expenses	$4,809,177	$121,847	$380,633	$ 318,930	$ 864,354	$ 79,426	-	-	-	$6,374,367
Other expenses:										
Capital expenses – Academic	-	-	-	-	-	-	$ 76,732	-	-	76,732
Capital expenses – Auxiliary	-	-	-	-	-	-	12,940	-	-	12,940
Capital expenses – Student activities	-	-	-	-	-	-	8,471	-	-	8,471
Capital expenses – Administrative	-	-	-	-	-	-	10,031	-	-	10,031
Capital expenses – Maintenance	-	-	-	-	-	-	417,792	-	-	417,792
Capital replacement fund	-	-	-	-	-	-	-	$ 184,000	-	184,000
Operating reserve fund	-	-	-	-	-	-	-	10,000	-	10,000
SMHS Education Trust	-	-	-	-	-	-	-	35,100	-	35,100
Grant expenditures – Academic	-	-	-	-	-	-	-	-	$ 19,074	19,074
Grant expenditures – Activities	-	-	-	-	-	-	-	-	5,000	5,000
A. V. supplies and materials	36,090	-	-	-	-	-	-	-	-	36,090
Advertising	-	-	-	-	20,816	-	-	-	-	20,816
Athletic contests	-	-	15,540	-	-	-	-	-	-	15,540
Athletic equipment	-	-	31,612	-	-	-	-	-	-	31,612
Athletic officials fees	-	-	19,836	-	-	-	-	-	-	19,836
Audit and accounting services	-	-	-	-	18,500	-	-	-	-	18,500
Books and printed material	10,190	-	-	-	1,043	-	-	-	-	11,233
Bus program	-	265,000	-	-	-	-	-	-	-	265,000
Clergy and religious	-	5,644	-	-	15,453	-	-	-	-	21,097
Conferences and continuing education	9,173	-	780	-	9,089	10	-	-	-	19,052
Dues and subscriptions	4,211	-	182	265	3,830	260	-	-	-	8,748
Educational program supplies	37,408	-	2,980	-	2,486	-	-	-	-	42,874
Equipment purchase and maintenance	22,543	560	3,909	18,237	10,068	2,312	-	-	-	57,629
Fundraising events	-	-	-	-	-	26,275	-	-	-	26,275
Graduation	-	-	33,900	-	-	-	-	-	-	33,900
I[illegible]nce	-	7,526	-	4,713	50,389	-	-	-	-	62,628
books and periodicals	29,989	-	-	-	-	-	-	-	-	29,989
[illegible]zine drive subscriptions	-	67,840	-	-	-	-	-	-	-	67,840
Occupancy	-	3,904	-	249,255	-	-	-	-	-	253,159
Office supplies and operating expenses	7,395	-	3,280	6	10,320	342	-	-	-	21,343
Other	12,886	25	319	447	33,026	1,465	-	-	-	48,168
Part-time substitute teachers	-	-	-	-	20,808	-	-	-	-	20,808
Postage and shipping	-	-	-	-	29,502	6,066	-	-	-	35,568
Printing	2,472	-	-	-	117,518	3,810	-	-	-	123,800
Professional services	-	15,313	11,200	146,670	18,772	-	-	-	-	191,955
Public relations	-	-	-	-	9,341	-	-	-	-	9,341
Repairs and maintenance	-	5,384	-	95,223	-	-	-	-	-	100,607
Student activity events	-	-	149,515	6,058	-	-	-	-	-	155,573
Student programs/testing	-	1,337	2,370	-	12,672	-	-	-	-	16,379
Telephone	-	1,003	-	578	19,505	8	-	-	-	21,094
Theater production expense	-	-	10,802	-	-	-	-	-	-	10,802
Travel and meetings	-	2,290	19,326	3,267	18,190	1,308	-	-	-	44,381
Vending machine expenses	-	13,317	-	-	-	-	-	-	-	13,317
Total	172,357	389,143	305,551	524,719	421,328	41,856	525,966	229,100	24,074	2,634,094
Total	4,981,534	510,990	486,184	843,649	1,285,682	121,282	525,966	229,100	24,074	9,008,461
Allocation of maintenance expenses	569,029	58,369	55,536	(843,649)	146,861	13,854	-	-	-	-
Total expenses	$5,550,563	$569,359	$541,720	-	$1,432,543	$135,136	$525,966	$229,100	$24,074	$9,008,461

The accompanying notes are an integral part of the financial statements.

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St. Mark's High School
Statements of Cash Flows
For the Years Ended June 30, 2000 and 1999

	2000	1999
Cash flows from operating activities:		
Change in net assets	$ 32,368	$ 6,234
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Bad debt expense	66,567	38,000
Capital expenditures	583,030	301,507
Net appreciation on investments	(24,849)	(89)
Changes in assets and liabilities:		
Tuition receivable	(506)	32,288
Pledge receivable	4,598	31,884
Other assets	(35,084)	13,866
Accounts payable	(79,811)	117,758
Accrued liabilities	25,803	11,430
Deferred income	(20,039)	490,663
Third-party funds	16,938	10,100
Refundable advances	11,240	5,135
Net cash provided by operating activities	580,255	1,058,776
Cash flows from investing activities:		
Capital expenditures	(583,030)	(301,507)
Deposit into pooled investment	(350,000)	(100,000)
Reinvestment of interest and dividends into pooled investments	(8,067)	-
Net cash used in investing activities	(941,097)	(401,507)
Cash flows from financing activities:		
Payment on note payable	(45,000)	(45,000)
Net cash used in financing activities	(45,000)	(45,000)
Net (decrease) increase in cash and cash equivalents	(405,842)	612,269
Cash and cash equivalents at beginning of year	1,554,827	942,558
Cash and cash equivalents at end of year	$ 1,148,985	$ 1,554,827
Supplemental disclosures of cash flow information:		
Capital expenses included in accounts payable	$ 116,337	$ 224,459

The accompanying notes are an integral part of the financial statements.

1. **Summary of Significant Accounting Policies**

Nature of Operations
St. Mark's High School (St. Mark's) was established by the Catholic Diocese of Wilmington, Inc. (the Diocese) to foster Catholic education, which is a creative and living process which seeks to develop the individual wholly and fully. St. Mark's is committed to creating the finest Catholic and Christian leaders by cultivating each student spiritually, socially, intellectually, and physically. Based upon the principles and values of the Gospels and traditions of Catholic doctrine, the St. Mark's program offers opportunities for religious formation and practice, a curriculum of academic excellence and a wide variety of extra- and co-curricular activities.

These statements present the operating results of St. Mark's, which is an operating segment of the Diocese of Wilmington Schools, Inc., which is owned by the Diocese.

Basis of Reporting
St. Mark's reports using the accrual basis of accounting. The preparation of financial statements in conformity with generally accepted accounting principles 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.

Financial Statement Presentation
The financial statements have been prepared in accordance with Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-For-Profit Organizations." Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. A description of the three net asset categories follows:

- *Unrestricted Net Assets* include those assets that are available for the support of operations and whose use is not externally restricted, although their use may be limited by other factors such as by contract or board designation.

- *Temporarily Restricted Net Assets* include gifts for which donor imposed restrictions have not been met, and pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted. As of June 30, 1999 there were no temporarily restricted net assets.

- *Permanently Restricted Net Assets* include gifts, trusts, and pledges which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions. As of June 30, 2000 and 1999 there were no permanently restricted net assets.

Contributions
Contributions are recognized as revenue in accordance with Statement of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made." Noncash contributions are recorded at fair market value on the date of donation. Contributions of cash and other non-capital assets are reported as temporarily restricted operating revenue if the contributions are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose for the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions which are received and expended within the same fiscal year are reported as unrestricted revenues.

Cash and Cash Equivalents
Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less and a no-penalty certificate of deposit that is convertible on demand. St. Mark's investments in cash and cash equivalents are interest-bearing. At times, these amounts may exceed federally insured limits.

Investments
Investments are stated at fair value. Investment income on the statement of activities includes interest and dividends and realized and unrealized gains and losses, net of consulting and custodial costs.

St. Mark's participates with the Diocese and other affiliated organizations in an investment pool which is held in a custody account at Mellon Trust. The pool is invested in a combination of fixed income, equity securities, and mutual funds.

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

Pledges Receivable
Unconditional promises to give cash and other assets are reported at fair value as pledges receivable and contributions in the period the promise is received. Unconditional promises that are expected to be collected in future years are recorded at the net present value of their estimated 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. Conditional promises are not included as support until the conditions are substantially met.

Land, Buildings, and Improvements
Land, buildings, and certain land and building improvements are capitalized based on historical cost. All other long-lived assets are expensed at the time of purchase.

Accrued Liabilities - Faculty Contracts Payable
St. Mark's Professional Employee Contracts for faculty are for the ten-month period from August 20, 1999 through June 20, 2000 and August 20, 1998 through June 20, 1999, respectively. Many faculty voluntarily elect to receive their payment for services over twelve months, rather than ten. At year-end, St. Mark's records a liability for earned but unpaid faculty compensation including the related payroll taxes. As of June 30, 2000 and 1999, St. Mark's had accrued liabilities-faculty contracts payable of
$641,157 and $622,765, respectively.

Deferred Income
Deferred income of St. Mark's represents tuition, fees, bus deposits and grants received in advance for the fiscal 2000 – 2001 and 1999 – 2000 school years.

Vacation
St. Mark's recognized the cost of vested vacation pay as earned by employees.

Contributed Services
St. Mark's receives services from unpaid volunteers in organizing activities for students and various St. Mark's programs. The value of these contributed services is not reflected in the accompanying financial statements since the services provided by the volunteers do not require specialized skills and would not be purchased by St. Mark's if the volunteer services were not available.

Description of Program and Supporting Services
The following program and supporting services are included in the accompanying financial statements:

Academic programs. Provide quality secondary education based on a core curriculum and a broad spectrum of electives which enables students to recognize and challenge their individual abilities; foster knowledge; stimulate interest; facilitate a dynamic, creative curriculum that motivates students to think critically, analyze data and draw conclusions; provide pastoral care program and religious education as an integral part of student's education; instill a distinctive Catholic atmosphere of lived Gospel values and principles and the traditions of Catholicism; include facilities, classrooms, and laboratories with the technology and equipment needed to educate for future learning and life.

Auxiliary programs. Includes the operations of the bus program, cafeteria, vending machines, parking, convent, magazine drive, facility rental and commission from bookstore sales.

Student activities. Includes all extracurricular activities such as proms, dances, graduation expenses, athletic contests, theater productions, and retreat expenses.

Expense Allocation
The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reclassifications
Certain balance in 1999 statements have been reclassified to conform to the 2000 presentation.

2. Concentration of Credit Risk

The financial instruments that are exposed to concentrations of credit risk consist primarily of cash equivalents. The cash equivalents are high-quality, short-term securities placed with an institution with high credit ratings. Accordingly, at June 30, 2000 and 1999, St. Mark's had cash of $1,093,361 and $1,730,821, respectively, deposited with PNC Bank.

3. Tuition Receivable

At June 30, 2000 and 1999, tuition receivable consisted of the following:

	2000	1999
Tuition receivable	$514,665	$517,339
Less: Allowance for uncollectibles	(472,000)	(466,313)
	$ 42,665	$ 51,026

4. Pledges Receivable

At June 30, 2000 and 1999, pledges receivable consisted of the following unconditional promises to give:

	2000	1999
Capital campaign	$ 20	$67,701
Less: Allowance for uncollectibles	-	(5,383)
	$ 20	$62,318
Amount due in:		
Less than one year	$ 20	$42,701
One to three years	-	25,000
Total	$ 20	$67,701

5. Investments

In 1999, St. Mark's invested in a Dreyfus Government Cash Management Account. As of June 30, 1999, this investment consisted of cash and cash equivalents in the amount of $100,089. In 2000, St. Mark's participated with the Diocese in an investment pool held in a custody account at Mellon Trust. The composition of pooled investments as of June 30, 2000 was as follows:

Cash and cash equivalents	$ 4,504
Fixed income	148,740
Domestic equity	255,273
International equity	74,488
Total pooled investments	$483,005

The fair value of these investments was determined based on quoted market prices at June 30, 2000 and 1999.

Investment income for the year ended June 30, 2000 consisted of the following:

Interest and dividends	$ 8,067
Net appreciation	24,849
Pooled investment income	$32,916

The pooled investment income is net of custodial and advisory fees in the amount of $1,505.

6. Land, Buildings, and Improvements

St. Mark's building and the land upon which it sits are owned by the Diocese of Wilmington Schools, Inc., of which St. Mark's is an operating segment. In lieu of rental expense, St. Mark's is responsible for all annual repairs, maintenance and capital expenditures.

At June 30, 2000 and 1999, land, buildings, and improvements consisted of the following:

	2000	1999
Land and improvements	$ 783,500	$ 783,500
Building and improvements	9,641,105	9,641,105
	$10,424,605	$10,424,605

7. Deferred Income

At June 30, 2000 and 1999 deferred income consisted of the following:

	2000	1999
Tuition fees, and bus	$1,111,017	$1,044,837
Summer Remedial Program/other	10,650	8,025
Grants	3,865	125,000
Development	54,926	22,636
	$1,180,458	$1,200,498

8. Third-Party Funds

Third-party funds represent money held and accounted for by the finance office of St. Mark's for the benefit of various organizations and clubs.

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As of June 30, 2000 and 1999 these funds were the property of the following:

	2000	1999
Yearbook Fund	$12,855	$12,855
Athletics Association Fund	19,329	18,524
Band Boosters Fund	5,510	5,140
Advance Placement Fund	7,605	7,605
Chorus Fund	5,438	5,605
Class Reunion Fund	3,592	3,868
St. Mark's Student Government Fund	-	1,521
Honor Society Fund	-	426
Field Trip Fund	6,223	4,594
Student Activities Fund	16,524	-
	$77,076	$60,138

9. Refundable Advances

The State of Delaware transportation grant is classified as an agency or "pass through" transaction. Accordingly, St. Mark's does not record revenue or expense from this program. The activity in the refundable advance account is reported as follows:

	2000	1999
Refundable advances, beginning of year	$220,066	$214,931
Grant awards received	211,561	197,162
Grant expenditures	(200,321)	(192,027)
Refundable advances, end of year	$231,306	$220,066

10. Note Payable

The Diocese advanced $400,000 to St. Mark's for improvement to its roof. This loan is in the form of a note payable, and is non-interest bearing with remaining repayment terms of $45,000 per year through 2005. The balance as of June 30, 2000 and 1999 was $270,000 and $315,000, respectively.

11. Leases

St. Mark's leases copiers under operating leases expiring in various years through March 2001. Rental expense for the years ended June 30, 2000 and 1999 was $28,401 and $29,975, respectively.

Minimum future rental payment under non-cancelable operating leases is $16,505 for the year ending June 30, 2001.

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12. **Pension Plans**

The Diocese sponsors a noncontributory defined benefit pension plan covering all full-time lay employees of the Diocese, including St. Mark's. The Plan calls for benefits to be paid to eligible employees at retirement based on compensation, as defined in the Plan document. The Diocese incurred expense on behalf of St. Mark's of approximately $310,000 and $300,000 for the years ended June 30, 2000 and 1999, respectively. St. Mark's does not reimburse the Diocese for this cost. Accordingly, St. Mark's recorded this transaction as public support-Diocesan contributions and an increase in benefit expense.

13. **Related Party Transactions**

Certain members of St. Mark's board are also board members of the Diocese, a related entity.

St. Mark's receives contributions and grants from the Diocese and the Catholic Diocese Foundation. These entities are related to St. Mark's through common control. A summary of the contributions and grants received from these entities for the years ended June 30, 2000 and 1999 is as follows:

	2000	1999
Revenue and support - Diocesan contributions:		
Catholic Diocese of Wilmington:		
Capital replacement fund	-	$ 171,000
Annual Catholic appeal	$ 188,000	178,500
St. Mark's reserve fund	-	28,900
Scholarships	46,940	47,858
Vision scholarships	4,500	6,200
Pension, LTD and Life insurance	364,000	349,800
Catholic Diocese Foundation:		
Capital projects	123,000	3,005
	$ 726,440	$ 785,263

For the years ended 2000 and 1999, the Diocese also paid St. Mark's convent rent of $2,880 and $2,700, respectively, which St. Mark's reports as auxiliary program revenue.

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St. Mark's contributes to funds held and administered by the Diocese and the Diocese of Wilmington Schools, Inc. These entities are related to St. Mark's through common control. A summary of the contributions to these entities for the years ended June 30, 2000 and 1999 is as follows:

	2000	1999
Contributions to Catholic Diocese of Wilmington held funds:		
St. Mark's Capital Replacement Fund	$182,000	$184,000
St. Mark's Long Range Plan Operating Reserve Fund	6,234	10,000
St. Mark's Educational Trust	17,620	35,100
	$205,854	$229,100
Contributions to Diocese of Wilmington Schools, Inc. held funds:		
Bus Program (included in auxiliary expense)	$265,000	$265,000

14. Income Taxes

Diocese of Wilmington Schools, Inc., of which St. Mark's is an operating segment, is a not-for-profit corporation which has been granted exempt status from federal taxation under Section 501(c)(3) of the Internal Revenue Code.

ST. MARK'S HIGH SCHOOL

REPORT ON AUDITS OF FINANCIAL STATEMENTS

for the years ended June 30, 1998 and 1997

ST. MARK'S HIGH SCHOOL

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PRICEWATERHOUSECOOPERS

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Report of Independent Accountants

To the Board of Directors
Diocese of Wilmington Schools, Inc.
St. Mark's High School
Wilmington, Delaware

We have audited the accompanying balance sheets of St. Mark's High School (St. Mark's) as of June 30, 1998 and 1997, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of St. Mark's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as discussed in the following paragraphs, we conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

We were unable to satisfy ourselves as to the cost of sales for the year ended June 30, 1997 in the amount of $537,799, as we were not present at the physical inventory. St. Mark's records do not permit the application of other auditing procedures to bookstore inventory.

In addition, due to the nature of the cash receipts process at the bookstore, we were unable to satisfy ourselves as to the completeness of bookstore sales for the year ended June 30, 1997 in the amount of $624,720.

St. Mark's does not record depreciation on buildings and building improvements included in land, buildings and building improvements in the accompanying balance sheets that, in our opinion, should be recorded in order to conform to generally accepted accounting principles. Also, certain equipment has been expensed at the time of purchase that, in our opinion, should be capitalized in order to conform to generally accepted accounting principles. If buildings and building improvements were depreciated and certain equipment were capitalized, land, buildings and building improvements and net assets would be decreased by approximately $5,347,000 and $4,428,000 at June 30, 1998 and 1997, respectively. Additionally, changes in net assets would decrease by approximately $152,000 and increase by approximately $429,000 for the years ended June 30, 1998 and 1997, respectively.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to verify the quantity of bookstore inventory on hand or apply other auditing procedures to satisfy ourselves as to the inventory quantity, and the completeness of bookstore sales, and except for the effects of not recording depreciation on buildings and building improvements and not capitalizing certain equipment, the financial statements referred to above present fairly, in all material respects, the financial position of St. Mark's as of June 30, 1998 and 1997, and the changes in its net assets and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

PricewaterhouseCoopers LLP

September 15, 1998

DOW 03356

ST. MARK'S HIGH SCHOOL

Balance Sheets
as of June 30, 1998 and 1997

	1998			
	Unrestricted	Temporarily Restricted	Total	1997 Total
Assets:				
Cash and cash equivalents	$ 727,627	$ 214,931	$ 942,558	$ 557,321
Tuition receivable, net	121,314		121,314	152,002
Pledges receivable, net	8,125	86,077	94,202	38,444
Land, buildings, and improvements	10,424,605		10,424,605	10,411,104
Other assets	24,191		24,191	130,584
Due from/(to) related net assets	57,610	(57,610)	-	-
Total assets	$ 11,363,472	$ 243,398	$ 11,606,870	$ 11,289,455
Liabilities and net assets:				
Accounts payable	144,734	28,467	173,201	62,685
Accrued liabilities	692,825		692,825	681,793
Deferred income	709,835		709,835	349,576
Third-party funds	50,038		50,038	45,802
Refundable advances - state and federal funding		214,931	214,931	204,250
Notes payable	360,000		360,000	440,823
Total liabilities	1,957,432	243,398	2,200,830	1,784,929
Net assets:				
Unrestricted	9,406,040		9,406,040	9,504,526
Total net assets	9,406,040	-	9,406,040	9,504,526
Total liabilities and net assets	$ 11,363,472	$ 243,398	$ 11,606,870	$ 11,289,455

The accompanying notes are an integral part of the financial statements.

DOW 03357

ST. MARK'S HIGH SCHOOL

Statement of Activities
for the year ended June 30, 1998

	Unrestricted	Temporarily Restricted	Total
Revenue and support:			
Public support:			
Diocesan contributions	$ 306,375		$ 306,375
Other contributions	200,170	$ 175,005	375,175
State and Federal funding	76,912		76,912
Total public support	583,457	175,005	758,462
Other revenue:			
Tuition and fees	6,863,630		6,863,630
Auxiliary programs	270,672		270,672
Student activities	154,050		154,050
Other	97,044		97,044
Total other revenue	7,385,396	-	7,385,396
Total revenue and support	7,968,853	175,005	8,143,858
Expenses:			
Academic programs	5,033,489		5,033,489
Auxiliary programs	271,864		271,864
Student activities	522,328		522,328
General and administrative	1,329,035		1,329,035
Fundraising	143,607		143,607
Capital expenditures	605,378		605,378
Contributions to Diocesan-held funds	336,643		336,643
Total expenses	8,242,344	-	8,242,344
Total revenue and support less total expenses	(273,491)	175,005	(98,486)
Net assets released from restrictions:			
Satisfaction of capital improvement restrictions	175,005	(175,005)	-
Total net assets released from restrictions	175,005	(175,005)	-
Changes in net assets	(98,486)	-	(98,486)
Net assets at beginning of year	9,504,526	-	9,504,526
Net assets at end of year	$ 9,406,040	-	$ 9,406,040

The accompanying notes are an integral part of the financial statements.

ST. MARK'S HIGH SCHOOL

Statement of Activities
for the year ended June 30, 1997

	Unrestricted	Temporarily Restricted	Total
Revenue and support:			
Public support:			
Diocesan contributions	$ 241,432	$ 71,064	$ 312,496
Other contributions	113,394		113,394
State funding	11,629		11,629
Total public support	366,455	71,064	437,519
Other revenue:			
Tuition and fees	6,712,582		6,712,582
Auxiliary programs	889,614		889,614
Student activities	190,607		190,607
Other	85,757	8,753	94,510
Total other revenue	7,878,560	8,753	7,887,313
Total revenue and support	8,245,015	79,817	8,324,832
Expenses:			
Academic programs	4,805,480		4,805,480
Auxiliary programs	918,631		918,631
Student activities	428,171		428,171
General and administrative	1,246,800		1,246,800
Fundraising	140,463		140,463
Capital expenditures	1,048,200		1,048,200
Contributions to Diocesan-held funds	192,800		192,800
Total expenses	8,780,545	-	8,780,545
Excess of revenue over expenses before forgiveness of debt	(535,530)	79,817	(455,713)
Forgiveness of debt	491,100		491,100
Net assets released from restrictions:			
Satisfaction of program restrictions	76,562	(76,562)	-
Satisfaction of capital improvement restrictions	71,064	(71,064)	-
Total net assets released from restrictions	147,626	(147,626)	-
Changes in net assets	103,196	(67,809)	35,387
Net assets at beginning of year	9,401,330	67,809	9,469,139
Net assets at end of year	$ 9,504,526	-	$ 9,504,526

The accompanying notes are an integral part of the financial statements.

DOW 03359

ST. MARK'S HIGH SCHOOL

Statement of Functional Expenses
for the year ended June 30, 1998

	Academic Programs	Auxiliary Programs	Student Activities	Maintenance and Utilities	General & Administrative	Fund Raising	Capital Expenses	Contributions to Diocesan-held Funds	Total
Payroll and related expenses	$4,331,526	$ 112,748	$ 164,227	$ 286,726	$ 777,743	$ 75,455	-	-	$ 5,748,425
Other expenses:									
Capital expenses - Academic	-	-	-	-	-	-	$ 126,604	-	126,604
Capital expenses - Convent	-	-	-	-	-	-	10,077	-	10,077
Capital expenses - Administrative	-	-	-	-	-	-	7,404	-	7,404
Capital expenses - Maintenance	-	-	-	-	-	-	228,680	-	228,680
Capital expenses - track -budget	-	-	-	-	-	-	57,608	-	57,608
Capital expenses- track-restricted	-	-	-	-	-	-	175,005	-	175,005
Capital replacement fund	-	-	-	-	-	-	-	$ 180,000	180,000
Operating reserve fund	-	-	-	-	-	-	-	124,168	124,168
SMHS Education Trust	-	-	-	-	-	-	-	32,475	32,475
Occupancy	-	8,490	-	258,811	-	-	-	-	267,301
Repairs and maintenance	-	4,779	3,770	108,719	390	-	-	-	117,658
Professional services	-	14,354	9,500	126,718	22,809	19,186	-	-	194,567
Student activity events	-	-	134,228	-	2,985	-	-	-	137,213
Magazine drive subscriptions	-	69,960	-	-	-	-	-	-	69,960
Public relations	-	-	-	-	68,386	-	-	-	68,386
Insurance	-	8,234	-	5,081	49,912	-	-	-	63,227
Printing	735	-	-	-	54,294	2,558	-	-	57,587
Other	1,275	1,387	-	1,323	41,562	5,155	-	-	50,702
Conferences and continuing education	13,860	-	542	-	23,347	357	-	-	38,106
Athletic equipment	-	-	36,198	-	-	-	-	-	36,198
Travel and meetings	-	2,724	20,409	4,373	5,812	2,799	-	-	36,117
Graduation	-	-	35,131	-	-	-	-	-	35,131
Postage and shipping	-	-	-	-	30,455	3,865	-	-	34,320
Library books and periodicals	32,980	-	-	-	-	-	-	-	32,980
A. V. supplies and materials	23,528	-	3,915	-	3,391	-	-	-	30,834
Educational program supplies	28,255	301	-	-	-	-	-	-	28,556
Telephone	-	1,677	-	-	25,274	122	-	-	27,073
Equipment purchase and maintenance	25,712	-	-	-	-	-	-	-	25,712
Office supplies and operating expenses	9,015	-	3,207	4	9,654	783	-	-	22,663
Part-time substitute teachers	-	-	-	-	19,595	-	-	-	19,595
Athletic officials fees	-	-	19,515	-	-	-	-	-	19,515
Fundraising events	-	-	-	-	-	17,363	-	-	17,363
Audit and accounting services	-	-	-	-	17,000	-	-	-	17,000
Vending machine expenses	-	16,465	-	-	-	-	-	-	16,465
Clergy and religious	-	-	2,198	-	14,184	-	-	-	16,832
Dues and subscriptions	8,968	-	531	285	3,785	311	-	-	13,880
Athletic contests	-	-	13,519	-	-	-	-	-	13,519
Books and printed material	10,154	-	-	-	3,197	33	-	-	13,384
Student programs/testing	-	1,175	-	-	10,703	-	-	-	11,878
Theater production expense	-	-	9,386	-	-	-	-	-	9,386
Driver's education expenses	-	-	9,240	-	-	-	-	-	9,240
Total	154,482	129,546	301,289	507,314	406,735	52,532	605,378	336,643	2,493,919
Total	4,486,008	242,294	465,516	794,040	1,184,478	127,987	605,378	336,643	8,242,344
Allocation of maintenance expenses	547,481	29,570	56,812	(794,040)	144,557	15,620	-	-	-
Total expenses	$ 5,033,489	$ 271,864	$ 522,328	-	$ 1,329,035	$ 143,607	$ 605,378	$ 336,643	$ 8,242,344

The accompanying notes are an integral part of the financial statements.

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ST. MARK'S HIGH SCHOOL

Statement of Functional Expenses
for the year ended June 30, 1997

	Academic Programs	Auxiliary Programs	Student Activities	Maintenance	General & Administrative	Fund Raising	Capital Expenses	Contributions to Diocesan-held Funds	Total
Payroll and related expenses	$4,152,942	$ 120,421	$ 155,124	$ 268,532	$ 743,541	$ 48,753	-	-	$5,489,313
Other expenses:									
Capital expenses - roof	-	-	-	-	-	-	$ 468,167	-	468,167
Capital expenses - outfit building	-	-	-	-	-	-	364,952	-	364,952
Capital expenses - track	-	-	-	-	-	-	13,712	-	13,712
Capital expenses - budget	-	-	-	-	-	-	200,159	-	200,159
Cost of goods sold - bookstore	-	537,799	-	-	-	-	-	-	537,799
Bookstore inventory write-off	-	45,894	-	-	-	-	-	-	45,894
Occupancy	-	3,304	-	265,131	-	-	-	-	268,435
Repairs and maintenance	19,245	2,681	3,842	107,228	4,206	-	-	-	137,202
Capital replacement fund	-	-	-	-	-	-	-	$ 167,800	167,800
Operating reserve fund	-	-	-	-	-	-	-	25,000	25,000
Student activity events	-	-	110,399	-	-	-	-	-	110,399
Dues and subscriptions	3,632	65,707	-	170	2,970	-	-	-	72,479
Other	3,925	17,139	7,191	1,525	38,141	47,236	1,210	-	116,367
Printing	399	-	-	-	49,956	10,909	-	-	61,264
Insurance	-	4,178	-	5,036	50,500	-	-	-	59,714
Professional services	-	-	9,200	126,244	8,340	15,181	-	-	158,965
Audit and accounting services	-	-	-	-	57,577	-	-	-	57,577
Public relations	-	-	-	-	54,330	-	-	-	54,330
Travel and meetings	-	2,153	18,900	3,911	3,815	-	-	-	28,779
Postage and shipping expenses	-	-	-	-	23,938	3,840	-	-	27,778
Athletic equipment	30,240	-	-	-	-	-	-	-	30,240
Graduation	-	-	32,786	-	-	-	-	-	32,786
Conferences and continuing education	6,528	-	-	-	30,493	-	-	-	37,021
Office supplies and operating expenses	8,470	209	3,134	-	9,738	-	-	-	21,551
Educational and lab supplies	19,091	-	-	-	-	-	-	-	19,091
Vending machine expenses	-	22,804	-	-	-	-	-	-	22,804
Telephone	-	590	-	-	23,860	-	-	-	24,450
Athletic officials fees	-	-	17,429	-	-	-	-	-	17,429
A.V. supplies and materials	26,323	-	-	-	-	-	-	-	26,323
Consultants	-	-	-	-	-	-	-	-	-
Books and printed material	17,221	-	-	-	7,307	-	-	-	24,528
Athletic contests	-	-	16,064	-	-	-	-	-	16,064
Theater production expense	-	-	9,846	-	-	-	-	-	9,846
Library books and periodicals	12,541	-	-	-	-	-	-	-	12,541
Driver's education expenses	7,923	-	-	-	-	-	-	-	7,923
Food	-	5,530	-	-	-	-	-	-	5,530
Interest expense	-	-	-	-	6,333	-	-	-	6,333
Total	155,538	707,988	228,791	509,245	371,504	77,166	1,048,200	192,800	3,291,232
Total	4,308,480	828,409	383,915	777,777	1,115,045	125,919	1,048,200	192,800	8,780,545
Allocation of maintenance expenses	497,000	90,222	44,256	(777,777)	131,755	14,544	-	-	-
Total expenses	$4,805,480	$ 918,631	$ 428,171	-	$ 1,246,800	$ 140,463	$1,048,200	$ 192,800	$8,780,545

The accompanying notes are an integral part of the financial statements.

DOW 03361

ST. MARK'S HIGH SCHOOL

Statements of Cash Flows
for the years ended June 30, 1998 and 1997

	1998	1997
Cash flows from operating activities:		
Change in net assets	$ (98,486)	$ 35,387
Adjustments to reconcile change in net assets to net cash provided by/(used in) operating activities:		
Capital expenditures	252,802	846,831
Forgiveness of indebtedness		(491,100)
Decrease in tuition receivable, net	30,688	129,312
Decrease/(increase) in pledge receivable, net	(55,758)	90,289
Decrease in bookstore inventory		259,150
Decrease (increase) in other assets	106,393	(125,077)
(Decrease)/increase in accounts payable	110,516	(81,483)
(Decrease)/increase in accrued liabilities	11,032	(141,669)
(Decrease)/increase in deferred income	360,259	(31,575)
(Decrease)/increase in third-party funds	4,236	(14,644)
Increase in refundable advances	10,681	185,262
Contributions restricted for long-term purposes	(76,623)	
Net cash provided by operating activities	655,740	660,683
Cash flows from investing activities:		
Acquisition of building improvements	(13,501)	(71,064)
Capital expenditures	(252,802)	(846,831)
Net cash used in investing activities	(266,303)	(917,895)
Cash flows from financing activities:		
Proceeds from issuance of note payable		400,000
Payment on notes payable	(80,823)	(12,773)
Contributions restricted for long-term purposes	76,623	
Net cash provided by (used in) financing activities	(4,200)	387,227
Net increase in cash and cash equivalents	385,237	130,015
Cash and cash equivalents at beginning of year	557,321	427,306
Cash and cash equivalents at end of year	$ 942,558	$ 557,321
Supplemental disclosures of cash flow information:		
Capital expenses included in accounts payable	$ 86,675	-

The accompanying notes are an integral part of the financial statements.

DOW 03362

ST. MARK'S HIGH SCHOOL

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Nature of Operations:

St. Mark's High School (St. Mark's) was established by the Catholic Diocese of Wilmington, Inc. (the Diocese) to foster Catholic education, which is a creative and living process which seeks to develop the individual wholly and fully. St. Mark's is committed to creating the finest Catholic and Christian leaders by cultivating each student spiritually, socially, intellectually, and physically. Based upon the principles and values of the Gospels and traditions of Catholic doctrine, the St. Mark's program offers opportunities for religious formation and practice, a curriculum of academic excellence and a wide variety of extra- and co-curricular activities.

These statements present the operating results of St. Mark's, which is an operating segment of the Diocese of Wilmington School, Inc.

Basis of Reporting:

St. Mark's reports using the accrual basis of accounting. The preparation of financial statements in conformity with generally accepted accounting principles 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.

Financial Statement Presentation:

The financial statements have been prepared in accordance with Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-For-Profit Organizations." Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. A description of the three net asset categories follows:

- **Unrestricted Net Assets** are those assets that are available for the support of operations and whose use is not externally restricted, although their use may be limited by other factors such as by contract or board designation.

DOW 03363

1. Summary of Significant Accounting Policies, continued:

Financial Statement Presentation, continued:

- **Temporarily Restricted Net Assets** include gifts for which donor imposed restrictions have not been met, and most activity and pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted.

- **Permanently Restricted Net Assets** include gifts, trusts, and pledges which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions.

Contributions:

Contributions are recognized as revenue in accordance with Statement of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made." Noncash contributions are recorded at fair market value on the date of donation. Contributions of cash and other non-capital assets are reported as temporarily restricted operating revenue if the contributions are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose for the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions, which are received and expended within the same fiscal year, are reported as unrestricted revenues.

Cash and Cash Equivalents:

Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less. St. Mark's investments in cash and cash equivalent are interest-bearing. At times, these amounts may exceed federally insured limits.

Pledges Receivable:

Unconditional promises to give cash and other assets are reported at fair value as pledges receivable and contributions in the period the promise is received. Unconditional promises that are expected to be collected in future years are recorded at the net present value of their estimates 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. Conditional promises are not included as support until the conditions are substantially met. St. Mark's is not the recipient of any conditional pledges.

1. Summary of Significant Accounting Policies, continued:

Land, Building, and Improvements:

Land, buildings, and certain land and building improvements are capitalized based on historical cost. All other long-lived assets are expensed at the time of purchase.

Statement of Financial Accounting Standard No. 93 (SFAS 93), "Recognition of Depreciation by Not-For-Profit Organizations," requires not-for-profit organizations to recognize depreciation as a cost of using up the future benefits of their long-lived tangible assets. St. Mark's has not adopted SFAS 93.

Accrued Liabilities - Faculty Contracts Payable:

St. Mark's Professional Employee Contracts for faculty are for the ten-month period from August 20, 1997 through June 20, 1998 and August 20, 1996 through June 20, 1997, respectively. Many faculty voluntarily elect to receive their payment for services over twelve months, rather than ten. At year-end, St. Mark's records a liability for earned but unpaid faculty compensation including the related payroll taxes.

Deferred Income:

Deferred income of St. Mark's represents tuition and fees received in advance for the fiscal 1998 - 1999 and 1997 - 1998 school years, respectively.

Contributed Services:

St. Mark's receives services from unpaid volunteers in organizing activities for students and various St. Mark's programs. The value of these contributed services is not reflected in the accompanying financial statements since the services provided by the volunteers do not require specialized skills and would not be purchased by St. Mark's if the volunteer services were not available.

Description of Program and Supporting Services:

The following program and supporting services are included in the accompanying financial statements:

Academic programs - Provide quality secondary education based on a core curriculum and a broad spectrum of electives which enables students to recognize and challenge their individual abilities; foster knowledge; stimulate interest; facilitate a dynamic, creative curriculum that motivates students to think critically, analyze data and draw conclusions; provide pastoral care program and religious education as an integral part of student's education; instill a distinctive Catholic atmosphere of lived Gospel values and principles and the traditions of Catholicism; include facilities, classrooms, and laboratories with the technology and equipment needed to educate for future learning and life.

1. Summary of Significant Accounting Policies, continued:

Description of Program and Supporting Services, continued:

Auxiliary programs - Includes the operations of the cafeteria, vending machines, parking, convent and the bookstore (for 1997 only).

Student activities - Includes all extracurricular activities such as proms, dances, graduation expenses, athletic contests, theater productions, and retreat expenses.

Expense Allocation:

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

2. Concentration of Credit Risk:

The financial instruments that are exposed to concentrations of credit risk consist primarily of cash equivalents. The cash equivalents are high-quality, short-term securities placed with an institution with high credit ratings. Accordingly, at June 30, 1998 and 1997, St. Mark's had cash of $930,815 and $517,884, respectively, deposited with PNC Bank.

3. Tuition Receivable:

At June 30, 1998 and 1997, tuition receivable consisted of the following:

	1998	1997
Tuition receivable	$ 646,314	$ 623,002
Less: Allowance for uncollectibles	(525,000)	(471,000)
	$ 121,314	$ 152,002

4. Pledges Receivable:

At June 30, 1998 and 1997, pledges receivable consisted of the following unconditional promises to give:

	1998	1997
Capital campaign	$ 105,863	$ 50,705
Less: Allowance for uncollectibles	(11,661)	(12,261)
	$ 94,202	$ 38,444
Amount due in:		
Less than one year	53,338	28,444
One to three years	52,525	22,261
Total	$ 105,863	$ 50,705

5. Land, Buildings, and Improvements:

St. Mark's building and the land upon which it sits are owned by the Diocese of Wilmington Schools, Inc., of which St. Mark's is an operating segment. In lieu of rental expense, St. Mark's is responsible for all annual repairs, maintenance and capital expenditures.

At June 30, 1998 and 1997, land, buildings, and improvements consisted of the following:

	1998	1997
Land and improvements	$ 783,500	$ 783,500
Building and improvements	9,641,105	9,627,604
	$ 10,424,605	$ 10,411,104

6. Deferred Income:

At June 30, 1998 and 1997 deferred income consisted of the following:

	1998	1997
Tuition and fees	$ 653,926	$ 347,251
Summer/other Remedial Program	12,550	2,325
Bus contracts	43,359	
	$ 709,835	$ 349,576

7. Third-Party Funds:

Third-party funds represent money held and accounted for by the finance office of St. Mark' for the benefit of various organizations and clubs.

As of June 30, 1998 and 1997 these funds were the property of the following:

	1998	1997
Yearbook Fund	$ 10,898	$ 10,127
Athletics Association Fund	13,587	7,266
Band Boosters Fund	6,890	11,896
Advance Placement Fund	6,467	5,324
St. Mark's Alumni Fund		1,936
Chorus Fund	5,760	3,480
Class Reunion Fund	2,268	1,146
St. Mark's Student Government Fund	1,577	1,688
M.E.C.C. Computer Program Fund		629
Honor Society Fund	851	851
Field Trip Fund	1,740	1,328
Science Fund		131
	$ 50,038	$ 45,802

8. Refundable Advances:

State funding is classified as refundable advances until expended for the purpose of the grants since they are conditional promises to give. When the conditions of the grants are met, the grant becomes unconditional and is recognized as revenue. The activity in the refundable advance account is reported as follows:

	1998	1997
Refundable advances, beginning of year	$ 204,250	$ 18,988
Grant awards received	206,936	377,175
Grant expenditures	(190,766)	(191,913)
Refund issued	(5,489)	
Refundable advances, end of year	$ 214,931	$ 204,250

9. Notes Payable:

During the year ended June 30, 1997, an advance from the Diocese, a related party, in the amount of $491,000 was forgiven and recorded as an increase to net assets in the statement of activities.

Also, during the year ended June 30, 1997, the Diocese advanced $400,000 to St. Mark's for improvement to its roof. This loan is in the form of a note payable, and is non-interest bearing with repayment terms of $40,000 in 1997 and $45,000 per year for 8 years (1998 - 2005). The balance as of June 30, 1998 and 1997 was $360,000 and $400,000, respectively. In addition, notes payable also includes notes on three copiers, totaling $0 and $40,823, as of June 30, 1998 and 1997, respectively, for which the copiers are collateral for the notes.

10. Leases:

St. Mark's leases eight copiers under operating leases expiring in various years through March 1999. Rental expense for the years ended June 30, 1998 and 1997 was $26,791 and $10,529, respectively.

Minimum future rental payment under non-cancelable operating leases are as follows:

1999	$ 29,603
2000	27,547
2001	16,505
Total	$ 73,655

11. Pension Plans:

The Diocese sponsors a noncontributory defined benefit pension plan covering all full-time lay employees of the Diocese, including St. Mark's. The Plan calls for benefits to be paid to eligible employees at retirement based on compensation, as defined in the Plan document. The Diocese incurred pension expense on behalf of St. Mark's of approximately $254,000 and $240,000 for the years ended June 30, 1998 and 1997, respectively. St. Mark's does not reimburse the Diocese for this cost. As a result, no expenses related to this plan have been reflected in the accompanying financial statements of St. Mark's.

The Diocese has also established a revocable Priests' Retirement and Welfare Trust to cover the health and retirement cost of the clergy of the Diocese. St. Mark's High School makes a contribution to this Trust for the benefit of the priest employed by the School. The contribution for the years ended June 30, 1998 and 1997 was $850 and $650, respectively. St. Mark's also contributed $9,600 and $12,160, respectively, to religious orders towards the retirement of religious women (i.e. nuns) working at St. Mark's.

DOW 03369

12. Related Party Transactions:

Certain members of St. Mark's board are also board members of the Diocese, a related entity.

St. Mark's receives contributions and grants from the Diocese and the Catholic Diocese Foundation. These entities are related to St. Mark's through common control. A summary of the contributions and grants received from these entities for the years ended June 30, 1998 and 1997 is as follows:

	1998	1997
Revenue and support - Diocesan contributions:		
Catholic Diocese of Wilmington:		
Capital campaign	$ 7,600	$ 71,065
Annual Catholic appeal	175,000	171,600
St. Mark's reserve fund	24,400	
Scholarships	40,836	14,271
Vision scholarships	2,300	12,300
Catholic Diocese Foundation:		
Capital projects	56,239	43,260
	$ 306,375	$ 312,496

The Diocese also paid St. Mark's convent rent of $2,580 and $4,800, respectively, which St. Mark's reports as auxiliary program revenue.

St. Mark's reimburses the Diocese for certain expenses the Diocese pays on its behalf. These expenses consist of computer maintenance contracts and clergy health insurance and clergy pension plan contributions.

The Diocese provides and absorbs the full cost of life insurance, long-term disability, pension benefits, and Blood Bank dues for all full-time employees of St. Mark's. The cost of these benefits amounted to approximately $300,000 and $283,000 for the years ended June 30, 1998 and 1997, respectively.

For the years ended June 30, 1998 and 1997, St. Mark's contributed $180,000 and $167,800, respectively, to the "St. Mark's High School Capital Replacement Fund." This fund is held and administered by the Diocese. St. Mark's has received contributions from the fund on an annual basis in varying amounts.

During the years ended June 30, 1998 and 1997, St. Mark's made contributions of $124,168 and $25,000, respectively, to the "St. Mark's High School Long Range Plan Operating Reserve Fund." This fund is held and administered by the Diocese.

During the year ended June 30, 1998, St. Mark's made a contribution of $32,475 to the "St. Mark's Educational Trust." This fund is held and administered by the Diocese.

DOW 03370

13. Net Assets Released from Restrictions:

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors.

	1998	1997
Silver Anniversary Capital Campaign acquisition and improvements	$ 175,005	$ 147,626

14. Income Taxes:

Diocese of Wilmington Schools, Inc., of which St. Mark's is an operating segment, is a not-for-profit corporation which has been granted exempt status from federal taxation under Section 501(c)(3) of the Internal Revenue Code.

Saint Mark's School
'03 Budget Summary
February 8, 2002

line no.		Actual history '00	Actual history '01	This year - '02 12 mo. budget	This year - '02 year end projection	'03 budget	2002-03 Budget request $ change vs. projection	2002-03 Budget request % change vs. projection	2002-03 Budget request %change vs. budget
	Average students	1,553	1,538	1,543	1,555	1,545	(10)	-0.64%	0.13%
	Revenue and support	$5,250	$5,515	$5,795		$5,995			
	Public support								
1	Diocesan	$726,440	$776,940	$1,220,000	$1,252,601	$902,000	($350,601)	-27.99%	-26.07%
2	Annual fund/ unrestricted	268,375	316,511	310,000	325,000	340,000	15,000	4.62%	9.68%
3	Restricted/ capital	221,495	160,828	10,000	22,000	28,000	6,000	27.27%	180.00%
4	Endowment	17,620	65,775	16,000	16,000	16,000	0	0.00%	0.00%
5	State & federal	71,169	71,219	70,000	79,185	79,000	(185)	-0.23%	12.86%
6	Total public support	1,305,099	1,391,273	1,626,000	1,694,786	1,365,000	(329,786)	-19.46%	-16.05%
	Other revenue								
7	Tuition (gross)	8,233,426	8,600,630	9,077,000	9,148,065	9,415,000	266,935	2.92%	3.72%
8	Tuition discounts	(709,172)	(774,907)	(867,000)	(891,528)	(950,000)	(58,472)	6.56%	9.57%
9	Fees	181,739	192,699	210,000	213,953	220,000	6,047	2.83%	4.76%
10	tuition & fees	7,705,993	8,018,422	8,420,000	8,470,490	8,685,000	214,510	2.53%	3.15%
11	Auxiliary programs	478,977	460,052	370,000	395,000	400,000	5,000	1.27%	8.11%
12	Student activities	256,494	339,496	324,000	347,000	370,000	23,000	6.63%	14.20%
13	Other	115,304	102,147	110,000	60,724	125,000	64,276	105.85%	13.64%
14	Total other revenue	8,556,768	8,920,117	9,224,000	9,273,214	9,580,000	306,786	3.31%	3.86%
15	**Total revenue & support**	9,861,867	10,311,390	10,850,000	10,968,000	10,945,000	(23,000)	-0.21%	0.88%
	Expenses:								
16	Salaries - Academic	4,117,001	4,336,914	4,647,000	4,695,000	4,860,000	165,000	3.51%	4.58%
17	Salaries - other	1,251,197	1,278,536	1,378,000	1,350,000	1,400,000	50,000	3.70%	1.60%
18	Total salaries	5,368,198	5,615,450	6,025,000	6,045,000	6,260,000	215,000	3.56%	3.90%
19	Benefits	1,400,083	1,519,101	1,620,000	1,685,000	1,740,000	55,000	3.26%	7.41%
20	salaries & benefits	6,768,281	7,134,551	7,645,000	7,730,000	8,000,000	270,000	3.49%	4.64%
21	Operating	2,150,151	2,215,874	2,253,000	2,254,000	2,317,000	63,000	2.80%	2.84%
22	Capital	699,368	656,520	767,000	767,000	428,000	(339,000)	-44.20%	-44.20%
23	Non-operating	211,699	301,152	185,000	195,000	200,000	5,000	2.56%	8.11%
24	Total expenses	$9,829,499	$10,308,097	$10,850,000	$10,946,000	$10,945,000	($1,000)	-0.01%	0.88%
25	**Surplus/(deficit)**	$32,368	$3,293	$0	$22,000	$0	($22,000)	-100.00%	#DIV/0!

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DOW 03372

Saint M[illegible]igh School
'03 Revenue Budget
February 8, 2002

line no.		1999-00 Audit	2000-01 Audit	This year - '02 12 mos. Budget	This year - '02 year end projection	2002-03 Budget request '03 Budget	$ change vs. projection	% change vs. projection	% change vs. budget
	Revenue & support:								
	Public support								
	Diocesan (DOW) contributions								
27	Schlrships- Graham trust @ 5%	16,000	18,800	19,000	19,000	15,800	(3,200)	-16.84%	-16.84%
28	Scholarships-SMHS trust @ 5%	2,700	3,000	3,000	3,000	2,400	(600)	-20.00%	-20.00%
29	Scholarships- Ryan trust @ 5%	2,800	4,000	3,500	3,500	2,800	(700)	-20.00%	-20.00%
30	Schlarships-endowment @ 5%	0	0	70,000	70,000	86,000	16,000	22.86%	22.86%
31	Scholarships - MBNA (3)	25,440	13,440	5,000	5,001	15,000	9,999	199.94%	200.00%
32	DOW scholarships-Vision (11)	4,500	14,900	16,000	9,600	10,000	400	4.17%	-37.50%
33	Annual Catholic Appeal	188,000	188,000	192,000	188,000	192,000	4,000	2.13%	0.00%
34	SMHS Reserve fund @ 5.5%	0	28,000	29,000	29,000	26,000	(3,000)	-10.34%	-10.34%
35	CRF fund - restricted/capital	0	25,000	392,500	392,500	0	(392,500)	-100.00%	-100.00%
36	Lay pension @ 6.64%	310,000	346,000	350,000	388,000	403,000	15,000	3.87%	15.14%
37	LTD & GTL Insurance @ 1.11%	54,000	58,000	60,000	65,000	67,000	2,000	3.08%	11.67%
38	CDF grant - restricted/capital	123,000	78,000	80,000	80,000	82,000	2,000	2.50%	2.50%
39	Subtotal - DOW contributions	726,440	776,940	1,220,000	1,252,601	902,000	(350,601)	-27.99%	-26.07%
	Other contributions								
	Unrestricted								
40	Contributions - general	1,500	7,951	0	0	0	0	#DIV/0!	#DIV/0!
41	Contrbtns-Dev. U/R Annual Fund	191,573	223,074	250,000	250,000	290,000	40,000	16.00%	16.00%
42	Contrbtns-Dev. U/R A/F events	75,302	85,485	60,000	75,000	50,000	(25,000)	-33.33%	-16.67%
	Restricted								
43	Contributions - Restricted Annual F	15,350	48,314	0	12,000	13,000	1,000	8.33%	#DIV/0!
44	Contributions - Restricted Grants	205,845	35,015	10,000	10,000	15,000	5,000	50.00%	50.00%
45	Contributions - Restr. Capital	300	77,500	0	0	0	0	#DIV/0!	#DIV/0!
46	Contributions - Endowment	17,620	65,775	16,000	16,000	16,000	0	0.00%	0.00%
47	Subtotal - Other contributions	507,490	543,114	336,000	363,000	384,000	21,000	5.79%	14.29%
	State & Federal funding - Restricted								
48	Federal grants	14,861	14,764	14,000	23,000	23,000	0	0.00%	64.29%
49	State grants - bus	52,065	51,455	51,000	51,185	51,000	(185)	-0.36%	0.00%
50	State funding - Nurse	4,243	5,000	5,000	5,000	5,000	0	0.00%	0.00%
51	Subtotal - State & Federal funding	71,169	71,219	70,000	79,185	79,000	(185)	-0.23%	12.86%
52	Total public support	1,305,099	1,391,273	1,626,000	1,694,786	1,365,000	(329,786)	-19.46%	-16.05%

Saint Mari ig chool
'03 Revenue Budget
February 8, 2002

line no.		Audited Actuals 1999-00 Audit	Audited Actuals 2000-01 Audit	This year - '02 12 mos. Budget	This year - '02 year end projection	2002-03 Budget request '03 Budget	$ change vs. projection	% change vs. projection	% change vs. budget
	Other revenue								
53	**Tuition & fees**	5,250	5,515	5,795	5,795	5,995	200	3.45%	3.45%
54	Average number of students	**1,553**	**1,538**	**1,543**	**1,555**	**1,545**	**(10)**	-0.64%	0.13%
55	**Tuition-gross**	8,155,776	8,482,204	8,942,000	9,011,225	9,262,000	250,775	2.78%	3.58%
56	Add: Monthly srvce fee @ $99	77,650	118,426	135,000	136,840	153,000	16,160	11.81%	13.33%
57	Subtotal - gross tuition	8,233,426	8,600,630	9,077,000	9,148,065	9,415,000	266,935	2.92%	3.72%
	Less: discounts:								
58	Uncollectable est. @ 0.5%	(8,867)	(3,177)	(45,000)	(45,000)	(47,000)	(2,000)	4.44%	4.44%
59	Prepayments (457 @ 219)	(62,970)	(78,578)	(83,000)	(94,505)	(100,000)	(5,495)	5.81%	20.48%
60	Second child - SR only	(12,327)	(15,085)	(10,000)	(10,023)	(4,000)	6,023	-60.09%	-60.00%
61	CLOSED - was third child	(546)	(616)	0	0	0	0	#DIV/0!	#DIV/0!
62	CLOSED-was EE discount-se	0	0	0	0	0	0	#DIV/0!	#DIV/0!
63	Academic Scholarships	(251,669)	(265,230)	(277,000)	(282,000)	(299,000)	(17,000)	6.03%	7.94%
64	Financial aid (5.3%/gross)	(372,793)	(412,221)	(452,000)	(460,000)	(500,000)	(40,000)	8.70%	10.62%
		4.53%		5.00%	5.00%	5.31%			
65	Total discounts	(709,172)	(774,907)	(867,000)	(891,528)	(950,000)	(58,472)	6.56%	9.57%
66	Subtotal - tuition (net)	7,524,254	7,825,723	8,210,000	8,256,537	8,465,000	208,463	2.52%	3.11%
	Fees:								
67	Application (75 after plcemnt)	4,625	3,910	5,000	4,400	5,000	600	13.64%	0.00%
68	Summer school/ remedial	12,985	7,150	0	1,500	5,000	3,500	233.33%	#DIV/0!
69	Graduation (387@ $132-net 5)	42,927	47,676	47,000	47,520	51,000	3,480	7.32%	8.51%
70	Registration 447 @ 150	67,670	67,625	69,000	69,000	67,000	(2,000)	-2.90%	-2.90%
71	Late course/schedule change fe	3,885	3,580	3,000	3,000	4,000	1,000	33.33%	33.33%
72	NSF ACH/check fees @ 25	3,845	5,475	5,000	5,000	6,000	1,000	20.00%	20.00%
73	I/C FR sld, test (390 @ 100)	10,650	10,525	40,000	42,200	39,000	(3,200)	-7.58%	-2.50%
74	CLOSED - was Guid. PSAT	6,331	7,115	0	0	0	0	#DIV/0!	#DIV/0!
75	DOW placmnt test (420 @ 7)	2,543	2,465	4,000	3,000	3,000	0	0.00%	-25.00%
76	Advanced Placement program	26,278	27,956	28,000	29,000	30,000	1,000	3.45%	7.14%
77	Driver education (52 @ 190)	0	9,222	9,000	9,333	10,000	667	7.15%	11.11%
									#DIV/0!
78	Subtotal - fees	181,739	192,699	210,000	213,953	220,000	6,047	2.83%	4.76%
79	**Subtotal - tuition & fees**	7,705,993	8,018,422	8,420,000	8,470,490	8,685,000	214,510	2.53%	3.15%

Saint M. igh School
'03 Revenue Budget
February 8, 2002

line no.		1999-00 Audit	2000-01 Audit	This year - '02 12 mos. Budget	This year - '02 year end projection	2002-03 Budget request '03 Budget	$ change vs. projection	% change vs. projection	% change vs. budget
	Auxiliary programs:								
80	Bookstore-Follett commission	29,134	33,925	33,000	35,000	36,000	1,000	2.86%	9.09%
81	Cafeteria-Canteen payment	44,094	50,896	53,000	61,000	59,000	(2,000)	-3.28%	11.32%
82	CLOSED-was Magazine drive	112,610	102,357	0	(160)	0	160	-100.00%	#DIV/0!
83	Parking fees ('02-475 @ $130)	67,516	55,014	52,000	59,366	62,000	2,634	4.44%	19.23%
84	Math/Science camp	8,105	3,780	4,000	10,100	10,000	(100)	-0.99%	150.00%
85	Bus charges-parent	152,865	140,424	150,000	159,614	166,000	6,386	4.00%	10.67%
86	Bus - prepaid discount	0	(403)	0	(1,840)	(2,000)	(160)	8.70%	#DIV/0!
87	Rental- Convent (5 units @ 290 x	21,465	23,062	25,000	22,920	17,000	(5,920)	-25.83%	-32.00%
88	Rental - High School & Other	25,744	24,071	28,000	25,000	27,000	2,000	8.00%	-3.57%
89	Rental - Resurrection CCD	7,705	7,390	9,000	8,000	8,000	0	0.00%	-11.11%
90	Pepsi commission (ex Vending)	9,739	19,536	16,000	16,000	17,000	1,000	6.25%	6.25%
91	Subtotal - auxiliary programs	478,977	460,052	370,000	395,000	400,000	5,000	1.27%	8.11%
	Student activities:								
92	Student Council	18,862	23,216	22,000	22,000	22,000	0	0.00%	0.00%
93	Student activities	176,242	274,718	252,000	275,000	300,000	25,000	9.09%	19.05%
94 #	Athletic events (net $16,500)	36,873	28,183	35,000	35,000	34,000	(1,000)	-2.86%	-2.86%
95	Theater ad drive (net $1,000)	5,228	3,211	4,000	4,000	4,000	0	0.00%	0.00%
96	Theater production (net $2,000)	19,289	10,168	11,000	11,000	10,000	(1,000)	-9.09%	-9.09%
97	Subtotal - student activities	256,494	339,496	324,000	347,000	370,000	23,000	6.63%	14.20%
	Other								
98	Investment earn. (1MM @ 7.5%)	32,916	(8,330)	30,000	724	75,000	74,276	10259.12%	150.00%
99	Operating checking interest	68,761	75,730	70,000	50,000	40,000	(10,000)	-20.00%	-42.86%
100	Miscellaneous	13,627	34,747	10,000	10,000	10,000	0	0.00%	0.00%
101	Subtotal - other	115,304	102,147	110,000	60,724	125,000	64,276	105.85%	13.64%
102	Total other (ex. tuition & fees)	850,775	901,695	804,000	802,724	895,000	92,276	11.50%	11.32%
103	**Total other revenue**	8,556,768	8,920,117	9,224,000	9,273,214	9,580,000	306,786	3.31%	3.86%
104	**Total revenue & support**	$9,861,867	$10,311,390	$10,850,000	$10,968,000	$10,945,000	($23,000)	-0.21%	0.88%
	adjustment-EE discount to benefits								
	Audit total revenue & support	9,861,867	10,311,390	10,850,000	10,968,000	10,945,000			
	less: CRF (non-recuring)	0	(25,000)	(392,500)	(392,500)	0			
	Adjusted total	9,861,867	10,286,390	10,457,500	10,575,500	10,945,000			
	growth	11.5%	4.3%	1.7%	2.8%	3.5%	vs. projection		
						4.7%	vs. budget		

DOW 03375

Saint M 'gh School
03 Expense Budget
February 8, 2002

line no.		1999-00 Audit	2000-01 Audit	This year - '02 annual Budget	This year - '02 year end projection	2002-03 Budget request 03 draft budget	$ change vs. projection	% change vs. projection	% change vs. budget
	Salaries, wages, stipends & benefits (SWS&B):								
110	Salaries - academic/instruction:								
111	Lay	$3,968,397	$4,185,992	$4,494,000	$4,535,000	$4,690,000	$155,000	3.42%	4.36%
112	Religious	74,000	57,750	61,000	60,750	64,000	3,250	5.35%	4.92%
113	Direct Support & LT subs.	74,604	93,172	92,000	99,250	106,000	6,750	6.80%	15.22%
114	Subtotal - instruction	4,117,001	4,336,914	4,647,000	4,695,000	4,860,000	165,000	3.51%	4.58%
	Salaries - other:								
115	Administration	667,029	671,867	747,000	717,000	741,000	24,000	3.35%	-0.80%
116	Fundraising	65,764	69,442	73,000	74,000	77,000	3,000	4.05%	5.48%
117	Maintenance	263,936	258,583	276,000	276,000	287,000	11,000	3.99%	3.99%
118	Student Activities - Stipends	247,770	272,613	275,000	283,000	295,000	12,000	4.24%	7.27%
119	Auxiliary - Convent	5,698	6,032	7,000	0	0	0	#DIV/0!	-100.00%
120	Subtotal - other	1,251,197	1,278,537	1,378,000	1,350,000	1,400,000	50,000	3.70%	1.60%
121	**Total sals, wages, & stipends**	5,368,198	5,615,451	6,025,000	6,045,000	6,260,000	215,000	3.56%	3.90%
	Benefits:								
122	Employee tuition remission	154,241	154,332	156,000	160,000	144,000	(16,000)	-10.00%	-7.69%
123	FICA & medicare	397,809	417,502	448,000	450,000	463,000	13,000	2.89%	3.35%
124	Worker's compensation	22,620	38,997	41,000	42,000	44,000	2,000	4.76%	7.32%
125	Health insurance	408,655	447,382	496,000	510,000	536,000	26,000	5.10%	8.06%
126	Diocesan paid lay pension	310,000	346,000	350,000	388,000	403,000	15,000	3.87%	15.14%
127	Diocesan paid LTD & GTL	54,000	58,000	60,000	65,000	67,000	2,000	3.08%	11.67%
128	Retirement (Priest & Nuns)	12,100	9,650	14,000	11,000	11,000	0	0.00%	-21.43%
129	Clergy/ Religious living allow.	4,500	4,500	6,000	9,000	20,000	11,000	122.22%	233.33%
130	Other	26,993	30,122	35,000	36,000	37,000	1,000	2.78%	5.71%
131	Faculty continuing education	9,165	12,616	14,000	14,000	15,000	1,000	7.14%	7.14%
132	Total benefits	1,400,083	1,519,101	1,620,000	1,685,000	1,740,000	55,000	3.26%	7.41%
133	**Total S,W,S,& B**	$6,768,281	$7,134,552	$7,645,000	$7,730,000	$8,000,000	$270,000	3.49%	4.64%

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DOW 03376

Saint M[illegible]igh School
03 Expense Budget
February 8, 2002

line no.		1999-00 Audit	2000-01 Audit	This year - '02 annual Budget	This year - '02 year end projection	2002-03 Budget request 03 draft budget	$ change vs. projection	% change vs. projection	% change vs. budget
	Operating expenses:								
134	**Academic departments**	$294,506	$316,670	$362,000	$345,000	$354,000	$9,000	2.61%	-2.21%
	Auxiliary programs								
135	Closed	0	0	0	0	0	0	#DIV/0!	#DIV/0!
136	Bus transportation	265,000	265,000	255,000	257,000	262,000	5,000	1.95%	2.75%
137	Closed-was Bookstore Inv.	0	0	0	0	0	0	#DIV/0!	#DIV/0!
138	Convent	22,377	18,069	20,000	26,000	17,000	(9,000)	-34.62%	-15.00%
139	Magazine drive-Closed '02	65,575	61,923	0	0	0	0	#DIV/0!	#DIV/0!
140	Parking	19,101	19,897	22,000	22,000	23,000	1,000	4.55%	4.55%
141	Rental & event cleanup	1,470	1,080	2,000	2,000	2,000	0	0.00%	0.00%
142	Math/science camp	7,714	3,542	4,000	4,000	5,000	1,000	25.00%	25.00%
143	Closed-was Vending	12,040	0	0	0	0	0	#DIV/0!	#DIV/0!
144	Subtotal - auxiliary	393,277	369,511	303,000	311,000	309,000	(2,000)	-0.64%	1.98%
	Student Activities								
145	Athletic department	98,365	105,626	122,000	122,000	126,000	4,000	3.28%	3.28%
146	Athletic events	16,135	11,924	16,000	16,000	16,000	0	0.00%	0.00%
147	Student Council dept.	20,461	28,560	30,000	30,000	33,000	3,000	10.00%	10.00%
148	Student Activities dept.	225,353	308,815	300,000	300,000 325,000	349,000	49,000	16.33%	16.33%
149	Graduation (fee offset)	43,310	40,017	46,000	41,000	42,000	1,000	2.44%	-8.70%
150	Retreat	1,700	2,413	3,000	3,000	3,000	0	0.00%	0.00%
151	Theater ad drive	2,819	2,304	3,000	3,000	3,000	0	0.00%	0.00%
152	Theater productions	9,180	7,789	11,000	11,000	10,000	(1,000)	-9.09%	-9.09%
153	Subtotal - student activities	417,323	507,448	531,000	526,000	582,000	56,000	10.65%	9.60%
154	**Maintenance & Utilities**	583,849	581,612	629,000	619,000	630,000	11,000	1.78%	0.16%
155	**General & Administration**	353,736	377,963	374,000	389,000	394,000	5,000	1.29%	5.35%
156	**Fund raising**	107,460	62,669	54,000	64,000	48,000	(16,000)	-25.00%	-11.11%
157	Total operating expense	2,150,151	2,215,873	2,253,000	2,254,000	2,317,000	63,000	2.80%	2.84%

DOW 03377

Saint M. ligh School
03 Expense Budget
February 8, 2002

line no.		Audited History 1999-00 Audit	2000-01 Audit	This year - '02 annual Budget	year end projection	2002-03 Budget request 03 draft budget	$ change vs. projection	% change vs. projection	% change vs. budget
	Capital expense:								
158	Academic technology/instruction	235,174	178,701	126,000	190,000	162,000	(28,000)	-14.74%	28.57%
159	Auxiliary - Convent/cafeteria	36,623	23,232	12,000	12,000	8,000	(4,000)	-33.33%	-33.33%
160	Student Activities & Athletics	7,134	7,597	5,500	6,000	23,000	17,000	283.33%	318.18%
161	Administration	32,207	54,937	10,000	16,000	10,000	(6,000)	-37.50%	0.00%
162	Maintenance	388,230	392,053	613,500	543,000	225,000	(318,000)	-58.56%	-63.33%
163	Subtotal - capital	699,368	656,520	767,000	767,000	428,000	(339,000)	-44.20%	-44.20%
	Non-Operating expense								
	Restricted grant expenditures								
164	Academic	3,345	4,515	0	0	0	0	#DIV/0!	#DIV/0!
	Student Activities & Athletics	2,500	2,500	0	0	0			
	Administration	0	3,000	0	0	0			
165	Maintenance	0	25,000	0	10,000	10,000	0	0.00%	#DIV/0!
166	Subtotal - grants	5,845	35,015	0	10,000	10,000	0	0.00%	#DIV/0!
	Contributions to diocesan held funds								
167	Capital replacement fund (CRF)	182,000	108,000	114,000	114,000	119,000	5,000	4.39%	4.39%
168	Operating reserve fund	6,234	777	10,000	10,000	10,000	0	0.00%	0.00%
169	Endowment	17,620	65,775	16,000	16,000	16,000	0	0.00%	0.00%
170	Subtotal - DOW funds	205,854	174,552	140,000	140,000	145,000	5,000	3.57%	3.57%
	Other non-operating expenditures								
171	Diocesan debt payment	0	0	45,000	45,000	45,000	0	0.00%	0.00%
172	Capital campaign	0	91,585	0	0	0	0	#DIV/0!	#DIV/0!
173	Subtotal - Other non-operating	0	91,585	45,000	45,000	45,000	0	0.00%	0.00%
174	Subtotal - All non-operating	211,699	301,152	185,000	195,000	200,000	5,000	2.56%	8.11%
175	Total capital & non-operating	911,067	957,672	952,000	962,000	628,000	(334,000)	-34.72%	-34.03%
176	**Total Expenses**	$9,829,499	$10,308,097	$10,850,000	$10,946,000	$10,945,000	($1,000)	-0.01%	0.88%
		9,829,499	10,308,097	10,850,000	10,946,000	10,945,000			

Catholic Diocese of Wilmington
XXIII. FINANCIAL STATE OF THE DIOCESE
Statistical Index

Entity: Catholic Charities, Inc.

Enclosures:

- Audited Financial Statements for the years ended June 30, 2002 and 2001 (These are aggregate statements combining Catholic Charities, Children's Home, Seton Villa and Siena Hall.)

- Audited Financial Statements for the years ended June 30, 2000 and 1999 (These are aggregate statements combining Catholic Charities, Children's Home, Seton Villa and Siena Hall.)

- Audited Financial Statements for the years ended June 30, 1998 and 1997

- Budget summary for the year ending June 30, 2003

Catholic Charities, Inc. and Related Entities

Combined Financial Statements and
Supplementary Information
For the Years Ended June 30, 2002 and 2001

Catholic Charities, Inc. and Related Entities
Combined Financial Statements and Supplementary Information
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June 30, 2002 and 2001

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Report of Independent Accountants

To the Board of Trustees and Board of Directors
Catholic Charities, Inc. and Related Entities
Wilmington, Delaware

In our opinion, the accompanying combined balance sheets and the related combined statements of activities, functional expenses and of cash flows present fairly, in all material respects, the financial position of Catholic Charities, Inc. and Related Entities (Charities) at June 30, 2002 and 2001, and the changes in their net assets and their cash flows for each of the years then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of Charities' management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The combining information is presented for purposes of additional analysis of the combined financial statements rather than to present the financial position and results of operations of the individual companies. Accordingly, we do not express an opinion on the financial position and results of operations of the individual companies. However, the combining information has been subjected to the auditing procedures applied in the audits of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

PricewaterhouseCoopers LLP

November 6, 2002

Catholic Charities, Inc. and Related Entities
Combined Balance Sheets
June 30, 2002 and 2001

Assets	Current Operations	Land, Building, and Equipment	Invested Reserves	Total All Funds 2002	Total All Funds 2001
Cash and cash equivalents	$ 696,234	$ -	$ -	$ 696,234	$ 721,042
Accounts receivable, net of allowance of $19,966 and $26,633, respectively)	491,118	-	-	491,118	501,203
Prepaid expenses	616,815	-	-	616,815	651,282
Due from related organizations	38,276	-	-	38,276	2,815
Assets whose use is limited	357,498	-	-	357,498	357,700
Other assets	3,400	-	-	3,400	4,100
Land, building, and equipment, net	-	3,256,805	-	3,256,805	3,349,425
Pooled investments	-	-	12,771,023	12,771,023	14,395,709
Total assets	$2,203,341	$3,256,805	$12,771,023	$ 18,231,169	$19,983,276
Liabilities and Net Assets					
Accounts payable	$ 174,850	$ -	$ -	$ 174,850	$ 163,306
Accrued expenses	246,813	-	-	246,813	267,830
Funds of others	339,541	-	-	339,541	340,185
Due to related organizations	54,900	-	-	54,900	20,718
Deferred support	38,792	-	-	38,792	38,320
Refundable advances	97,552	-	-	97,552	70,281
Total liabilities	952,448	-	-	952,448	900,640
Net assets:					
Unrestricted	1,211,455	3,256,805	12,673,145	17,141,405	18,917,882
Temporarily restricted	39,438	-	97,878	137,316	164,754
Total net assets	1,250,893	3,256,805	12,771,023	17,278,721	19,082,636
Total liabilities and net assets	$2,203,341	$3,256,805	$12,771,023	$ 18,231,169	$19,983,276

The accompanying notes are an integral part of the combined financial statements.

DOW 03383

Catholic Charities, Inc. and Related Entities
Combined Statements of Activities
For the Years Ended June 30, 2002 and 2001

	Current Operations	Land, Building, and Equipment	Invested Reserves	Total All Funds 2002	Total All Funds 2001
Unrestricted:					
Grants received for benefit of others	$ 5,958,542	$ -	$ -	$ 5,958,542	$ 4,959,660
Less : direct assistance to individuals	(5,958,542)	-	-	(5,958,542)	(4,959,660)
Revenue and other support:					
Contributions	1,422,413	-	97,452	1,519,865	1,675,200
Special events	331,121	-	80,550	411,671	178,530
Program fees	598,815	-	-	598,815	638,418
Government grants and contracts	3,597,420	-	-	3,597,420	3,349,741
United Ways	727,707	-	-	727,707	719,859
Catholic Diocese of Wilmington	941,826	-	-	941,826	845,799
Thrift store sales	384,355	-	-	384,355	382,644
Pooled investment income (loss)	499,184	169,500	(1,774,807)	(1,106,123)	(386,040)
Other investment income	19,240	-	-	19,240	49,563
Net assets released from restrictions	27,881	-	-	27,881	3,548
Other	3,406	-	-	3,406	9,448
Total revenue and other support	8,553,368	169,500	(1,596,805)	7,126,063	7,466,710
Expenses:					
Program services:					
Pregnancy, parenting and adoption services	244,758	5,194	-	249,952	246,877
Substance abuse	275,708	5,413	-	281,121	221,995
Crisis alleviation	234,440	2,386	-	236,826	214,553
Immigration	101,524	2,114	-	103,638	97,982
Family counseling	1,311,944	49,193	-	1,361,137	1,320,033
AIDS Ministry	211,382	8,169	-	219,551	176,638
Foster Care	60,165	1,233	-	61,398	57,812
Child and adult care food program	233,826	7,491	-	241,317	212,423
Parish social ministry	126,377	2,753	-	129,130	114,951
Family life	294,872	6,067	-	300,939	311,365
Seton Center	313,826	11,032	-	324,858	289,214
Catholic thrift center	847,628	22,081	-	869,709	909,514
Casa San Francisco	550,598	16,426	-	567,024	559,154
Energy assistance	377,976	6,736	-	384,712	330,679
Children's Home, Inc.	1,209,251	92,296	-	1,301,547	1,088,945
Seton Villa, Inc.	697,298	30,813	-	728,111	751,150
Siena Hall, Inc.	625,996	39,506	-	665,502	628,237
Total program services	7,717,569	308,903	-	8,026,472	7,531,522
Supporting services:					
Management and general	860,461	15,606	-	876,067	823,856
Total expenses	8,578,030	324,509	-	8,902,539	8,355,378
Excess of revenue over expenses	(24,662)	(155,009)	(1,596,805)	(1,776,476)	(888,668)
Transfers	(62,389)	62,389		-	-
Decrease in unrestricted net assets	(87,051)	(92,620)	(1,596,805)	(1,776,476)	(888,668)
Temporarily restricted:					
Temporarily restricted contributions	442	-	-	442	-
Net assets released from restrictions	-	-	(27,881)	(27,881)	(2,790)
Increase (decrease) in temporarily restricted net assets	442	-	(27,881)	(27,439)	(2,790)
Changes in net assets	(86,609)	(92,620)	(1,624,686)	(1,803,915)	(891,458)
Net assets at beginning of year	1,337,502	3,349,425	14,395,709	19,082,636	19,974,094
Net assets at end of year	$ 1,250,893	$ 3,256,805	$ 12,771,023	$ 17,278,721	$ 19,082,636

The accompanying notes are an integral part of the combined financial statements.

DOW 03384

C 'holic Charities, Inc. and Related Entities
(ıbined Statement of Functional Expenses
For the Year Ended June 30, 2002

	Program Services										
	Pregnancy, Parenting and Adoption Services	Substance Abuse	Crisis Alleviation	Immigration	Family Counseling	AIDS Ministry	Foster Care	Child and Adult Care Food Program	Parish Social Ministry	Family Life	Seton Center
Salaries	$160,353	$167,109	$ 73,668	$ 62,788	$ 811,903	$ 77,730	$38,079	$ 152,842	$ 84,951	$187,320	$155,784
Employee benefits	22,404	31,980	10,459	8,990	113,455	18,943	9,062	12,014	8,836	23,592	31,929
Payroll taxes	11,060	10,749	5,546	4,717	59,580	5,808	2,950	11,685	6,503	14,115	4,268
Total salaries and related expenses	193,817	209,838	89,673	76,495	984,938	102,481	50,091	176,541	100,290	225,027	191,981
Cost of goods sold	-	-	-	-	-	-	-	-	-	-	-
Professional fees	15,650	17,675	2	1,416	78,645	2,950	522	4	100	862	3,222
Supplies	6,609	5,654	2,313	3,063	18,699	18,014	573	17,509	2,550	10,741	6,254
Telephone	3,346	3,087	400	233	25,796	4,021	726	3,529	754	950	4,026
Postage and shipping	575	9	678	71	2,565	315	223	3,606	1,308	2,814	688
Occupancy	13,513	25,605	7,054	6,028	119,024	25,188	4,099	16,819	7,195	7,195	18,782
Rental and maintenance of equipment	1,637	2,137	726	2,002	18,428	2,939	384	1,532	398	928	2,856
Printing and publication	146	181	30	287	953	990	-	420	2,132	2,207	135
Travel and transportation	3,767	4,904	2,106	1,156	30,560	1,799	1,473	9,498	1,414	3,243	8,830
Conferences and meetings	3,148	3,878	50	303	12,202	4,820	947	365	3,315	2,207	558
Specific assistance to individuals	8	-	130,222	9,553	1,220	45,341	149	-	-	457	76,421
Workshops	8	-	-	25	2,336	-	80	1,324	5,178	35,739	-
Dues and membership	48	435	-	300	231	77	-	120	640	368	73
Other expenses	973	729	491	-	8,688	1,714	539	1,117	302	367	-
Fundraising expense	-	-	-	-	-	-	-	-	-	-	-
Residential care	-	-	-	-	-	-	-	-	-	-	-
Reimbursement to/(from) related organizations	-	-	-	-	-	-	-	-	-	-	-
expenses before depreciation and pension cost	243,245	274,132	233,745	100,932	1,304,285	210,649	59,806	232,384	125,576	293,105	313,826
Pe... cost	1,513	1,576	695	592	7,659	733	359	1,442	801	1,767	-
Total expenses before depreciation	244,758	275,708	234,440	101,524	1,311,944	211,382	60,165	233,826	126,377	294,872	313,826
Depreciation	5,194	5,413	2,386	2,114	49,193	8,169	1,233	7,491	2,753	6,067	11,032
Total expenses	$249,952	$281,121	$236,826	$103,638	$1,361,137	$219,551	$61,398	$241,317	$129,130	$300,939	$324,858

The accompanying notes are an integral part of the combined financial statements.

ıtholic Charities, Inc. and Related Entities
Combined Statement of Functional Expenses (continued)
For the Year Ended June 30, 2002

	Program Services							Supporting Services	
	Catholic Thrift Center	Casa San Francisco	Energy Assistance	Children's Home, Inc	Seton Villa, Inc.	Siena Hall, Inc.	Total Program Services	Management and General	Total Expenses
Salaries	$ 238,419	$ 217,589	$ 249,065	$ 775,093	$ 429,497	$ 397,706	$ 4,279,896	$481,801	$4,761,697
Employee benefits	43,137	45,926	19,071	132,571	81,099	76,015	689,483	67,377	756,860
Payroll taxes	17,538	14,924	15,569	52,938	30,959	28,777	297,686	36,511	334,197
Total salaries and related expenses	299,094	278,439	283,705	960,602	541,555	502,498	5,267,065	585,689	5,852,754
Cost of goods sold	384,355	-	-	-	-	-	384,355	-	384,355
Professional fees	95	635	-	12,012	6,762	8,682	149,234	60,825	210,059
Supplies	6,424	63,333	5,004	4,141	3,631	3,249	177,761	26,416	204,177
Telephone	3,015	6,079	9,598	13,606	8,190	6,820	94,176	4,132	98,308
Postage and shipping	89	4,019	6,687	695	382	887	25,611	13,752	39,363
Occupancy	66,292	14,894	44,941	79,156	56,933	47,434	560,152	36,182	596,334
Rental and maintenance of equipment	1,742	8,486	6,049	334	2,930	8,914	62,422	16,934	79,356
Printing and publication	36	4,789	2,349	1,377	1,272	593	17,897	13,169	31,066
Travel and transportation	10,783	15,131	715	19,905	13,063	14,595	142,942	2,798	145,740
Conferences and meetings	3	2,496	-	30,673	4,686	4,791	74,442	17,399	91,841
Specific assistance to individuals	69,566	138,741	-	-	-	-	471,678	-	471,678
Workshops	-	154	-	-	-	-	44,844	500	45,344
Dues and membership	-	196	-	888	159	266	3,801	27,799	31,600
˙er expenses	3,885	218	16,579	4,921	1,680	374	42,577	14,791	57,368
,draising expense	-	10,935	-	7,860	8,398	7,860	35,053	35,530	70,583
.sidential care	-	-	-	62,165	45,923	24,976	133,064	-	133,064
Reimbursement to/(from) related organizations	-	-	-	10,120	-	(10,120)	-	-	-
Total expenses before depreciation and pension cost	845,379	548,545	375,627	1,208,455	695,564	621,819	7,687,074	855,916	8,542,990
Pension cost	2,249	2,053	2,349	796	1,734	4,177	30,495	4,545	35,040
Total expenses before depreciation	847,628	550,598	377,976	1,209,251	697,298	625,996	7,717,569	860,461	8,578,030
Depreciation	22,081	16,426	6,736	92,296	30,813	39,506	308,903	15,606	324,509
Total expenses	$ 869,709	$ 567,024	$ 384,712	$1,301,547	$ 728,111	$ 665,502	$ 8,026,472	$876,067	$8,902,539

The accompanying notes are an integral part of the combined financial statements.

DOW 03386

holic Charities, Inc. and Related Entities
Combined Statement of Functional Expenses
For the Year Ended June 30, 2001

	Program Services										
	Pregnancy, Parenting and Adoption Services	Substance Abuse	Crisis Alleviation	Immigration	Family Counseling	AIDS Ministry	Foster Care	Child and Adult Care Food Program	Parish Social Ministry	Family Life	Seton Center
Salaries	$158,691	$137,017	$ 69,636	$ 65,170	$ 782,851	$ 60,283	$32,996	$132,104	$ 72,866	$183,573	$119,229
Employee benefits	21,538	15,108	13,050	9,380	119,979	18,505	7,796	12,153	4,847	28,515	21,265
Payroll taxes	11,830	10,252	5,592	4,758	56,997	2,379	2,466	10,023	5,491	13,971	1,652
Total salaries and related expenses	192,059	162,377	88,278	79,308	959,827	81,167	43,258	154,280	83,204	226,059	142,146
Cost of goods sold	-	-	-	-	-	-	-	-	-	-	-
Professional fees	18,216	10,601	3	700	72,603	2,125	2	6		1,050	1,352
Supplies	2,707	6,349	372	1,227	16,257	12,939	681	12,698	3,312	7,249	10,416
Telephone	3,554	3,773	1,317	606	28,639	4,580	807	2,903	824	1,060	3,554
Postage and shipping	618	1,048	146	249	2,973	241	69	4,103	1,096	2,850	941
Occupancy	17,079	26,970	8,145	7,434	129,368	21,264	4,517	14,481	8,891	8,890	17,178
Rental and maintenance of equipment	1,435	2,066	947	1,551	14,987	2,329	325	2,661		482	5,347
Printing and publication	216	324	63	61	998	108	9	3,623	3,003	3,792	286
Travel and transportation	2,589	317	1,926	747	26,561	8,240	2,428	7,180	2,192	1,454	9,158
Conferences and meetings	564	1,627	38	965	6,524	1,291	732	1,808	4,076	974	1,329
Specific assistance to individuals	493	130	110,142	2,377	1,245	32,135	3,107	-		151	79,481
Workshops	9				1,064	-	35	1,456	4,320	48,411	
Dues and membership	119	80			607	35		120	1,070	607	
Other expenses	765	760	344	27	10,768	1,287	500	1,732		745	1,812
Fundraising expense											
Residential care											
Reimbursement to/(from) related organizations											
Total expenses before depreciation and prepaid pension credit	240,423	216,422	211,721	95,252	1,272,421	167,741	56,470	207,051	111,988	303,774	273,000
Prepaid pension credit	(1,509)	(1,303)	(662)	(620)	(7,446)	(573)	(314)	(1,257)	(693)	(1,746)	-
Total expenses before depreciation	238,914	215,119	211,059	94,632	1,264,975	167,168	56,156	205,794	111,295	302,028	273,000
Depreciation	7,963	6,876	3,494	3,350	55,058	9,470	1,656	6,629	3,656	9,337	16,214
Total expenses	$246,877	$221,995	$214,553	$ 97,982	$1,320,033	$176,638	$57,812	$212,423	$114,951	$311,365	$289,214

The accompanying notes are an integral part of the combined financial statements.

Catholic Charities, Inc. and Related Entities
Combined Statement of Functional Expenses (continued)
For the Year Ended June 30, 2001

	Program Services							Supporting Services	
	Catholic Thrift Center	Casa San Francisco	Energy Assistance	Children's Home, Inc	Seton Villa, Inc.	Siena Hall, Inc.	Total Program Services	Management and General	Total Expenses
Salaries	$ 219,831	$ 207,556	$ 220,344	$ 551,252	$ 407,698	$ 440,757	$ 3,861,854	$464,734	$4,326,588
Employee benefits	49,714	48,113	10,848	97,104	91,806	75,368	645,089	67,324	712,413
Payroll taxes	16,557	15,158	12,671	37,203	27,913	35,772	270,685	32,832	303,517
Total salaries and related expenses	286,102	270,827	243,863	685,559	527,417	551,897	4,777,628	564,890	5,342,518
Cost of goods sold	382,644	-					382,644	-	382,644
Professional fees	900	2,585	6,500	9,048	7,850	6,926	140,467	62,969	203,436
Supplies	4,236	19,694	8,706	7,698	4,466	4,507	123,514	18,290	141,804
Telephone	3,133	5,559	10,664	14,403	7,973	8,044	101,393	4,131	105,524
Postage and shipping	68	4,276	7,240	1,221	290		27,429	9,111	36,540
Occupancy	76,787	17,736	34,588	59,300	33,413	48,460	534,501	35,757	570,258
Rental and maintenance of equipment	1,651	2,105	4,379	7,877	13,335	9,341	70,818	16,729	87,547
Printing and publication	48	4,604	1,060	744	885	484	20,308	13,613	33,921
Travel and transportation	15,270	13,786	860	16,919	15,721	17,987	143,335	2,033	145,368
Conferences and meetings	101	4,505		39,667	3,494	5,108	72,803	18,477	91,280
Specific assistance to individuals	111,714	191,398					532,373		532,373
Workshops							55,295		55,295
Dues and membership		35		752	94	1,826	5,345	14,656	20,001
Other expenses	4,040	1,675	6,225	9,560	1,903		42,143	21,821	63,964
ndraising expense		398		7,500	7,500	7,500	22,898	22,478	45,376
dential care				54,356	53,200	38,741	146,297		146,297
mbursement to/(from) related organizations	-	-	-	67,771	38,860	(106,631)	-	-	-
Total expenses before depreciation and prepaid pension credit	886,694	539,183	324,085	982,375	716,401	594,190	7,199,191	804,955	8,004,146
Prepaid pension credit	(2,091)	(1,974)	(2,096)	(750)	(1,634)	(3,937)	(28,605)	(4,422)	(33,027)
Total expenses before depreciation	884,603	537,209	321,989	981,625	714,767	590,253	7,170,585	800,533	7,971,119
Depreciation	24,911	21,945	8,690	107,320	36,383	37,984	360,936	23,323	384,259
Total expenses	$ 909,514	$ 559,154	$ 330,679	$1,088,945	$ 751,150	$ 628,237	$ 7,531,522	$823,856	$8,355,378

The accompanying notes are an integral part of the combined financial statements.

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Catholic Charities, Inc. and Related Entities
Combined Statements of Cash Flows
For the Years Ended June 30, 2002 and 2001

	2002	2001
Cash flows from operating activities:		
Changes in net assets	$(1,803,915)	$ (891,458)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Net depreciation on pooled investments	1,421,939	790,916
Depreciation	324,509	380,034
Changes in assets and liabilities:		
Accounts receivable, net	10,085	(49,947)
Prepaid expenses	34,467	(32,630)
Due from related organizations	(35,461)	3,774
Assets whose use is limited	202	(21,655)
Other assets	700	-
Accounts payable	11,544	(23,179)
Accrued expenses	(21,017)	(8,314)
Funds of others	(644)	20,897
Due to related organizations	34,182	20,718
Deferred support	472	9,695
Refundable advances	27,271	(1,336)
Net cash provided by operating activities	4,334	197,515
Cash flows from investing activities:		
Purchase of land, building, and equipment	(231,889)	(288,400)
Amounts contributed to pooled investments from contributions	(178,002)	-
Amounts drawn from pooled investments for operations	527,065	706,936
Amounts drawn from pooled investments for purchase of land, building, and equipment	169,500	149,588
Reinvestment of interest and dividends into pooled investments	(315,816)	(404,876)
Net cash provided by investing activities	(29,142)	163,248
Net (decrease) increase in cash and cash equivalents	(24,808)	360,763
Cash and cash equivalents at beginning of year	721,042	360,279
Cash and cash equivalents at end of year	$ 696,234	$ 721,042

The accompanying notes are an integral part of the combined financial statements.

DOW 03389

1. Summary of Significant Accounting Policies

Nature of Operations

Catholic Charities, Inc. (Charities, Inc.) is an affiliate corporation of the Catholic Diocese of Wilmington, Inc. (the Diocese). Charities, Inc. is a not-for-profit organization whose mission is to address human suffering and promote and restore the well being of people and society by providing, as a primary focus, caring service to persons in need, bringing together community members to become informed about and to take action on critical social issues, and advocate publicly for social policies which enhance human dignity and safeguard basic human rights. Charities, Inc. is the recipient of numerous government grants and contracts which are used to support certain major programs.

The related entities of Charities, Inc. provide residential group care for school-aged children in a neighborhood atmosphere. The related entities are reimbursed by the government at a predetermined rate.

During the year ended June 30, 2001, Children's Home began operating the pre-adolescent boys program. The expenses incurred for this program for the years ended June 30, 2002 and 2001 were $620,301 and $369,994, respectively. These expenses are included on the combined statement of activities under Children's Home, Inc. This program is reimbursed by a government contract. This revenue is included on the combined statement of activities under Government Grants and Contracts.

Basis of Reporting

The combined financial statements include the accounts of Catholic Charities, Inc. and its related entities, Seton Villa, Inc., Siena Hall, Inc., and Children's Home, Inc. (Charities). Intercompany transactions and balances have been eliminated in combination.

Charities reports using the accrual basis of accounting. The preparation of financial statements in conformity with generally accepted accounting principles 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. Certain reclassifications have been made to prior year amounts to conform with current year classifications.

The costs of providing the various programs and other activities of Catholic Charities and related entities are presented on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated. These allocations are presented in the Statement of Functional Expenses.

Financial Statement Presentation

Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. A description of the three net asset classifications follows:

Unrestricted Net Assets include those assets that are available for the support of operations and whose use is not externally restricted, although their use may be limited by other factors such as by contract

or board designation.

Temporarily Restricted Net Assets include gifts whose use has been limited by donors to a specific time period and purpose and whose restrictions have not been met.

Permanently Restricted Net Assets include gifts, trusts, and pledges which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions.

All net assets are either unrestricted or temporarily restricted as of June 30, 2002 and 2001.

Contributions
Noncash contributions are recorded at fair value on the date of donation. Contributions of cash and other non-capital assets are reported as temporarily restricted operating revenue if the contributions are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose for the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Donor restricted contributions which are received and expended within the same fiscal year are reported as unrestricted revenues.

An allocation of $579,705 has been received by Charities, Inc. from the United Way of Delaware and is included in the Combined Statements of Activities under United Ways. The funds received were used, as stipulated by the United Way of Delaware, for the following programs: Counseling, Substance Abuse, AIDS Ministry, Casa San Francisco, Crisis Alleviation and Immigration.

Cash and Cash Equivalents
Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less. Charities' investments in cash and cash equivalents are interest bearing. At times, these amounts may exceed federally insured limits.

Assets Whose Use Is Limited
Assets whose use is limited includes funds received by Charities from government agencies. These amounts represent funds to be distributed to individuals as "direct assistance" pursuant to program requirements as determined by the government, and are not available for use by Charities in current operations.

Funds of Others
Charities collects and distributes funds for the benefit of others in conjunction with the administration of certain government funded programs. Charities' sole responsibility with regard to these funds is in the capacity of acting as an agent.

Pooled Investments
Pooled investments are stated at fair value. Pooled investment income on the statements of activities includes interest, dividends, and realized and unrealized gains and losses, net of consulting and custodial costs.

Charities participates with the Catholic Diocese of Wilmington, Inc. (the Diocese) and other affiliated organizations in an investment pool which is held in a custody account at Mellon Trust. The pool is invested in a combination of fixed income, equity securities and mutual funds.

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

Vacation
Charities recognizes the cost of vested vacation pay as earned by employees.

Contributed Services and Goods
Charities receives services from unpaid volunteers. The value of these contributed services is not reflected in the financial statements since the services provided by the volunteers do not require specialized skills and would not be purchased if volunteer services were not available.

Charities receives donations for its thrift shop. Due to the difficulty in valuing donations, the fair value of the donations is recognized upon sale by the thrift shop.

2. **Pooled Investments**

The composition of pooled investments as of June 30, 2002 and 2001 was as follows:

	2002	2001
Cash and cash equivalents	$ 188,848	$ 171,805
Fixed income	3,801,466	4,106,541
Domestic equity	6,794,996	8,077,870
International equity	1,985,713	2,039,493
Total pooled investments	$12,771,023	$14,395,709

The fair value of these investments was determined based on quoted market prices at June 30, 2002 and 2001.

Pooled investment income for the years ended June 30, 2002 and 2001 consisted of the following:

	2002	2001
Interest and dividends	$ 315,816	$ 404,876
Net appreciation (depreciation)	(1,421,939)	(790,916)
Pooled investment income (loss)	$(1,106,123)	$(386,040)

The pooled investment income was net of custodial and advisory fees in the amount of $91,270 and $95,375 for the years ended June 30, 2002 and 2001, respectively.

3. Land, Building, and Equipment and Depreciation

Land, building and equipment are stated at historical cost or fair value at the date of donation, less accumulated depreciation. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets. Land, building, and equipment and accumulated depreciation as of June 30, 2002 and 2001 were as follows:

	2002	2001
Land	$ 339,432	$ 339,432
Building and improvements	5,033,405	4,933,302
Furniture and equipment	1,250,871	1,192,260
Vehicles	532,248	558,948
	7,155,956	7,023,942
Accumulated depreciation	(3,899,151)	(3,674,517)
	$ 3,256,805	$ 3,349,425

4. Pension Plan

Charities sponsors a noncontributory defined benefit pension plan (the Plan) that covers substantially all employees who qualify as to length of employment. The Plan benefits are based on 1¼% of the final average earnings multiplied by the total years of eligible participation as defined in the Plan document. Contributions to the Plan are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future.

The changes in benefit obligations and plan assets for the plan for 2002 and 2001 are as follows:

	2002	2001
Components of net periodic pension (benefit) cost:		
Service cost	$ 176,783	$ 192,315
Interest cost	181,847	168,516
Return on plan assets	(282,858)	(320,175)
Amortization of unrecognized net asset	(34,778)	(34,778)
Amortization of unrecognized prior service cost	16,815	16,815
Amortization of unrecognized net gain	(22,769)	(55,720)
Net periodic pension cost (benefit)	$ 35,040	$ (33,027)

	2002	2001
Change in benefit obligation:		
Benefit obligation at beginning of year	$2,616,085	$2,459,746
Service cost	176,783	192,315
Interest cost	181,847	168,516
Benefit transactions	(36,554)	(104,743)
Net liability loss (gain)	75,765	(99,749)
Benefit obligation at end of year	$3,013,926	$2,616,085
Change in plan assets:		
Fair value of plan assets – beginning of year	$4,059,099	$4,626,299
Actual return on plan assets	30,626	(462,457)
Employer contributions	-	-
Benefit transactions	(36,554)	(104,743)
Fair value of plan assets at end of year	$4,053,171	$4,059,099
Reconciliation of funded status:		
Funded status	$1,039,245	$1,443,014
Remaining unrecognized net asset	31,349	(3,429)
Unrecognized net gain	(520,540)	(871,306)
Unrecognized prior service cost	64,625	81,440
Prepaid pension cost	$ 614,679	$ 649,719
Prepaid pension cost was allocated as follows:		
Catholic Charities, Inc.	$ 497,031	$ 525,361
Children's Home, Inc.	13,961	14,757
Seton Villa, Inc.	30,416	32,153
Siena Hall, Inc.	73,271	77,448
Prepaid pension cost	$ 614,679	$ 649,719

The weighted-average discount rate used in determining the actuarial present value of the projected benefit obligation was 7.0% for 2002 and 2001. The average rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligation was 4.0% for 2002 and 2001. The expected long-term rate of return on assets was 7.0% for 2002 and 2001. For the years ended June 30, 2002 and 2001, Charities Inc. contributed $0 to the Plan.

Effective for the year ended June 30, 2002, Plan assets consist principally of mutual funds and fixed income investments with Mellon Trust, the custodian.

5. Grants Received for Benefit of Others

For the years ended June 30, 2002 and 2001, Charities recorded $5,958,542 and $4,959,660, respectively, in grant receipts that were subsequently disbursed as direct assistance to individuals under the following programs:

	2002	2001
Child and Adult Care Food Program	$1,090,151	$1,142,297
Energy Assistance	4,828,315	3,765,600
Foster Care	40,076	51,763
	$5,958,542	$4,959,660

6. Leases

Charities leases various facilities and equipment on a year-to-year and extended basis. All leases are classified as operating leases and expire over the next five years. Total rental expenses for all operating leases was $227,461 and $215,036 for 2002 and 2001, respectively. Minimum future rental payments required under non-cancelable operating leases are summarized as follows:

Fiscal year ended June 30,	
2003	$214,820
2004	166,242
2005	140,947
2006	108,800
2007	22,510
Thereafter	-
	$653,319

7. Related Party Transactions

Members of the Board of Trustees are also officers of the Diocese.

During the years ended June 30, 2002 and 2001, Charities received approximately $942,000 and $846,000, respectively, from the Diocese.

Charities utilizes and maintains several buildings owned by the Catholic Diocese Foundation (the Foundation). The agreement between the Foundation and Charities is for an indefinite period of time with no charge for rental fees. The estimated fair value of the contributed facilities usage is not significant and has not been recorded.

8. Income Taxes

Charities is a not-for-profit corporation which has been granted exempt status from federal taxation under Section 501(c)(3) of the Internal Revenue Code.

Catholic Charities, Inc. and Related Entities
Combining Balance Sheet
June 30, 2002

Assets	Catholic Charities, Inc.	Children's Home, Inc.	Seton Villa, Inc.	Siena Hall, Inc.	Total
Cash and cash equivalents	$ 560,426	$ 17,589	$ 79,584	$ 38,635	$ 696,234
Accounts receivable, net	306,370	136,517	36,829	11,402	491,118
Prepaid expenses	497,031	13,961	32,552	73,271	616,815
Due from related organizations	33,155	-	5,121	-	38,276
Assets whose use is limited	339,541	-	17,957	-	357,498
Other assets	3,400	-	-	-	3,400
Land, building, and equipment, net	1,872,038	844,505	348,560	191,702	3,256,805
Pooled investments	2,065,108	3,848,435	3,615,362	3,242,118	12,771,023
Total assets	$5,677,069	$4,861,007	$4,135,965	$3,557,128	$18,231,169
Liabilities and Net Assets					
Accounts payable	$ 149,582	$ 13,652	$ 8,380	$ 3,236	$ 174,850
Accrued expenses	175,328	36,985	19,522	14,978	246,813
Funds of others	339,541	-	-	-	339,541
Due to related organizations	-	5,721	-	49,179	54,900
Deferred support	8,635	-	30,157	-	38,792
Refundable advances	97,552	-	-	-	97,552
Total liabilities	770,638	56,358	58,059	67,393	952,448
Net assets:					
Unrestricted	4,796,553	4,795,168	4,059,949	3,489,735	17,141,405
Temporarily restricted	109,878	9,481	17,957	-	137,316
Total net assets	4,906,431	4,804,649	4,077,906	3,489,735	17,278,721
Total liabilities and net assets	$5,677,069	$4,861,007	$4,135,965	$3,557,128	$18,231,169

Catholic Charities, Inc. and Related Entities
Combining Balance Sheet
June 30, 2001

Assets	Catholic Charities, Inc.	Children's Home, Inc.	Seton Villa, Inc.	Siena Hall, Inc.	Total
Cash and cash equivalents	$ 517,279	$ 41,277	$ 43,440	$ 119,046	$ 721,042
Accounts receivable, net	346,996	73,607	45,687	34,913	501,203
Prepaid expenses	525,361	14,757	32,616	78,548	651,282
Due from related organizations	-	-	2,815	-	2,815
Assets whose use is limited	340,185	-	17,515	-	357,700
Other assets	4,100	-	-	-	4,100
Land, building, and equipment, net	1,879,834	908,900	354,850	205,841	3,349,425
Pooled investments	2,266,398	4,317,304	4,139,129	3,672,878	14,395,709
Total assets	$5,880,153	$5,355,845	$4,636,052	$4,111,226	$19,983,276
Liabilities and Net Assets					
Accounts payable	$ 123,160	$ 12,921	$ 8,428	$ 18,797	$ 163,306
Accrued expenses	193,686	31,098	21,951	21,095	267,830
Funds of others	340,185	-	-	-	340,185
Due to related organizations	821	1,892	-	18,005	20,718
Deferred support	11,025	-	-	27,295	38,320
Refundable advances	70,281	-	-	-	70,281
Total liabilities	739,158	45,911	30,379	85,192	900,640
Net assets:					
Unrestricted	5,003,237	5,300,453	4,588,158	4,026,034	18,917,882
Temporarily restricted	137,758	9,481	17,515	-	164,754
Total net assets	5,140,995	5,309,934	4,605,673	4,026,034	19,082,636
Total liabilities and net assets	$5,880,153	$5,355,845	$4,636,052	$4,111,226	$19,983,276

Catholic Charities, Inc. and Related Entities
Combining Statement of Activities
For the Year Ended June 30, 2002

	Catholic Charities, Inc.	Children's Home, Inc.	Seton Villa, Inc.	Siena Hall, Inc.	Total
Unrestricted:					
Grants received for benefit of others	$ 5,958,542	$ -	$ -	$ -	$ 5,958,542
Less: direct assistance to individuals	(5,958,542)	-	-	-	(5,958,542)
Revenue and other support:					
Contributions	1,270,607	14,913	120,451	113,894	1,519,865
Special events	338,607	24,714	24,294	24,056	411,671
Program fees	598,815	-	-	-	598,815
Government grants and contracts	1,539,393	1,174,344	498,840	384,843	3,597,420
United Ways	711,649	13,344	-	2,714	727,707
Catholic Diocese of Wilmington	941,826	-	-	-	941,826
Thrift store sales	384,355	-	-	-	384,355
Pooled investment income (loss)	(70,125)	(310,734)	(381,763)	(343,501)	(1,106,123)
Other investment income	19,240	-	-	-	19,240
Net assets released from restrictions	27,881	-	-	-	27,881
Other	3,406	-	-	-	3,406
Total revenue and other support	5,765,654	916,581	261,822	182,006	7,126,063
Expenses:					
Program services:					
Pregnancy, parenting and adoption services	249,952	-	-	-	249,952
Center for pastoral care	281,121	-	-	-	281,121
Crisis alleviation	236,826	-	-	-	236,826
Immigration	103,638	-	-	-	103,638
Family counseling	1,361,137	-	-	-	1,361,137
AIDS Ministry	219,551	-	-	-	219,551
Foster Care	61,398	-	-	-	61,398
Child and adult care food program	241,317	-	-	-	241,317
Parish social ministry	129,130	-	-	-	129,130
Family life	300,939	-	-	-	300,939
Seton Center	324,858	-	-	-	324,858
Catholic thrift center	869,709	-	-	-	869,709
Casa San Francisco	567,024	-	-	-	567,024
Energy assistance	384,712	-	-	-	384,712
Children's Home, Inc.	-	1,301,547	-	-	1,301,547
Seton Villa, Inc.	-	-	728,111	-	728,111
Siena Hall, Inc.	-	-	-	665,502	665,502
Total program services	5,331,312	1,301,547	728,111	665,502	8,026,472
Supporting services:					
Management and general	641,025	120,319	61,920	52,803	876,067
Total expenses	5,972,337	1,421,866	790,031	718,305	8,902,539
Increase (decrease) in unrestricted net assets	(206,683)	(505,285)	(528,209)	(536,299)	(1,776,476)
Temporarily restricted:					
Temporarily restricted contributions	-		442	-	442
Net assets released from restrictions	(27,881)	-	-	-	(27,881)
(Decrease) increase in temporarily restricted net assets	(27,881)	-	442	-	(27,439)
Changes in net assets	(234,564)	(505,285)	(527,767)	(536,299)	(1,803,915)
Net assets at beginning of year	5,140,995	5,309,934	4,605,673	4,026,034	19,082,636
Net assets at end of year	$ 4,906,431	$4,804,649	$4,077,906	$3,489,735	$17,278,721

DOW 03399

Catholic Charities, Inc. and Related Entities
Combining Statement of Activities
For the Year Ended June 30, 2001

	Catholic Charities, Inc.	Children's Home, Inc.	Seton Villa, Inc.	Siena Hall, Inc.	Total
Unrestricted:					
Grants received for benefit of others	$ 4,959,660	-	-	-	$ 4,959,660
Less : direct assistance to individuals	(4,959,660)	-	-	-	(4,959,660)
Revenue and other support:					
Contributions	1,409,536	$ 16,290	$ 116,963	$ 132,411	1,675,200
Special events	106,944	23,862	23,862	23,862	178,530
Program fees	638,418	-	-	-	638,418
Government grants and contracts	1,406,438	908,418	521,519	513,366	3,349,741
United Ways	696,560	18,241	-	5,058	719,859
Catholic Diocese of Wilmington	845,799	-	-	-	845,799
Thrift store sales	382,644	-	-	-	382,644
Pooled investment income (loss)	123,952	(133,602)	(195,693)	(180,697)	(386,040)
Other investment income	49,563	-	-	-	49,563
Net assets released from restrictions	3,548	-	-	-	3,548
Other	9,448	-	-	-	9,448
Total revenue and other support	5,672,850	833,209	466,651	494,000	7,466,710
Expenses:					
Program services:					
Pregnancy, parenting and adoption services	246,877	-	-	-	246,877
Center for pastoral care	221,995	-	-	-	221,995
Crisis alleviation	214,553	-	-	-	214,553
Immigration	97,982	-	-	-	97,982
Family counseling	1,320,033	-	-	-	1,320,033
AIDS Ministry	176,638	-	-	-	176,638
Foster Care	57,812	-	-	-	57,812
Child and adult care food program	212,423	-	-	-	212,423
Parish social ministry	114,951	-	-	-	114,951
Family life	311,365	-	-	-	311,365
Seton Center	289,214	-	-	-	289,214
Catholic thrift center	909,514	-	-	-	909,514
Casa San Francisco	559,154	-	-	-	559,154
Energy assistance	330,679	-	-	-	330,679
Children's Home, Inc.	-	1,088,945	-	-	1,088,945
Seton Villa, Inc.	-	-	751,150	-	751,150
Siena Hall, Inc.	-	-	-	628,237	628,237
Total program services	5,063,190	1,088,945	751,150	628,237	7,531,522
Supporting services:					
Management and general	633,997	57,723	61,345	70,791	823,856
Total expenses	5,697,187	1,146,668	812,495	699,028	8,355,378
Increase (decrease) in unrestricted net assets	(24,337)	(313,459)	(345,844)	(205,028)	(888,668)
Temporarily restricted:					
Temporarily restricted contributions	-	-	-	-	-
Net assets released from restrictions	(3,548)	-	758	-	(2,790)
(Decrease) increase in temporarily restricted net assets	(3,548)	-	758	-	(2,790)
Changes in net assets	(27,885)	(313,459)	(345,086)	(205,028)	(891,458)
Net assets at beginning of year	5,168,880	5,623,393	4,950,759	4,231,062	19,974,094
Net assets at end of year	$ 5,140,995	$5,309,934	$4,605,673	$4,026,034	$19,082,636

DOW 03400

Catholic Charities, Inc. and Related Entities

Combined Financial Statements and
Supplementary Information
For the Years Ended June 30, 2000 and 1999

Catholic Charities, Inc. and Related Entities
Combined Financial Statements and Supplementary Information
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Report of Independent Accountants

To the Board of Trustees and Board of Directors
Catholic Charities, Inc. and Related Entities

In our opinion, the accompanying combined balance sheets and the related combined statements of activities, functional expenses and of cash flows present fairly, in all material respects, the financial position of Catholic Charities, Inc. and Related Entities (Charities) at June 30, 2000 and 1999, and the changes in their net assets and their cash flows for each of the years then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of Charities' management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Our audits were conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The combining information is presented for purposes of additional analysis of the combined financial statements rather than to present the financial position and results of operations of the individual companies. Accordingly, we do not express an opinion on the financial position and results of operations of the individual companies. However, the combining information has been subjected to the auditing procedures applied in the audits of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

PricewaterhouseCoopers LLP

September 15, 2000

Catholic Charities, Inc. and Related Entities
Combined Balance Sheets
June 30, 2000 and 1999

Assets	Current Operations	Land, Building, and Equipment	Invested Reserves	Total All Funds 2000	Total All Funds 1999
Cash and cash equivalents	$ 360,279	-	-	$ 360,279	$ 366,184
Accounts receivable, net	441,954	-	-	441,954	533,871
Prepaid expenses	618,653	-	-	618,653	582,262
Due from related organization	6,589	-	-	6,589	-
Assets whose use is limited	336,045	-	-	336,045	266,749
Other assets	4,100	-	-	4,100	4,100
Land, building, and equipment, net	-	$3,446,812	-	3,446,812	3,712,741
Pooled investments	-	-	$15,641,821	15,641,821	14,405,789
Total assets	$1,767,620	$3,446,812	$15,641,821	$20,856,253	$19,871,696
Liabilities and Net Assets					
Accounts payable	$ 186,485	-	-	$ 186,485	$ 302,291
Accrued expenses	276,144	-	-	276,144	277,250
Due to related organizations	-	-	-	-	321,597
Funds of others	319,288	-	-	319,288	251,749
Deferred support/unearned revenue	28,625	-	-	28,625	78,014
Refundable advances	71,617	-	-	71,617	54,104
Total liabilities	882,159	-	-	882,159	1,285,005
Net assets:					
Unrestricted	847,223	$3,446,812	$15,512,515	19,806,550	18,419,403
Temporarily restricted	38,238	-	129,306	167,544	167,288
Total net assets	885,461	3,446,812	15,641,821	19,974,094	18,586,691
Total liabilities and net assets	$1,767,620	$3,446,812	$15,641,821	$20,856,253	$19,871,696

The accompanying notes are an integral part of the combined financial statements.

Catholic Charities, Inc. and Related Entities
Combined Statements of Activities
For the Years Ended June 30, 2000 and 1999

	Current Operations	Land, Building, and Equipment	Invested Reserves	Total All Funds 2000	Total All Funds 1999
Unrestricted:					
Grants received for benefit of others	$ 4,035,950	-	-	$ 4,035,950	$ 3,108,299
Less: direct assistance to individuals	(4,035,950)	-	-	(4,035,950)	(3,108,299)
Revenue and other support:					
Contributions	1,218,469	-	-	1,218,469	1,008,844
Special events	162,384	-	-	162,384	175,989
Program fees	577,665	-	-	577,665	606,346
Government grants and contracts	3,088,940	-	-	3,088,940	2,955,324
United Ways	960,211	-	-	960,211	985,259
Catholic Diocese of Wilmington	998,900	-	-	998,900	940,256
Thrift store sales	376,791	-	-	376,791	399,713
Pooled investment income	508,380	$ 76,872	$ 1,279,034	1,864,286	1,000,910
Other investment income	38,935	-	-	38,935	21,367
Other	8,648	-	-	8,648	10,121
Net assets released from restrictions	582	-	-	582	3,653
Total revenue and other support	7,939,905	76,872	1,279,034	9,295,811	8,107,782
Expenses:					
Program services:					
Pregnancy, parenting and adoption services	315,467	9,579	-	325,046	228,174
Center for pastoral care	233,679	7,939	-	241,618	295,299
Crisis alleviation	211,857	3,464	-	215,321	212,614
Immigration	70,028	2,034	-	72,062	22,730
Family counseling	991,667	47,073	-	1,038,740	1,174,482
AIDS Ministry	142,453	10,038	-	152,491	153,694
Foster Care	70,068	2,123	-	72,191	77,358
Child and adult care food program	194,150	8,033	-	202,183	192,381
Parish social ministry	103,198	3,178	-	106,376	118,359
Family life	282,930	8,011	-	290,941	174,183
Seton Center	246,921	18,288	-	265,209	247,310
Catholic thrift center	777,266	21,960	-	799,226	802,355
Delaware day treatment	513,486	38,854	-	552,340	562,552
Day Rehabilitation program	-	-	-	-	118,701
Casa San Francisco	544,231	18,868	-	563,099	527,246
Energy assistance	289,215	7,821	-	297,036	230,075
Children's Home, Inc.	613,930	109,931	-	723,861	739,252
Seton Villa, Inc.	657,130	28,927	-	686,057	640,237
Siena Hall, Inc.	614,609	39,082	-	653,691	666,978
Total program services	6,872,285	385,203	-	7,257,488	7,183,980
Supporting services:					
Management and general	636,755	14,391	30	651,176	714,669
Total expenses	7,509,040	399,594	30	7,908,664	7,898,649
Excess/(deficiency) of revenue over expenses	430,865	(322,722)	1,279,004	1,387,147	209,133
Transfers	(14,403)	56,793	(42,390)	-	-
Net assets released from restrictions for capital renovations	-	-	-	-	117,253
Increase/(decrease) in unrestricted net assets	416,462	(265,929)	1,236,614	1,387,147	326,386
Temporarily restricted:					
Temporarily restricted contributions	838	-	-	838	58,828
Net assets released from restrictions	-	-	(582)	(582)	(120,906)
Increase/(decrease) in temporarily restricted net assets	838	-	(582)	256	(62,078)
Changes in net assets	417,300	(265,929)	1,236,032	1,387,403	264,308
Net assets at beginning of year	468,161	3,712,741	14,405,789	18,586,691	18,322,383
Net assets at end of year	$ 885,461	$3,446,812	$15,641,821	$19,974,094	$18,586,691

The accompanying notes are an integral part of the combined financial statements.

DOW 03405

Catholic Charities, Inc. and Related Entities

Combined Statement of Functional Expenses

For the Year Ended June 30, 2000

	Program Services										
	Pregnancy, Parenting and Adoption Services	Substance Abuse	Crisis Alleviation	Immigration	Family Counseling	AIDS Ministry	Foster Care	Child and Adult Care Food Program	Parish Social Ministry	Family Life	Seton Center
Salaries	$ 213,466	$ 176,922	$ 77,186	$ 45,322	$ 613,887	$ 47,306	$ 47,313	$ 122,416	$ 70,831	$ 178,531	$ 103,860
Employee benefits	25,478	15,472	10,922	8,868	108,770	10,619	7,553	12,519	3,814	25,399	22,223
Payroll taxes	15,945	12,028	5,765	3,412	44,819	2,830	3,577	9,275	5,665	13,552	916
Total salaries and related expenses	254,889	204,422	93,873	57,602	767,476	60,755	58,443	144,210	80,310	217,482	126,999
Cost of goods sold	-	-	-	-	-	-	-	-	-	-	-
Professional fees	14,926	2,235	-	3,079	39,455	2,718	113		1,236	775	6,038
Supplies	5,167	5,974	502	642	14,621	13,779	1,022	9,190	2,041	4,788	9,256
Telephone	4,897	3,551	1,156	407	20,079	3,442	1,214	3,073	876	1,812	3,460
Postage and shipping	2,026	1,639	671	447	3,560	462	531	3,618	2,247	5,673	727
Occupancy	21,335	8,808	3,137	2,366	90,689	24,022	6,103	12,948	2,973	7,682	15,632
Rental and maintenance of buildings and equipment	2,995	2,927	110	403	14,139	4,889	510	7,345	901	2,874	
Printing and publication	1,510	332	16	136	342	48	4	4,820	2,795	2,390	10,871
Travel and transportation	5,375	218	1,471	1,948	14,982	4,057	744	7,591	1,079	1,679	111
Conferences and meetings	1,084	1,482	804	844	4,211	3,172	492	635	1,126	3,474	7,115
Specific assistance to individuals	53	-	110,210	2,150		24,504	544	-	-	-	491
Workshops		-	-	-	294	775	-	985	6,260	34,607	64,301
Dues and membership	25	173	-	575	254	-	-	75	120	383	-
Miscellaneous	3,991	4,243	921	25	29,633	452	1,170	1,269	465	1,657	352
Fundraising expense	-	-	-	-	-	-	-	-	1,700	-	1,349
Residential care	-	-	-	-	-	-	-	-	-	-	219
Reimbursement to/(from) related organizations	-	-	-	-	-	-	-	-	-	-	-
Total expenses before depreciation and prepaid pension	318,273	236,004	212,871	70,624	999,735	143,075	70,690	195,759	104,129	285,276	246,921
Prepaid pension (benefit) expense	(2,806)	(2,325)	(1,014)	(596)	(8,068)	(622)	(622)	(1,609)	(931)	(2,346)	-
Total expenses before depreciation	315,467	233,679	211,857	70,028	991,667	142,453	70,068	194,150	103,198	282,930	246,921
Depreciation	9,579	7,939	3,464	2,034	47,073	10,038	2,123	8,033	3,178	8,011	18,288
Total expenses	$ 325,046	$ 241,618	$ 215,321	$ 72,062	$ 1,038,740	$ 152,491	$ 72,191	$ 202,183	$ 106,376	$ 290,941	$ 265,209

The accompanying notes are an integral part of the combined financial statements.

DOW 03406

Catholic Charities, Inc. and Related Entities
Combined Statement of Functional Expenses
For the Year Ended June 30, 2000 (continued)

	Catholic Thrift Center	Delaware Day Treatment	Casa San Francisco	Energy Assistance	Children's Home, Inc.	Seton Villa, Inc.	Siena Hall, Inc.	Total Program Services	Supporting Services Management and General	Total Expenses
Salaries	$ 238,953	$ 306,818	$ 202,483	$ 174,286	$ 340,285	$ 377,541	$ 463,464	$ 3,800,870	$ 317,177	$ 4,118,047
Employee benefits	54,316	49,738	47,867	10,913	69,770	76,205	81,161	641,607	43,410	685,017
Payroll taxes	17,769	23,212	15,363	13,330	23,647	28,212	33,906	273,223	25,079	298,302
Total salaries and related expenses	311,038	379,768	265,713	198,529	433,702	481,958	578,531	4,715,700	385,666	5,101,366
Cost of goods sold	376,791	-	-	-	-	-	-	376,791	-	376,791
Professional fees	-	38,832	2,574	14,537	8,470	8,130	7,656	150,374	52,368	202,742
Supplies	5,137	9,392	10,622	10,759	2,757	2,802	3,297	111,748	8,105	119,853
Telephone	3,489	10,044	3,154	15,482	9,636	6,717	8,088	100,577	9,448	110,025
Postage and shipping	198	732	5,111	6,462	1,649	285	1,401	37,239	4,249	41,488
Occupancy	65,045	58,402	16,472	25,586	32,634	18,986	29,329	442,149	29,178	471,327
Rental and maintenance of buildings and equipment	1,455	4,753	8,049	5,633	20,693	30,429	11,848	130,824	12,886	143,710
Printing and publication	32	199	6,038	1,415	1,082	700	489	22,459	12,877	35,336
Travel and transportation	11,242	10,651	12,458	996	14,326	11,992	11,857	119,781	3,149	122,930
Conferences and meetings	-	1,374	1,491	-	4,386	3,863	3,117	32,046	24,286	56,332
Specific assistance to individuals	-	-	211,750	-	-	-	-	413,512	-	413,512
Workshops	-	-	-	-	-	-	-	42,921	-	42,921
Dues and membership	-	-	195	-	-	352	287	2,791	21,692	24,483
Miscellaneous	5,980	3,372	2,915	12,507	5,493	2,769	2,528	80,739	13,237	93,976
Fundraising expense	-	-	350	-	-	-	-	2,269	56,960	59,229
Residential care	-	-	-	-	41,462	51,513	36,218	129,193	-	129,193
Reimbursement to/(from) related organizations	-	-	-	-	38,493	38,493	(76,986)	-	-	-
Total expenses before depreciation and prepaid pension	780,407	517,519	546,892	291,506	614,783	658,989	617,660	6,911,113	634,101	7,545,214
Prepaid pension (benefit) expense	(3,141)	(4,033)	(2,661)	(2,291)	(853)	(1,859)	(3,051)	(38,828)	2,684	(36,144)
Total expenses before depreciation	777,266	513,486	544,231	289,215	613,930	657,130	614,609	6,872,285	636,785	7,509,070
Depreciation	21,960	38,854	18,868	7,821	109,931	28,927	39,082	385,203	14,391	399,594
Total expenses	$ 799,226	$ 552,340	$ 563,099	$ 297,036	$ 723,861	$ 686,057	$ 653,691	$ 7,257,488	$ 651,176	$ 7,908,664

The accompanying notes are an integral part of the combined financial statements.

DOW 03407

Catholic Charities, Inc. and Related Entities

ombined Statement of Functional Expenses

or the Year Ended June 30, 1999

	Program Services										
	Pregnancy, Parenting and Adoption Services	Center for Pastoral Care	Crisis Alleviation	Immigration	Family Counseling	AIDS Ministry	Foster Care	Child and Adult Care Food Program	Parish Social Ministry	Family Life	Seton Center
Salaries	$ 146,778	$ 209,905	$ 73,345	$ 16,410	$ 743,768	$ 58,393	$ 49,922	$ 125,748	$ 80,054	$ 88,834	$ 101,586
Employee benefits	16,449	24,358	16,499	1,273	128,556	3,910	5,355	22,322	8,078	12,637	19,927
Payroll taxes	11,208	15,416	5,517	1,110	53,989	4,242	3,803	9,495	6,036	6,644	1,148
Total salaries and related expenses	174,435	249,679	95,361	18,793	926,313	66,545	59,080	157,565	94,168	108,115	122,661
Cost of goods sold	-	-	-	-	-	-	-	-	-	-	-
Professional fees	13,614	539	92	53	32,225	2,088	30	125	147	1,558	-
Supplies	2,934	13,204	1,674	764	16,332	16,587	937	3,870	2,355	9,333	9,265
Telephone	4,534	4,553	1,643	50	28,251	3,969	2,024	2,181	1,103	1,054	3,050
Postage and shipping	1,289	2,201	992	-	6,926	848	282	3,692	1,732	3,547	309
Occupancy	17,615	13,246	4,284	-	109,678	21,625	6,916	12,259	4,591	4,004	15,277
Rental and maintenance of buildings and equipment	928	1,537	1,190	1,148	7,164	6,464	208	1,090	673	746	3,723
Printing and publication	768	217	36	80	1,295	742	67	6,377	384	3,972	461
Travel and transportation	6,964	180	2,618	849	16,653	3,214	724	7,721	1,677	1,195	7,854
Conferences and meetings	890	1,509	48	1,691	4,437	3,854	1,221	2,680	9,975	39,582	1,822
Specific assistance to individuals	-	-	101,239	400	430	28,400	5,319	-	-	-	68,769
Dues and membership	76	350	100	-	349	150	-	310	290	100	-
Miscellaneous	2,727	3,340	1,516	-	8,666	213	620	1,061	-	1,368	879
Fundraising expense	1,807	5,195	1,129	-	14,456	702	-	-	1,575	-	894
Residential care	-	-	-	-	-	-	-	-	-	-	-
Reimbursement to/(from) related organizations	-	-	-	-	-	-	-	-	-	-	-
Total expenses before depreciation and prepaid pension	228,561	295,750	211,922	23,828	1,173,175	155,401	77,428	198,731	118,670	174,574	235,064
Prepaid pension (benefit) expense	(9,804)	(13,662)	(4,908)	(1,098)	(49,607)	(3,814)	(3,340)	(16,709)	(5,357)	(5,944)	-
Total expenses before depreciation	218,757	282,088	207,014	22,730	1,123,568	151,587	74,088	182,022	113,313	168,630	235,064
Depreciation	9,417	13,211	5,600	-	50,914	2,107	3,270	10,359	5,046	5,553	12,246
Total expenses	$ 228,174	$ 295,299	$ 212,614	$ 22,730	$ 1,174,482	$ 153,694	$ 77,358	$ 192,381	$ 118,359	$ 174,183	$ 247,310

The accompanying notes are an integral part of the combined financial statements.

DOW 03408

Catholic Charities, Inc. and Related Entities

Combined Statement of Functional Expenses

For the Year Ended June 30, 1999 (continued)

	Program Services									Supporting Services	
	Catholic Thrift Center	Delaware Day Treatment	Day Rehabilitation	Casa San Francisco	Energy Assistance	Children's Home, Inc.	Seton Villa, Inc.	Siena Hall, Inc.	Total Program Services	Management and General	Total Expenses
Salaries	$ 239,825	$ 332,455	$ 84,024	$ 194,023	$ 143,822	$ 388,515	$ 410,708	$ 459,448	$ 3,947,563	$ 357,881	$ 4,305,444
Employee benefits	53,479	73,779	9,171	47,091	15,937	67,511	65,054	68,523	659,909	57,297	717,206
Payroll taxes	18,316	24,908	5,630	14,394	10,756	28,971	28,237	33,864	283,684	27,881	311,565
Total salaries and related expenses	311,620	431,142	98,825	255,508	170,515	484,997	503,999	561,835	4,891,156	443,059	5,334,215
Cost of goods sold	399,713	-	-	-	-	-	-	-	399,713	-	399,713
Professional fees	25	47,091	298	3,223	14,742	10,281	11,555	10,385	148,071	79,045	227,116
Supplies	4,109	9,561	1,982	12,270	4,169	3,193	2,604	3,878	119,001	10,974	129,975
Telephone	2,281	10,746	953	2,930	9,310	10,960	6,804	8,178	104,574	12,565	117,139
Postage and shipping	260	926	742	3,107	5,876	814	1,091	1,465	36,099	4,422	40,521
Occupancy	65,589	58,061	16,164	13,237	23,630	31,156	23,662	27,794	468,888	25,789	494,677
Rental and maintenance of buildings and equipment	7,320	1,847	233	5,342	266	19,397	16,387	14,889	90,552	28,606	119,158
Printing and publication	172	751	109	4,087	1,311	1,697	1,187	1,271	24,984	11,229	36,213
Travel and transportation	9,545	9,984	1,010	13,502	312	16,018	13,569	13,515	127,104	5,313	132,417
Conferences and meetings	-	3,526	612	599	-	3,015	2,579	3,651	81,691	29,693	111,384
Specific assistance to individuals	-	180	-	209,386	-	-	-	-	414,123	-	414,123
Dues and membership	-	471	-	205	-	308	150	273	2,932	26,784	29,716
Miscellaneous	6,624	442	237	5,459	6,142	775	1,391	384	41,844	9,779	51,623
Fundraising expense	-		-	3,393	-	-	-	-	29,151	28,728	57,879
Residential care	-	-	-	-	-	33,818	38,287	47,619	119,724	-	119,724
Reimbursement to/(from) related organizations	-	-	-	-	-	39,485	-	(39,485)	-	-	-
Total expenses before depreciation and prepaid pension	807,258	574,728	128,165	532,248	236,273	655,914	623,265	655,652	7,099,607	715,986	7,815,593
Prepaid pension (benefit) credit	(15,953)	(44,280)	(7,903)	(12,983)	(15,230)	(5,985)	(13,039)	(31,408)	(261,024)	(23,646)	(284,670)
Total expenses before depreciation	791,305	530,448	113,262	519,265	221,043	649,929	610,226	624,244	6,838,583	692,340	7,530,923
Depreciation	11,050	32,104	5,439	7,981	9,032	89,323	30,011	42,734	345,397	22,329	367,726
Total expenses	$ 802,355	$ 562,552	$ 118,701	$ 527,246	$ 230,075	$ 739,252	$ 640,237	$ 666,978	$ 7,183,980	$ 714,669	$ 7,898,649

The accompanying notes are an integral part of the combined financial statements.

DOW 03409

Catholic Charities, Inc. and Related Entities
Combined Statements of Cash Flows
For the Years Ended June 30, 2000 and 1999

	2000	1999
Cash flows from operating activities:		
Changes in net assets	$ 1,387,403	$ 264,308
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Net appreciation on pooled investments	(1,602,761)	(549,530)
Depreciation	383,530	367,726
Changes in assets and liabilities:		
Accounts receivable, net	91,917	(149,136)
Prepaid expenses	(36,391)	(267,390)
Due from related organizations	(6,589)	250,485
Assets whose use is limited	(69,296)	9,827
Assets held for related organizations	-	3,673
Accounts payable	(115,806)	103,913
Accrued expenses	(1,106)	(1,197)
Due to related organizations	(321,597)	69,561
Funds of others	67,539	75,425
Deferred support/unearned revenue	(49,389)	33,294
Refundable advances	17,513	(16,708)
Net cash (used in) provided by operating activities	(255,033)	194,251
Cash flows from investing activities:		
Purchase of land, building, and equipment	(117,601)	(356,267)
Amounts drawn from pooled investments for operations	550,770	606,840
Amounts drawn from pooled investments for purchase of land, building, and equipment	77,484	200,464
Reinvestment of interest and dividends into pooled investments	(261,525)	(451,380)
Net cash provided by (used in) investing activities	249,128	(343)
Net (decrease) increase in cash and cash equivalents	(5,905)	193,908
Cash and cash equivalents at beginning of year	366,184	172,276
Cash and cash equivalents at end of year	$ 360,279	$ 366,184

The accompanying notes are an integral part of the combined financial statements.

1. Summary of Significant Accounting Policies

Nature of Operations

Catholic Charities, Inc. is a not-for-profit organization whose mission is to address human suffering and promote and restore the well being of people and society by providing, as a primary focus, caring service to persons in need, bringing together community members to become informed about and to take action on critical social issues, and advocate publicly for social policies which enhance human dignity and safeguard basic human rights. Charities, Inc. is the recipient of numerous government grants and contracts which are used to support certain major programs.

The related entities of Charities, Inc. provide residential group care for school-aged children in a neighborhood atmosphere. The related entities are reimbursed by the government at a predetermined rate based on the number of children served, plus a portion of related administrative expenses.

Basis of Reporting

The combined financial statements include the accounts of Catholic Charities, Inc. and its related entities, Seton Villa, Inc., Siena Hall, Inc., and Children's Home, Inc. (Charities). Intercompany transactions and balances have been eliminated in combination.

Charities reports using the accrual basis of accounting. The preparation of financial statements in conformity with generally accepted accounting principles 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. Certain reclassifications have been made to prior year amounts to conform with current year classifications.

Financial Statement Presentation

The combined financial statements have been prepared in accordance with Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-for-Profit Organizations*. Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. A description of the three net asset categories follows:

Unrestricted Net Assets are those assets that are available for the support of operations and whose use is not externally restricted, although their use may be limited by other factors such as by contract or board designation.

Temporarily Restricted Net Assets include gifts whose use has been limited by donors to a specific time period and purpose and whose restrictions have not been met.

Permanently Restricted Net Assets include gifts, trusts, and pledges which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions.

All net assets are either unrestricted or temporarily restricted as of June 30, 2000 and 1999.

Contributions
Contributions are recognized as revenue in accordance with Statement of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made". Noncash contributions are recorded at fair value on the date of donation. Contributions of cash and other non-capital assets are reported as temporarily restricted operating revenue if the contributions are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose for the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Donor restricted contributions which are received and expended within the same fiscal year are reported as unrestricted revenues.

Cash and Cash Equivalents
Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less.

Assets Whose Use Is Limited
Assets whose use is limited includes funds received by Charities from government agencies. These amounts represent funds to be distributed to individuals as "direct assistance" pursuant to program requirements as determined by the government, and are not available for use by Charities in current operations.

Funds of Others
Charities collects and distributes funds for the benefit of others in conjunction with the administration of certain government funded programs. Charities' sole responsibility with regard to these funds is in the capacity of acting as an agent.

Pooled Investments
Pooled investments are stated at fair value. Pooled investment income on the statements of activities includes interest, dividends, and realized and unrealized gains and losses, net of consulting and custodial costs.

Charities participates with the Catholic Diocese of Wilmington, Inc. (the Diocese) and other affiliated organizations in an investment pool which is held in a custody account at Mellon Trust. The pool is invested in a combination of fixed income, equity securities and mutual funds.

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

Vacation
Charities recognizes the cost of vested vacation pay as earned by employees.

Contributed Services and Goods
Charities receives services from unpaid volunteers. The value of these contributed services is not reflected in the financial statements since the services provided by the volunteers do not require specialized skills and would not be purchased if volunteer services were not available.
Charities receives donations for its thrift shop. Due to the difficulty in valuing donations, the fair value of the donations is recognized upon sale by the thrift shop.

2. Concentration of Credit Risk

Charities maintains virtually all of its cash balances in one regional financial institution. A substantial portion of these balances in excess of FDIC limits is invested in an overnight repurchase agreement instrument. Charities believes it is not exposed to any significant credit risk by this arrangement.

3. Pooled Investments

The composition of pooled investments as of June 30, 2000 and 1999 was as follows:

	2000	1999
Cash and cash equivalents	$ 19,960	$ 52,550
Fixed income	4,824,832	4,023,698
Domestic equity	8,274,482	8,266,807
International equity	2,522,547	2,062,734
Total pooled investments	$15,641,821	$14,405,789

The fair value of these investments was determined based on quoted market prices at June 30, 2000 and 1999.

Pooled investment income for the years ended June 30, 2000 and 1999 consisted of the following:

	2000	1999
Interest and dividends	$ 261,525	$ 451,380
Net appreciation	1,602,761	549,530
Pooled investment income	$1,864,286	$1,000,910

The pooled investment income was net of custodial and advisory fees in the amount of $50,999 and $55,549 for the years ended June 30, 2000 and 1999, respectively.

4. Land, Building, and Equipment and Depreciation

Land, building and equipment are stated at historical cost or fair value at the date of donation, less accumulated depreciation. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets. Land, building, and equipment and accumulated depreciation as of June 30, 2000 and 1999 were as follows:

	2000	1999
Land	$ 339,432	$ 339,432
Building and improvements	4,782,765	4,763,338
Furniture and equipment	1,152,103	1,087,100
Vehicles	542,970	558,459
	6,817,270	6,748,329
Accumulated depreciation	(3,370,458)	(3,035,588)
	$ 3,446,812	$ 3,712,741

5. Pension Plan

Charities sponsors a noncontributory defined benefit pension plan (the Plan) that covers substantially all employees who qualify as to length of employment. The Plan benefits are based on 1¼% of the final average earnings multiplied by the total years of eligible participation as defined in the Plan document. Contributions to the Plan are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future.

The changes in benefit obligations and plan assets for the plan for 2000 and 1999 are as follows:

	2000	1999
Components of net periodic pension (benefit) cost:		
Service cost	$ 179,734	$ 183,825
Interest cost	169,790	178,815
Expected return on plan assets	(311,416)	(438,857)
Amortization of unrecognized net asset	(34,778)	(34,778)
Amortization of unrecognized prior service cost	16,815	16,815
Amortization of unrecognized net gain	(40,041)	(122,855)
Net periodic pension benefit	$ (19,896)	$(217,035)

	2000	1999
Change in benefit obligation:		
Benefit obligation at beginning of year	$2,590,796	$2,817,597
Service cost	179,734	183,925
Interest cost	169,790	178,815
Benefit transactions	(240,916)	(265,591)
Contract fees	-	(19,474)
Net liability gain	(239,658)	(304,476)
Benefit obligation at end of year	$2,459,746	$2,590,796

	2000	1999
Change in plan assets:		
Fair value of plan assets – beginning of year	$4,538,124	$4,329,465
Actual return on plan assets	311,416	426,088
Employer contributions	17,675	67,636
Benefit transactions	(240,916)	(265,591)
Contract fees	-	(19,474)
Fair value of plan assets at end of year	$4,626,299	$4,538,124

	2000	1999
Reconciliation of funded status:		
Funded status	$ 2,166,553	$ 1,947,328
Remaining unrecognized net asset	(38,207)	(72,985)
Unrecognized net gain	(1,609,909)	(1,410,292)
Unrecognized prior service cost	98,255	115,070
Prepaid pension cost	$ 616,692	$ 579,121

	2000	1999
Prepaid pension cost was allocated as follows:		
Catholic Charities, Inc.	$498,659	$468,278
Children's Home, Inc.	14,007	13,154
Seton Villa, Inc.	30,517	28,658
Siena Hall, Inc.	73,509	69,031
Prepaid pension cost	$616,692	$579,121

The weighted-average discount rate used in determining the actuarial present value of the projected benefit obligation was 7.0% for 2000 and 1999. The average rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligation was 4.0% for 2000 and 5.0% for 1999. The expected long-term rate of return on assets was 7.0% for 2000 and 10.4% for 1999. For the years ended June 30, 2000 and 1999, Charities contributed $17,675 and $67,636, respectively, to the Plan.

Effective for the year ended June 30, 2000, Plan assets consist principally of mutual funds and fixed income investments with Mellon Trust, the custodian.

6. Grants Received for Benefit of Others

For the years ended June 30, 2000 and 1999, Charities recorded $4,035,950 and $3,108,299, respectively, in grant receipts that were subsequently disbursed as direct assistance to individuals under the following programs:

	2000	1999
Child and Adult Care Food Program	$1,023,832	$1,038,955
Energy Assistance	2,955,811	2,003,897
Foster Care	56,307	65,447
	$4,035,950	$3,108,299

7. Leases

Charities leases various facilities and equipment on a year-to-year and extended basis. All leases are classified as operating leases and expire over the next five years. Total rental expenses for all operating leases was $216,310 and $211,764 for 2000 and 1999, respectively. Minimum future rental payments required under non-cancelable operating leases are summarized as follows:

Fiscal year ended June 30,	
2001	$195,889
2002	158,502
2003	162,020
2004	166,242
2005	140,947
Thereafter	154,495
	$978,095

8. **Related Party Transactions**

Members of the Board of Trustees are also officers of the Diocese.

During the years ended June 30, 2000 and 1999, Charities received approximately $999,000 and $940,000, respectively, from the Diocese.

Charities utilizes and maintains several buildings owned by the Catholic Diocese Foundation (the Foundation). The agreement between the Foundation and Charities is for an indefinite period of time with no charge for rental fees. The estimated fair value of the contributed facilities usage is not significant and not recorded.

9. **Income Taxes**

Charities is a not-for-profit corporation which has been granted exempt status from federal taxation under Section 501(c)(3) of the Internal Revenue Code.

Supplementary Information

Catholic Charities, Inc. and Related Entities
Combining Balance Sheet
June 30, 2000

Assets	Catholic Charities, Inc.	Children's Home, Inc.	Seton Villa, Inc.	Siena Hall, Inc.	Eliminations	Total
Cash and cash equivalents	$ 317,507	$ 11,187	$ 14,556	$ 17,029	-	$ 360,279
Accounts receivable, net	313,189	41,754	41,806	45,205	-	441,954
Prepaid expenses	498,657	14,007	30,518	75,471	-	618,653
Due from related organizations	14,616	3,828	-	-	$ (11,855)	6,589
Assets whose use is limited	319,288	-	16,757	-	-	336,045
Other assets	4,100	-	-	-	-	4,100
Land, building, and equipment, net	1,975,741	868,983	382,011	220,077	-	3,446,812
Pooled investments	2,478,519	4,717,897	4,505,145	3,940,260	-	15,641,821
Total assets	$ 5,921,617	$5,657,656	$ 4,990,793	$ 4,298,042	$ (11,855)	$20,856,253
Liabilities and Net Assets						
Accounts payable	$ 155,152	$ 13,106	$ 10,781	$ 7,446	-	$ 186,485
Accrued expenses	196,930	21,157	23,906	34,151	-	276,144
Due to related organizations	-	-	5,347	6,508	$ (11,855)	-
Funds of others	319,288	-	-	-	-	319,288
Deferred support/unearned revenue	9,750	-	-	18,875	-	28,625
Refundable advances	71,617	-	-	-	-	71,617
Total liabilities	752,737	34,263	40,034	66,980	(11,855)	882,159
Net assets:						
Unrestricted	5,027,574	5,613,912	4,934,002	4,231,062	-	19,806,550
Temporarily restricted	141,306	9,481	16,757	-	-	167,544
Total net assets	5,168,880	5,623,393	4,950,759	4,231,062	-	19,974,094
Total liabilities and net assets	$ 5,921,617	$5,657,656	$ 4,990,793	$ 4,298,042	$ (11,855)	$20,856,253

Catholic Charities, Inc. and Related Entities
Combining Balance Sheet
June 30, 1999

Assets	Catholic Charities, Inc.	Children's Home, Inc.	Seton Villa, Inc.	Siena Hall, Inc.	Eliminations	Total
Cash and cash equivalents	$ 338,358	$ 8,973	$ 9,099	$ 9,754	-	$ 366,184
Accounts receivable, net	430,791	35,129	30,412	37,539	-	533,871
Prepaid expenses	468,278	14,866	28,658	70,460	-	582,262
Due from related organization	100,677	-	-	-	$ (100,677)	-
Assets whose use is limited	250,830	-	15,919	-	-	266,749
Other assets	4,100	-	-	-	-	4,100
Land, building, and equipment, net	2,128,006	955,365	375,802	253,568	-	3,712,741
Pooled investments	2,357,735	4,301,317	4,119,721	3,627,016	-	14,405,789
Total assets	$ 6,078,775	$ 5,315,650	$4,579,611	$3,998,337	$ (100,677)	$19,871,696
Liabilities and Net Assets						
Accounts payable	$ 287,833	$ 6,040	$ 3,968	$ 4,450	-	$ 302,291
Accrued expenses	181,547	24,531	33,679	37,493	-	277,250
Due to related organizations	296,847	61,405	33,685	30,337	$ (100,677)	321,597
Funds of others	251,749	-	-	-	-	251,749
Deferred support/unearned revenue	62,039	-	-	15,975	-	78,014
Refundable advances	54,104	-	-	-	-	54,104
Total liabilities	1,134,119	91,976	71,332	88,255	(100,677)	1,285,005
Net assets:						
Unrestricted	4,802,768	5,214,193	4,492,360	3,910,082	-	18,419,403
Temporarily restricted	141,888	9,481	15,919	-	-	167,288
Total net assets	4,944,656	5,223,674	4,508,279	3,910,082	-	18,586,691
Total liabilities and net assets	$ 6,078,775	$ 5,315,650	$4,579,611	$3,998,337	$ (100,677)	$19,871,696

Catholic Charities, Inc. and Related Entities
Combining Statement of Activities
For the Year Ended June 30, 2000

	Catholic Charities, Inc.	Children's Home, Inc.	Seton Villa, Inc.	Siena Hall, Inc.	Total
Unrestricted:					
Grants received for benefit of others	$ 4,035,950	-	-	-	$ 4,035,950
Less: direct assistance to individuals	(4,035,950)	-	-	-	(4,035,950)
Revenue and other support:					
Contributions	975,268	$ 18,508	$ 110,780	$ 113,913	1,218,469
Special events	103,773	19,537	19,537	19,537	162,384
Program fees	569,988	-	-	7,677	577,665
Government grants and contracts	1,580,449	565,629	518,794	424,068	3,088,940
United Ways	921,858	29,584	-	8,769	960,211
Catholic Diocese of Wilmington	998,900	-	-	-	998,900
Thrift store sales	376,791	-	-	-	376,791
Pooled investment income	296,358	551,982	540,136	475,810	1,864,286
Other investment income	38,935	-	-	-	38,935
Other	8,648	-	-	-	8,648
Net assets released from restrictions	582	-	-	-	582
Total revenue and other support	5,871,550	1,185,240	1,189,247	1,049,774	9,295,811
Expenses:					
Program services:					
Pregnancy, parenting and adoption services	325,046	-	-	-	325,046
Center for pastoral care	241,618	-	-	-	241,618
Crisis alleviation	215,321	-	-	-	215,321
Immigration	72,062	-	-	-	72,062
Family counseling	1,038,740	-	-	-	1,038,740
AIDS Ministry	152,491	-	-	-	152,491
Foster Care	72,191	-	-	-	72,191
Child and adult care food program	202,183	-	-	-	202,183
Parish social ministry	106,376	-	-	-	106,376
Family life	290,941	-	-	-	290,941
Seton Center	265,209	-	-	-	265,209
Catholic thrift center	799,226	-	-	-	799,226
Delaware day treatment	552,340	-	-	-	552,340
Casa San Francisco	563,099	-	-	-	563,099
Energy assistance	297,036	-	-	-	297,036
Children's Home, Inc.	-	723,861	-	-	723,861
Seton Villa, Inc.	-	-	686,057	-	686,057
Siena Hall, Inc.	-	-	-	653,691	653,691
Total program services	5,193,879	723,861	686,057	653,691	7,257,488
Supporting services:					
Management and general	452,865	61,660	61,548	75,103	651,176
Total expenses	5,646,744	785,521	747,605	728,794	7,908,664
Excess of revenue over expenses	224,806	399,719	441,642	320,980	1,387,147
Increase in unrestricted net assets	224,806	399,719	441,642	320,980	1,387,147
Temporarily restricted:					
Temporarily restricted contributions	-	-	838	-	838
Net assets released from restrictions	(582)	-	-	-	(582)
(Decrease)/increase in temporarily restricted net assets	(582)	-	838	-	256
Changes in net assets	224,224	399,719	442,480	320,980	1,387,403
Net assets at beginning of year	4,944,656	5,223,674	4,508,279	3,910,082	18,586,691
Net assets at end of year	$ 5,168,880	$5,623,393	$4,950,759	$4,231,062	$ 19,974,094

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Catholic Charities, Inc. and Related Entities
Combining Statement of Activities
For the Year Ended June 30, 1999

	Catholic Charities, Inc.	Children's Home, Inc.	Seton Villa, Inc.	Siena Hall, Inc.	Total
Unrestricted:					
Grants received for benefit of others	$ 3,108,299	-	-	-	$ 3,108,299
Less: direct assistance to individuals	(3,108,299)	-	-	-	(3,108,299)
Revenue and other support:					
Contributions	760,252	$ 19,836	$ 108,884	$ 119,872	1,008,844
Special events	118,550	18,736	18,901	19,802	175,989
Program fees	602,863	-	-	3,483	606,346
Government grants and contracts	1,807,577	418,733	345,076	383,938	2,955,324
United Ways	956,536	28,723	-	-	985,259
Catholic Diocese of Wilmington	940,256	-	-	-	940,256
Thrift store sales	399,713	-	-	-	399,713
Pooled investment income	174,846	266,768	293,356	265,940	1,000,910
Other investment income	21,367	-	-	-	21,367
Other	10,121	-	-	-	10,121
Net assets released from restrictions	3,653	-	-	-	3,653
Total revenue and other support	5,795,734	752,796	766,217	793,035	8,107,782
Expenses:					
Program services:					
Pregnancy, parenting and adoption services	228,174	-	-	-	228,174
Center for pastoral care	295,299	-	-	-	295,299
Crisis alleviation	212,614	-	-	-	212,614
Immigration	22,730	-	-	-	22,730
Family counseling	1,174,482	-	-	-	1,174,482
AIDS Ministry	153,694	-	-	-	153,694
Foster Care	77,358	-	-	-	77,358
Child and adult care food program	192,381	-	-	-	192,381
Parish social ministry	118,359	-	-	-	118,359
Family life	174,183	-	-	-	174,183
Seton Center	247,310	-	-	-	247,310
Catholic thrift center	802,355	-	-	-	802,355
Delaware day treatment	562,552	-	-	-	562,552
Day Rehabilitation program	118,701	-	-	-	118,701
Casa San Francisco	527,246	-	-	-	527,246
Energy assistance	230,075	-	-	-	230,075
Children's Home, Inc.	-	739,252	-	-	739,252
Seton Villa, Inc.	-	-	640,237	-	640,237
Siena Hall, Inc.	-	-	-	666,978	666,978
Total program services	5,137,513	739,252	640,237	666,978	7,183,980
Supporting services:					
Management and general	587,973	51,094	35,761	39,841	714,669
Total expenses	5,725,486	790,346	675,998	706,819	7,898,649
Excess of revenue over expenses	70,248	(37,550)	90,219	86,216	209,133
Net assets released from restrictions for capital renovations	117,253	-	-	-	117,253
Increase/(decrease) in unrestricted net assets	187,501	(37,550)	90,219	86,216	326,386
Temporarily restricted:					
Temporarily restricted contributions	10,620	46,416	1,792	-	58,828
Net assets released from restrictions	(120,906)	-	-	-	(120,906)
(Decrease)/increase in temporarily restricted net assets	(110,286)	46,416	1,792	-	(62,078)
Changes in net assets	77,215	8,866	92,011	86,216	264,308
Net assets at beginning of year	4,867,441	5,214,808	4,416,268	3,823,866	18,322,383
Net assets at end of year	$ 4,944,656	$ 5,223,674	$ 4,508,279	$ 3,190,082	$ 18,586,691

DOW 03422

CATHOLIC CHARITIES, INC.

REPORT ON AUDITS OF FINANCIAL STATEMENTS
for the years ended June 30, 1998 and 1997
AND
REPORT ON SCHEDULE OF FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133
for the year ended June 30, 1998

CATHOLIC CHARITIES, INC.

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PRICEWATERHOUSECOOPERS

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Unqualified Opinion on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards

To the Board of Trustees and
Board of Directors of
Catholic Charities, Inc.
Wilmington, Delaware

We have audited the accompanying balance sheets of Catholic Charities, Inc. as of June 30, 1998 and 1997, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of Catholic Charities, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Catholic Charities, Inc. as of June 30, 1998 and 1997, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated September 18, 1998 on our consideration of Catholic Charities, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Catholic Charities, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP

September 18, 1998

CATHOLIC CHARITIES, INC.

Balance Sheets
as of June 30, 1998 and 1997

ASSETS	Current Operations	Land, Building, and Equipment	Invested Reserves	Total All Funds 1998	Total All Funds 1997
Cash and cash equivalents	$ 138,274	-	-	$ 138,274	$ 248,679
Accounts receivable	290,749	-	-	290,749	353,657
Prepaid expenses	247,647	-	-	247,647	300,172
Deposit	3,400	-	-	3,400	3,400
Due from/(to) other funds	(73,330)	$ 106,633	$ (33,303)	-	-
Due from related organizations	4,732	-	-	4,732	31,890
Assets whose use is limited	262,449	-	-	262,449	166,461
Assets held for related organization	3,673	-	-	3,673	20,967
Other assets	700	-	-	700	1,985
Land, building, and equipment, net	-	2,163,017	-	2,163,017	2,130,453
Pooled investments	-	-	2,407,593	2,407,593	2,099,569
Total assets	$ 878,294	$ 2,269,650	$ 2,374,290	$ 5,522,234	$ 5,357,233
LIABILITIES AND NET ASSETS					
Accounts payable	178,398	-	-	178,398	344,700
Accrued expenses	195,916	-	-	195,916	167,646
Assets due to related organizations	3,673	-	-	3,673	20,967
Funds of others	176,324	-	-	176,324	123,974
Deferred support	29,670	-	-	29,670	44,930
Refundable advances	70,812	-	-	70,812	44,014
Total liabilities	654,793	-	-	654,793	746,231
Net assets:					
Unrestricted	211,501	2,163,017	2,240,749	4,615,267	4,413,937
Temporarily restricted	12,000	106,633	133,541	252,174	197,065
Total net assets	223,501	2,269,650	2,374,290	4,867,441	4,611,002
Total liabilities and net assets	$ 878,294	$ 2,269,650	$ 2,374,290	$ 5,522,234	$ 5,357,233

The accompanying notes are an integral part of the financial statements.

DOW 03426

CATHOLIC CHARITIES, INC.

Statements of Activities
for the years ended June 30, 1998 and 1997

	Current Operations	Land, Building, and Equipment	Invested Reserves	Total All Funds 1998	Total All Funds 1997
Unrestricted:					
Grants received for benefit of others	$ 3,059,432	-	-	$ 3,059,432	$ 3,468,047
Less: direct assistance to individuals	(3,059,432)	-	-	(3,059,432)	(3,468,047)
Revenue and other support:					
Contributions	693,870	-	-	693,870	704,504
Special events	98,774	-	-	98,774	99,808
Program fees	609,202	-	-	609,202	635,442
Government grants and contracts	1,743,030	-	-	1,743,030	1,692,923
United Ways	854,850	-	-	854,850	753,577
Catholic Diocese of Wilmington	891,250	-	-	891,250	851,548
Thrift store sales	412,257	-	-	412,257	378,697
Pooled investment income	33,175	$ 57,429	$ 288,758	379,362	378,443
Other investment income	16,100	-	-	16,100	12,180
Net assets released from restrictions	9,037	-	-	9,037	3,345
Other	18,313	-	-	18,313	11,016
Total revenue and other support	5,379,858	57,429	288,758	5,726,045	5,521,483
Expenses:					
Program expenses:					
Adoption Services	196,998	6,788	-	203,786	192,207
Center for Pastoral Care	284,162	10,182	-	294,344	236,873
Crisis Alleviation	217,560	4,525	-	222,085	212,688
Family Counseling	1,215,622	51,255	-	1,266,877	1,143,914
Foster Care	63,486	2,263	-	65,749	59,906
Child and Adult Care Food Program	183,076	8,077	-	191,153	183,788
Parish Social Ministry	113,363	4,525	-	117,888	100,200
Family Life	174,693	4,650	-	179,343	143,501
Seton Center	214,249	9,186	-	223,435	216,105
Catholic Thrift Center	762,958	10,976	-	773,934	718,757
Delaware Day Treatment	518,847	32,106	-	550,953	568,286
Day Rehabilitation Program	151,004	5,657	-	156,661	117,066
Casa San Francisco	499,636	10,108	-	509,744	476,599
Energy Assistance	257,668	6,788	-	264,456	248,986
Total program expenses	4,853,322	167,086	-	5,020,408	4,618,876
Supporting services:					
Management and general	479,568	19,231	5,000	503,799	502,623
Total expenses	5,332,890	186,317	5,000	5,524,207	5,121,499
Excess of revenue over expenses	46,968	(128,888)	283,758	201,838	399,984
Transfers	(161,960)	161,960	-	-	-
Increase in unrestricted net assets	(114,992)	33,072	283,758	201,838	399,984
Temporarily restricted:					
Temporarily restricted contributions	-	63,638	-	63,638	42,487
Net assets released from restrictions	-	-	(9,037)	(9,037)	(3,345)
Increase (decrease) in temporarily restricted net assets	-	63,638	(9,037)	54,601	39,142
Changes in net assets	(114,992)	96,710	274,721	256,439	439,126
Net assets at beginning of year	338,493	2,172,940	2,099,569	4,611,002	4,171,876
Net assets at end of year	$ 223,501	$2,269,650	$2,374,290	$ 4,867,441	$ 4,611,002

The accompanying notes are an integral part of the financial statements.

DOW 03427

CATHOLIC CHARITIES, INC.

Statement of Functional Expenses
for the year ended June 30, 1998

	Program Services															Supporting Services	
	Adoption Services	Center for Pastoral Care	Crisis Alleviation	Family Counseling	Foster Care	Child and Adult Care Food Program	Parish Social Ministry	Family Life	Seton Center	Catholic Thrift Center	Delaware Day Treatment	Day Rehabilitation	Casa San Francisco	Energy Assistance	Total Program Services	Management and General	Total Expenses
Salaries	$ 124,846	$ 186,043	$ 87,231	$ 764,068	$ 38,253	$ 115,735	$ 75,501	$ 84,360	$ 87,579	$ 226,015	$ 288,981	$ 101,244	$ 188,187	$ 128,007	$ 2,496,050	$ 349,058	$ 2,845,108
Employee benefits	18,680	34,136	15,544	122,736	5,994	15,283	9,168	12,049	22,979	50,711	42,877	11,871	44,234	18,523	424,785	46,796	471,581
Payroll taxes	9,370	14,023	6,343	52,191	3,068	8,550	5,515	6,325	365	16,410	22,478	6,661	14,020	9,738	175,057	25,998	201,055
Total salaries and related expenses	152,896	234,202	109,118	938,995	47,315	139,568	90,184	102,734	110,923	293,136	354,336	119,776	246,441	156,268	3,095,892	421,852	3,517,744
Cost of goods sold	-	-	-	-	-	-	-	-	-	386,287	-	-	-	-	386,287	-	386,287
Professional fees	12,184	7,193	101	21,173	4	1,425	-	2,233	-	56	56,686	40	960	49,671	151,726	33,564	185,290
Supplies	2,901	9,904	1,853	28,069	1,543	7,255	1,425	9,907	7,116	3,690	13,471	5,583	12,912	7,136	112,765	8,181	120,946
Telephone	1,759	3,495	1,280	24,090	1,156	2,207	691	1,063	2,843	2,079	10,717	799	2,747	9,006	63,932	9,788	73,720
Postage and shipping	1,180	1,744	660	5,868	207	2,966	1,975	3,367	537	256	1,338	982	3,661	6,353	31,194	3,761	34,955
Occupancy	11,384	9,884	3,593	104,704	8,104	12,677	3,716	3,423	13,903	61,471	61,822	18,777	13,266	22,299	347,023	18,820	365,843
Rental and maintenance of buildings and equipment	1,119	2,009	499	8,452	301	255	986	1,634	1,598	1,407	1,659	921	1,479	425	22,744	12,723	35,467
Printing and publication	1,997	1,284	452	3,768	406	5,577	114	1,080	1,046	40	1,105	92	4,765	2,153	23,861	10,158	34,019
Travel and transportation	3,692	1,259	798	24,014	1,615	7,535	4,110	3,749	9,110	10,127	12,540	3,620	19,276	1,308	102,753	7,349	110,102
Conferences and meetings	309	1,707	-	5,738	50	2,604	4,123	43,024	401	-	4,224	72	820	-	63,072	14,189	77,261
Specific assistance to individuals	3,432	-	98,507	22,259	3,924	-	-	-	68,446	-	100	-	185,754	-	382,422	5,192	387,614
Due and membership	75	213	10	90	-	35	235	345	-	-	35	-	215	-	1,253	17,845	19,098
Miscellaneous	4,070	5,248	689	12,870	861	972	211	2,134	(1,776)	4,409	814	342	3,086	3,049	36,979	11,100	48,079
Fundraising expense	-	6,040	-	15,532	-	-	5,593	-	-	-	-	-	4,254	-	31,419	9,582	41,001
Reimbursement from related organizations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(99,536)	(99,536)
Total expenses before depreciation	196,998	284,182	217,560	1,215,622	63,486	183,076	113,363	174,693	214,249	762,958	518,847	151,004	499,636	257,668	4,853,322	484,568	5,337,890
Depreciation	6,788	10,162	4,525	51,255	2,263	8,077	4,525	4,650	9,186	10,976	32,106	5,657	10,108	6,788	167,086	19,231	186,317
Total expenses	$ 203,786	$ 294,344	$ 222,085	$ 1,266,877	$ 65,749	$ 191,153	$ 117,888	$ 179,343	$ 223,435	$ 773,934	$ 550,953	$ 156,661	$ 509,744	$ 264,456	$ 5,020,408	$ 503,799	$ 5,524,207

The accompanying notes are an integral part of the financial statements.

DOW 03428

CATHOLIC CHARITIES, INC.

Statement of Functional Expenses
for the year ended June 30, 1997

	Program Services															Supporting Services	
	Adoption Services	Center for Pastoral Care	Crisis Alleviation	Family Counseling	Foster Care	Child and Adult Care Food Program	Parish Social Ministry	Family Life	Seton Center	Catholic Thrift Center	Delaware Day Treatment	Day Rehabilitation	Casa San Francisco	Energy Assistance	Total Program Services	Management and General	Total Expenses
Salaries	$ 118,599	$ 157,479	$ 72,962	$ 729,134	$ 35,944	$ 107,251	$ 61,612	$ 85,545	$ 85,656	$ 206,880	$ 304,654	$ 74,661	$ 177,401	$ 145,753	$ 2,343,532	$ 321,397	$ 2,664,929
Employee benefits	20,986	24,049	15,868	96,547	5,036	17,437	9,137	9,393	19,536	38,004	49,182	15,121	46,337	24,725	393,158	47,750	440,908
Payroll taxes	7,089	9,670	4,501	40,506	2,303	6,639	3,798	4,037	443	12,201	17,981	4,472	10,628	11,427	135,695	19,807	155,502
Total salaries and related expenses	146,674	191,198	93,131	868,187	43,283	131,327	74,547	78,976	105,635	257,085	371,817	94,254	234,366	181,905	2,872,385	388,954	3,261,339
Cost of goods sold	-	-	-	-	-	-	-	-	-	367,665	-	-	-	-	367,665	-	367,665
Professional fees	12,822	8,253	393	18,801	-	80	-	700	515	-	48,379	880	1,480	14,354	104,457	99,712	204,179
Supplies	2,066	5,193	821	17,879	1,050	10,800	1,652	16,307	10,171	7,897	18,052	2,589	11,807	4,853	111,997	11,707	123,704
Telephone	1,847	3,029	1,209	20,182	1,511	1,748	526	399	2,796	3,125	9,945	860	2,780	10,081	80,038	6,273	86,311
Postage and shipping	972	1,510	717	5,650	241	3,158	1,102	2,606	686	428	1,150	528	3,521	5,739	28,006	4,088	32,094
Occupancy	10,426	7,981	4,170	91,677	6,058	14,458	3,949	4,546	11,497	82,085	56,346	10,317	14,315	19,790	319,815	23,270	342,885
Rental and maintenance of buildings and equipment	752	1,247	495	6,597	120	-	323	2,639	1,112	561	5,804	223	429	772	21,274	7,417	28,691
Printing and publication	145	117	-	1,990	102	3,635	2,448	4,325	128	74	1,420	220	3,615	775	18,994	8,864	27,858
Travel and transportation	2,301	153	323	11,353	2,018	6,028	1,445	1,659	9,876	11,433	13,135	1,445	16,959	1,988	79,916	6,615	86,533
Conferences and meetings	2,051	3,634	365	7,493	1,076	5,064	8,760	25,182	314	-	9,732	75	847	-	64,793	13,717	78,510
Specific assistance to individuals	876	-	106,773	22,684	32	-	-	-	82,803	-	-	-	185,825	-	358,993	-	358,993
Dues and membership	50	-	-	100	-	35	260	540	-	-	160	-	254	-	1,399	1,865	3,264
Miscellaneous	3,042	1,862	581	4,851	1,792	1,991	-	2,089	1,584	2,678	904	2,078	4,684	1,317	29,453	10,654	40,107
Fundraising expense	1,352	4,488	-	23,716	795	-	2,055	-	-	-	1,095	-	4,421	-	37,922	-	37,922
Reimbursement from related organizations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(93,303)	(93,303)
Total expenses before depreciation	186,176	228,865	208,978	1,101,160	58,078	178,334	97,067	148,168	206,919	713,029	537,939	113,269	485,383	241,574	4,476,919	489,833	4,966,752
Depreciation	6,031	8,008	3,710	42,754	1,828	5,454	3,133	3,333	9,186	5,728	30,347	3,797	11,236	7,412	141,957	12,790	154,747
Total expenses	$ 192,207	$ 236,873	$ 212,688	$ 1,143,914	$ 59,906	$ 183,788	$ 100,200	$ 143,501	$ 216,105	$ 718,757	$ 568,286	$ 117,066	$ 476,599	$ 248,986	$ 4,618,876	$ 502,623	$ 5,121,499

The accompanying notes are an integral part of the financial statements.

DOW 03429

CATHOLIC CHARITIES, INC.

Statements of Cash Flows
for the years ended June 30, 1998 and 1997

	1998	1997
Cash flows from operating activities:		
Changes in net assets	$ 256,439	$ 439,126
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net appreciation on pooled investments	(317,356)	(316,998)
Depreciation	186,317	154,747
Decrease in accounts receivable	62,908	8,189
Decrease (increase) in prepaid expenses	52,525	(73,694)
Decrease in due from related organization	27,158	48,544
Increase in assets whose use is limited	(95,988)	(116,627)
Decrease in assets held for related organization	17,294	213,868
Decrease (increase) in other assets	1,285	(1,985)
(Decrease) increase in accounts payable	(166,302)	195,287
Increase in accrued expenses	28,270	44,738
(Decrease) in due to related organizations	(17,294)	(213,868)
Increase in funds of others	52,350	74,140
(Decrease) increase in deferred support	(15,260)	20,825
(Decrease) increase in refundable advances	26,798	(70,619)
Contributions restricted for acquiring land, building, and equipment	(63,638)	(42,487)
Net cash provided by operating activities	35,506	363,186
Cash flows from investing activities:		
Purchase of land, building, and equipment	(218,881)	(232,553)
Amounts drawn from pooled investments for operations	47,212	76,997
Amounts drawn from pooled investments for purchases of land, building, and equipment	44,126	13,981
Reinvestment of interest and dividends into pooled investments	(62,006)	(61,445)
Contributions restricted for acquiring land, building, and equipment	43,638	42,487
Net cash used in investing activities	(145,911)	(160,533)
Net (decrease) increase in cash and cash equivalents	(110,405)	202,653
Cash and cash equivalents at beginning of year	248,679	46,026
Cash and cash equivalents at end of year	$ 138,274	$ 248,679

The accompanying notes are an integral part of the financial statements.

DOW 03430

CATHOLIC CHARITIES, INC.

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Nature of Operations:

Catholic Charities, Inc. (Catholic Charities) is a not-for-profit organization whose mission is to address human suffering and promote and restore the well being of people and society by providing, as a primary focus, caring service to persons in need, bringing together community members to become informed about and to take action on critical social issues, and advocate publicly for social policies which enhance human dignity and safeguard basic human rights. Catholic Charities is the recipient of numerous government grants and contracts which are used to support certain major programs. Given the uncertainty surrounding government funding of the Energy Assistance and Child and Adult Care Food Program, it is possible that support of these two programs may be reduced or discontinued.

Basis of Reporting:

Catholic Charities reports using the accrual basis of accounting. The preparation of financial statements in conformity with generally accepted accounting principles 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.

Financial Statement Presentation:

The financial statements have been prepared in accordance with Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations". Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. A description of the three net asset categories follows:

- **Unrestricted Net Assets** are those assets that are available for the support of operations and whose use is not externally restricted, although their use may be limited by other factors such as by contract or board designation.

- **Temporarily Restricted Net Assets** include gifts whose use has been limited by donors to a specific time period and purpose and whose restrictions have not been met.

DOW 03431

1. Summary of Significant Accounting Policies, continued:

Financial Statement Presentation, continued:

- **Permanently Restricted Net Assets** include gifts, trusts, and pledges which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions.

All net assets are either unrestricted or temporarily restricted as of June 30, 1998 and 1997.

Contributions:

Contributions are recognized as revenue in accordance with Statement of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made". Noncash contributions are recorded at fair value on the date of donation. Contributions of cash and other non-capital assets are reported as temporarily restricted operating revenue if the contributions are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose for the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions which are received and expended within the same fiscal year are reported as unrestricted revenues.

Cash and Cash Equivalents:

Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less.

Assets Whose Use is Limited:

Assets whose use is limited includes funds received by Catholic Charities from government agencies. These amounts represent funds to be distributed to individuals as "direct assistance" pursuant to program requirements as determined by the government, and are not available for use by Catholic Charities in current operations.

Assets Held for Related Organization:

Assets held for related organization consists of amounts held by Catholic Charities on behalf of a related organization which Catholic Charities administers and manages for that organization. These amounts are not available for use by Catholic Charities in current operations.

1. Summary of Significant Accounting Policies, continued:

Funds of Others:

Catholic Charities collects and distributes funds for the benefit of others in conjunction with the administration of certain government funded programs. Catholic Charities sole responsibility with regard to these funds is in the capacity of acting as an agent.

Pooled Investments:

Pooled investments are stated at fair value. Pooled investment income on the statements of activities includes interest, dividends, and net appreciation. Net appreciation includes realized and unrealized gains and losses, net of consulting and custodial costs.

Catholic Charities participates with the Catholic Diocese of Wilmington, Inc. (the Diocese) and other affiliated organizations in an investment pool which is held in a custody account at Delaware Trust Capital Management. The pool is invested in a combination of fixed income and equity securities and mutual funds.

Catholic Charities utilizes a total return policy to determine the level of support for operations and capital expenditures from pooled investments. The level of support is determined annually.

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

Vacation:

Catholic Charities recognizes the cost of vested vacation pay as earned by employees.

Contributed Services:

Catholic Charities receives services from non-specialized volunteers, which amounts are not recorded in these financial statements.

Catholic Charities records in revenues and expenses, the difference between the estimated fair value of donated facilities usage costs and amounts expended for their use.

2. Concentration of Credit Risk:

Catholic Charities maintains virtually all of its cash balances in one regional financial institution. A substantial portion of these balances in excess of FDIC limits is invested in an overnight repurchase agreement instrument. The Organization believes it is not exposed to any significant credit risk by this arrangement.

3. Pooled Investments:

Catholic Charities invests in a combination of fixed income and equity securities and mutual funds. The composition of pooled investments as of June 30, 1998 and 1997 was as follows:

	1998	1997
Cash and cash equivalents	$ 21,290	$ 14,783
Fixed income	689,146	643,224
Domestic equity	1,538,702	1,302,034
International equity	158,455	139,528
Total	$ 2,407,593	$ 2,099,569

The fair value of these investments was determined based on quoted market prices at June 30, 1998 and 1997.

Pooled investment income for the years ended June 30, 1998 and 1997 was comprised of the following:

	1998	1997
Interest and dividends	$ 62,006	$ 61,445
Net appreciation	317,356	316,998
Pooled investment income	$ 379,362	$ 378,443

The pooled investment income was net of custodial and advisory fees in the amount of $14,806 and $13,787 for the years ended June 30, 1998 and 1997, respectively.

DOW 03434

4. Land, Building, and Equipment and Depreciation:

Land, building and equipment are stated at historical cost or fair value at the date of donation, less accumulated depreciation. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets. Land, building, and equipment and accumulated depreciation as of June 30, 1998 and 1997 were as follows:

	1998	1997
Land	$ 281,016	$ 281,016
Building and improvements	1,804,842	1,796,679
Furniture and equipment	515,863	394,619
Vehicles	328,968	319,948
	2,930,689	2,792,262
Accumulated depreciation	(767,672)	(661,809)
	$ 2,163,017	$ 2,130,453

5. Pension Plan:

Catholic Charities sponsors a noncontributory defined benefit pension plan (the Plan) that covers substantially all employees who qualify as to length of employment. The Plan benefits are based on 1¼% of the final average earnings multiplied by the total years of eligible participation as defined in the Plan document. Contributions to the Plan are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future.

DOW 03435

5. Pension Plan, continued:

The following table sets forth the Plan's funded status as of June 30, 1998 and 1997, determined using the measurement date of March 31, 1998 and 1997:

	1998	1997
Actuarial benefit obligation:		
Accumulated benefit obligation, including vested benefits of $1,746,830 in 1998 and $1,551,541 in 1997	$ 1,816,945	$ 1,608,238
Projected benefit obligation for services rendered to date	2,817,597	2,549,424
Plan assets at fair value	4,329,465	3,240,980
Plan assets in excess of projected benefit obligation	1,511,868	691,556
Unrecognized net asset at adoption	(107,763)	(142,541)
Unrecognized net (gain) loss	(1,150,412)	(224,146)
Unrecognized prior service cost	40,757	47,514
Prepaid pension cost	$ 294,450	$ 372,383
Prepaid pension cost was allocated as follows:		
Catholic Charities, Inc.	234,040	288,021
Siena Hall, Inc.	37,622	52,539
Seton Villa, Inc.	15,619	21,812
Children's Home, Inc.	7,169	10,011
Prepaid pension cost	$ 294,450	$ 372,383
Net pension cost includes the following components:		
Service cost-benefits earned during the year	208,806	183,377
Interest cost	186,171	164,732
Actual return on plan assets	(1,129,523)	(333,293)
Net amortization and deferral	827,762	57,560
Net periodic pension cost	$ 93,216	$ 72,376
Net periodic pension cost was allocated as follows:		
Catholic Charities, Inc.	65,132	50,571
Siena Hall, Inc.	11,430	7,309
Seton Villa, Inc.	9,414	8,875
Children's Home, Inc.	7,240	5,621
Net periodic pension cost	$ 93,216	$ 72,376

5. Pension Plan, continued:

The weighted-average discount rate used in determining the actuarial present value of the projected benefit obligation was 7.0% for 1998 and 1997. The average rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligation was 6.0% for 1998 and 1997. The expected long-term rate of return on assets was 8.5% for 1998 and 1997. For the years ended June 30, 1998 and 1997, Catholic Charities contributed $0 and $125,332, respectively, to the Plan.

Plan assets consist principally of investments in a pooled separate account and an investment contract account, both maintained with Mutual of America, the custodian.

6. Grants Received for Benefit of Others:

For the years ended June 30, 1998 and 1997, Catholic Charities recorded $3,059,432 and $3,468,047, respectively in grant receipts that were subsequently disbursed as direct assistance to individuals under the following programs:

	1998	1997
Child and Adult Care Food Program	$ 984,550	$ 1,330,599
Energy Assistance	2,014,024	2,072,112
Foster Care	60,858	65,336
	$ 3,059,432	$ 3,468,047

7. Leases:

Catholic Charities leases various facilities and equipment on a year-to-year and extended basis. All leases are classified as operating leases and expire over the next five years. Total rental expenses for all operating leases was $172,929 and $165,518 for 1998 and 1997, respectively. Minimum future rental payments required under non-cancelable operating leases are summarized as follows:

Fiscal year ended June 30,	
1999	$ 192,430
2000	94,749
2001	26,254
2002	20,000
2003	20,000
Thereafter	109,368
	$ 462,801

8. Related Party Transactions:

Members of the Board of Trustees and Board of Directors of Catholic Charities are also members of the Boards of Seton Villa, Inc., Siena Hall, Inc., and Children's Home, Inc.

Two members of the Board of Trustees are also officers of the Diocese.

During the years ended June 30, 1998 and 1997, Catholic Charities received approximately $891,000 and $852,000 from the Diocese.

Catholic Charities is reimbursed by Seton Villa, Inc., Siena Hall, Inc., and Children's Home, Inc. for various administration and support activities rendered on their behalf. Reimbursements from these related organizations is reflected as a reduction in management and general expenses on the Statement of Functional Expenses.

Catholic Charities utilizes and maintains several buildings owned by the Catholic Diocese Foundation (Foundation). The agreement between the Foundation and Catholic Charities is for an indefinite period of time with no charge for rental fees. The estimated fair value of the contributed facilities usage is not significant.

9. Income Taxes:

Catholic Charities is a not-for-profit corporation which has been granted exempt status from federal taxation under Section 501(c)(3) of the Internal Revenue Code.

10. Recently Issued Financial Standards:

In February 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 132, "Employers' Disclosures about Pensions and other Postretirement Benefits." (SFAS 132), which reduces employers' disclosures about pension and other postretirement benefits. The effective date for implementation of SFAS 132 is for fiscal years beginning after December 15, 1997. Catholic Charities did not elect for early implementation of SFAS 132.

DOW 03438

8. Related Party Transactions:

Members of the Board of Trustees and Board of Directors of Catholic Charities are also members of the Boards of Seton Villa, Inc., Siena Hall, Inc., and Children's Home, Inc.

Two members of the Board of Trustees are also officers of the Diocese.

During the years ended June 30, 1998 and 1997, Catholic Charities received approximately $891,000 and $852,000 from the Diocese.

Catholic Charities is reimbursed by Seton Villa, Inc., Siena Hall, Inc., and Children's Home, Inc. for various administration and support activities rendered on their behalf. Reimbursements from these related organizations is reflected as a reduction in management and general expenses on the Statement of Functional Expenses.

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CATHOLIC CHARITIES, INC.

Schedule of Expenditures of Federal Awards for the year ended June 30, 1998

Federal Grantor-Pass Through Grantor/Program Title	Federal CFDA Number	Expenditures
Major programs:		
Department of Health and Human Services:		
Low Income Housing Energy Assistance Program	93.568	$ 2,268,248
Department of Agriculture:		
Child and Adult Care Food Program	10.558	1,148,256
Total Major Programs		3,416,504
Nonmajor programs:		
Department of Health and Human Services:		
Community Mental Health Services Block Grant	93.958	16,484
Social Services Block Grant	93.667	13,129
Foster Care	93.658	21,865
Community Services Block Grant	93.569	29,577
Child Welfare Services	93.645	10,729
HIV Care Formula Grant	93.917	49,136
Department of Housing and Urban Development:		
Community Development Grants (AIDS Homelessness) City of Wilmington	14.218	18,996
Supportive Housing Program Grant	14.235	99,348
Federal Emergency Management Agency (FEMA):		
FEMA Grants	83.523	6,923
Federal Department of State:		
Reception and Placement Program (Grant #PRM 71034)	N/A	266
Total Nonmajor Programs		266,453
Total Federal Award Expenditures		$ 3,682,957

See accompanying note to the schedule.

DOW 03440

CATHOLIC CHARITIES, INC.

Note to Schedule of Expenditures of Federal Awards for the year ended June 30, 1998

1. Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Catholic Charities, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

DOW 03441

PRICEWATERHOUSECOOPERS

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Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Trustees and
Board of Directors of
Catholic Charities, Inc.
Wilmington, Delaware

We have audited the financial statements of Catholic Charities, Inc. as of and for the years ended June 30, 1998 and 1997, and have issued our report thereon dated September 18, 1998. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance:

As part of obtaining reasonable assurance about whether Catholic Charities, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control over Financial Reporting:

In planning and performing our audit, we considered Catholic Charities, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of

the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of Catholic Charities, Inc. in a separate letter dated October 20, 1998.

This report is intended for the information of the Board of Trustees and Board of Directors, management and federal awarding agencies. However, this report is a matter of public record and its distribution is not limited.

Price Waterhouse Coopers LLP

September 18, 1998

DOW 03443

PRICEWATERHOUSECOOPERS

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Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

To the Board of Trustees and
Board of Directors of
Catholic Charities, Inc.
Wilmington, Delaware

Compliance:

We have audited the compliance of Catholic Charities, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 1998. Catholic Charities, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Catholic Charities, Inc.'s management. Our responsibility is to express an opinion on Catholic Charities, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Catholic Charities, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Catholic Charities, Inc.'s compliance with those requirements.

In our opinion, Catholic Charities, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1998.

DOW 03444

Internal Control over Compliance:

The management of Catholic Charities, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Catholic Charities, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Trustees and Board of Directors, management and federal awarding agencies. However, this report is a matter of public record and its distribution is not limited.

PricewaterhouseCoopers LLP

September 18, 1998

DOW 03445

CATHOLIC CHARITIES, INC.

Schedule of Findings and Questioned Costs for the year ended June 30, 1998

Section I - Summary of Auditor's Results:

Financial Statements

(i)	Type of auditor's report issued:	Unqualified	
(ii)	Internal control over financial reporting:		
	Material weakness(es) identified?	____ yes	__X__ no
	Reportable condition(s) identified not considered to be material weaknesses?	____ yes	__X__ no
(iii)	Noncompliance material to financial statements noted?	____ yes	__X__ no

Federal Awards

(iv)	Internal control over major programs:		
	Material weakness(es) identified?	____ yes	__X__ no
	Reportable condition(s) identified that are not considered to be material weaknesses?	____ yes	__X__ no
(v)	Type of auditor's report issued on compliance for major programs:	Unqualified	
(vi)	Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	____ yes	__X__ no

(vii) Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.568	Low Income Housing Energy Assistance Program
10.558	Child and Adult Care Program

(viii)	Dollar threshold used to distinguish between Type A and Type B programs:	$300,000	
(ix)	Auditee qualified as low-risk auditee?	__X__ yes	____ no

CATHOLIC CHARITIES, INC.

Schedule of Findings and Questioned Costs, Continued for the year ended June 30, 1998

Section II - Financial Statement Findings:

We noted no matters involving the internal control over financial reporting and its operation which we consider to be a reportable condition, material weakness or instance of noncompliance. However, we noted other matters involving internal control over financial reporting that we have reported to the management of Catholic Charities, Inc. in a separate letter dated October 20, 1998.

Section III - Federal Award Findings and Questioned Costs:

No matters were reported.

DOW 03447

Catholic Diocese of Wilmington
Form A- Fiscal Year 2002 Budget
July 1, 2002 through June 30, 2003

Department: Catholic Charities
Office Name: Summary

7/11/02

ACCT #	ACCOUNT NAME	Total FY 02 Budget	FY 02 Thru Jan 02 Actual	Total FY 02 Estimated	Total FY 03 Budget	July 2002 Budget	Aug 2002 Budget	Sep 2002 Budget	Oct 2002 Budget	Nov 2002 Budget	Dec 2002 Budget	Jan 2003 Budget	Feb 2003 Budget	Mar 2003 Budget	Apr 2003 Budget	May 2003 Budget	Jun 2003 Budget
	INCOME																
300000	CONTRIBUTIONS	72,825	80,222	80,371	85,000	0	0	0	0	0	70,000	13,000	2,000	0	0	0	0
301000	CONTRIBS.- RESTRICTED	266,000	178,278	352,463	413,265	56,166	29,836	29,836	29,836	29,836	32,451	36,216	29,836	49,836	29,836	29,836	29,744
302000	BEQUESTS	0	97,452	97,452	0	0	0	0	0	0	0	0	0	0	0	0	0
303000	DONATIONS - IN-KIND	80,000	40,972	68,000	70,000	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,837
305000	FOUNDATIONS	128,500	82,000	95,500	85,500	2,333	2,333	2,333	2,333	2,333	47,333	2,333	12,333	4,833	2,333	2,333	2,337
311000	SPECIAL EVENTS	106,000	67,434	143,266	122,000	1,500	1,500	1,500	1,500	1,500	1,500	77,500	29,500	1,500	1,500	1,500	1,500
315000	DIOCESAN FUNDING	960,766	579,450	978,151	0	0	0	0	0	0	0	0	0	0	0	0	0
320000	UNITED WAY OF DE	578,859	341,675	579,970	548,037	45,668	45,668	45,668	45,668	45,668	45,668	45,668	45,668	45,668	45,668	45,668	45,689
322000	UW of DE DESIGNATIONS	324,444	76,136	324,444	275,000	68,750	0	0	68,750	0	0	68,750	0	0	68,750	0	0
323000	UW of LES	55,000	53,721	56,500	76,492	6,374	6,374	6,374	6,374	6,374	6,374	6,374	6,374	6,374	6,374	6,374	6,378
324000	UW - MD DESIGNATIONS	0	0	28,000	28,000	2,333	2,333	2,333	2,333	2,333	2,333	2,333	2,333	2,333	2,333	2,333	2,337
325000	OTHER UNITED WAYS	36,104	20,047	36,093	12,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
328000	PROGRAM FEES	26,500	20,500	26,540	25,742	1,916	1,916	1,916	1,916	1,916	1,916	1,916	1,916	4,666	1,916	1,916	1,916
329000	SALES	417,167	233,389	386,396	408,700	33,852	33,852	34,457	33,852	33,852	34,477	33,852	33,852	34,477	33,852	33,852	34,493
330000	CLIENT FEES	388,442	182,409	297,446	394,478	31,311	31,311	31,311	33,396	33,396	33,396	33,396	33,396	33,396	33,396	33,396	33,377
331000	3RD PARTY REIMBURSEMENT	132,118	41,776	71,617	139,176	11,598	11,598	11,598	11,598	11,598	11,598	11,598	11,598	11,598	11,598	11,598	11,598
332000	MEDICAID MANAGED CARE	110,604	35,527	60,903	109,284	9,107	9,107	9,107	9,107	9,107	9,107	9,107	9,107	9,107	9,107	9,107	9,107
334000	NON-GOVT CONTRACTS	99,271	59,940	120,000	115,230	4,000	4,000	10,723	10,723	10,723	10,723	10,723	10,723	10,723	10,723	10,723	10,723
340000	STATE FUNDING	270,627	125,537	233,733	140,668	11,557	11,557	11,757	11,757	11,757	11,757	11,757	11,757	11,757	11,757	11,761	11,737
340101	ROP	36,295	18,154	31,121	48,273	4,023	4,023	4,023	4,023	4,023	4,023	4,023	4,023	4,023	4,023	4,023	4,020
340102	YC IOP	470,400	266,414	470,400	479,500	39,958	39,958	39,958	39,958	39,958	39,958	39,958	39,958	39,958	39,958	39,958	39,962
340105	GRANT-IN-AID	176,058	134,339	181,490	179,118	44,779	0	0	44,779	0	0	44,779	0	0	44,781	0	0
350000	FEDERAL FUNDING	5,666,758	3,382,980	5,326,251	5,593,769	364,238	564,238	364,238	164,238	164,238	564,238	564,238	581,653	574,738	564,238	564,238	559,236
360000	OTHER GOVT FUNDING	44,750	41,168	59,750	46,000	3,832	3,832	3,832	3,832	3,832	3,832	3,832	3,832	3,832	3,832	3,832	3,848
375000	INVESTMENT INCOME	11,364	10,213	19,262	19,526	1,627	1,627	1,627	1,627	1,627	1,627	1,627	1,627	1,627	1,627	1,627	1,629
376000	DRAW - INVESTED RESERVE	105,060	61,285	105,060	176,350	14,695	14,695	14,695	14,695	14,695	14,695	14,695	14,695	14,695	14,695	14,695	14,705
389000	M&G REIMBURSEMENT	235,334	139,543	235,334	222,465	40,014	16,586	16,586	16,586	16,586	16,586	16,586	16,586	16,586	16,586	16,586	16,591
390000	MISC. INCOME	2,400	3,034	3,894	34,400	200	200	21,200	200	200	200	200	200	6,200	200	200	5,200
398000	TRANS - VISUALLY IMPAIRED	25,200	12,799	20,790	23,500	1,957	1,957	1,957	1,957	1,957	1,957	1,957	1,957	1,957	1,957	1,957	1,973
397000	TRANS - GH INVEST RES	161,618	94,276	161,618	251,379	22,520	22,520	22,495	20,435	20,410	20,410	20,435	20,410	20,410	20,435	20,410	20,489
399000	TRANS - INVEST REV	15,000	(2,292)	(13,338)	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	0	0	0	0	0	0	0	0	0	0	0	0
OTAL INCOME		11,003,463	6,478,378	10,638,477	10,122,851	831,141	867,834	696,357	588,306	474,752	992,992	1,083,686	932,167	917,127	988,308	874,756	875,426
AYROLL EXPENSE																	
510000	STIPEND	145,800	79,517	135,021	147,937	12,328	12,328	12,328	12,328	12,328	12,328	12,328	12,328	12,328	12,328	12,328	12,329
511000	OFFICE	2,666,681	1,461,879	2,513,629	2,837,563	236,459	236,459	236,459	236,459	236,459	236,459	236,459	236,459	236,459	236,459	236,459	236,514
512000	OUTSIDE	88,739	46,828	80,277	105,654	8,804	8,804	8,804	8,804	8,804	8,804	8,804	8,804	8,804	8,804	8,804	8,810
514000	MAINTENANCE	27,138	14,010	28,369	31,982	2,665	2,665	2,665	2,665	2,665	2,665	2,665	2,665	2,665	2,665	2,665	2,667
515000	RETAIL	238,344	129,705	225,061	254,800	21,233	21,233	21,233	21,233	21,233	21,233	21,233	21,233	21,233	21,233	21,233	21,237
516000	RESIDENCE	76,215	52,098	88,851	77,533	6,461	6,461	6,461	6,461	6,461	6,461	6,461	6,461	6,461	6,461	6,461	6,462
518000	TEMPORARY	144,287	30,848	58,529	50,550	609	609	609	7,817	7,817	7,817	7,817	7,817	7,819	609	609	601
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
otal Salaries		3,387,204	1,814,885	3,129,737	3,506,019	288,559	288,559	288,559	295,767	295,767	295,767	295,767	295,767	295,769	288,559	288,559	288,620
520000	P/R TAX EXPENSE	247,812	127,806	226,979	256,850	21,126	21,126	21,126	21,679	21,679	21,679	21,679	21,679	21,679	21,126	21,126	21,136
521000	MEDICAL	427,018	233,797	427,241	506,624	42,217	42,217	42,217	42,217	42,217	42,217	42,217	42,217	42,217	42,217	42,217	42,237
522000	UNEMPLOYMENT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
524000	WORKER'S COMP	27,216	2,409	5,560	30,681	2,556	2,556	2,556	2,556	2,556	2,556	2,556	2,556	2,556	2,556	2,556	2,565
526000	PENSION/LIFE/DISABILITY	70,082	29,433	59,779	43,390	3,616	3,616	3,616	3,616	3,616	3,616	3,616	3,616	3,616	3,616	3,616	3,614
528000	LIVING ALLOWANCE	11,400	4,245	7,277	8,100	675	675	675	675	675	675	675	675	675	675	675	675
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OTAL PAYROLL EXPENSE		4,170,832	2,212,577	3,856,873	4,351,664	358,751	358,751	358,751	366,510	366,510	366,510	366,510	366,510	366,512	358,751	358,751	358,847

DOW 03448

Catholic Diocese of Wilmington
Form A- Fiscal Year 2002 Budget
July 1, 2002 through June 30, 2003

Department: Catholic Charities
Office Name: Summary

7/11/02

	Operating Expenses	Total FY 02 Budget	FY02 Thru Jan 02 Actual	Total FY 02 Estimated	Total FY 03 Budget	July 2002 Budget	Aug 2002 Budget	Sep 2002 Budget	Oct 2002 Budget	Nov 2002 Budget	Dec 2002 Budget	Jan 2003 Budget	Feb 2003 Budget	Mar 2003 Budget	Apr 2003 Budget	May 2003 Budget	Jun 2003 Budget
635000	ORG. DEV./ STAFF RECOG	7,885	4,474	7,846	11,820	370	370	370	370	370	3,435	370	370	370	4,370	374	681
639000	STAFF DEVELOPMENT	21,167	8,949	15,371	21,900	2,016	1,616	1,616	1,916	1,616	1,766	2,466	2,266	1,616	1,616	1,616	1,774
640000	TRAVEL, MEALS & LODGING	16,715	11,368	20,950	22,021	1,286	2,836	1,336	2,236	1,336	1,336	1,836	2,836	1,336	1,336	2,986	1,325
645000	MILEAGE REIMBURSEMENT	38,742	22,901	41,294	49,635	4,133	4,133	4,133	4,133	4,133	4,186	4,133	4,133	4,133	4,133	4,133	4,119
646000	AUTO OPERATION	42,338	19,488	33,876	31,596	2,632	2,632	2,632	2,632	2,632	2,632	2,632	2,632	2,632	2,632	2,636	2,640
648000	AUTO INSURANCE	25,416	21,603	28,984	28,824	0	7,206	0	7,206	0	0	7,207	0	0	7,205	0	0
662000	LEGAL FEES	302	3,148	241	200	16	16	16	16	16	16	16	16	16	16	16	24
663000	PROFESSIONAL FEES	183,115	116,843	180,411	224,658	14,563	14,563	56,063	14,563	15,963	18,063	15,563	14,563	15,063	14,563	16,563	14,565
667000	BANK CHARGES	12,125	6,094	10,389	10,774	894	894	894	894	894	926	894	904	894	894	894	898
670000	OFFICE SUPPLIES	52,653	37,154	62,839	51,436	4,276	4,276	4,276	4,276	4,276	4,326	4,276	4,276	4,326	4,276	4,276	4,300
671000	PRINTING	35,226	9,197	39,494	27,500	1,515	1,315	1,415	1,315	2,915	1,315	6,415	4,315	1,915	1,315	2,415	1,335
676000	POSTAGE	40,753	20,884	36,204	39,511	3,387	3,262	3,262	3,337	3,262	3,262	3,337	3,262	3,262	3,337	3,262	3,279
* 677000	TELEPHONE & TELEGRAPH	73,051	41,107	76,410	74,549	6,211	6,211	6,211	6,211	6,211	6,211	6,211	6,211	6,211	6,211	6,211	6,228
* 681000	UTILITIES	79,950	45,078	76,022	82,823	6,901	6,901	6,901	6,901	6,901	6,901	6,901	6,901	6,901	6,901	6,901	6,912
689000	HOUSE EXPENSE	3,792	1,688	3,000	3,200	266	266	266	266	266	266	266	266	266	266	270	270
690000	RENT	198,562	112,600	210,354	218,273	18,189	18,189	18,189	18,189	18,189	18,189	18,189	18,189	18,189	18,189	18,189	18,194
* 691000	BLDG. INSURANCE	11,689	7,541	10,371	11,828	0	2,956	0	2,958	0	0	2,958	0	0	2,954	0	0
* 692000	BLDG. SUPPLIES	11,317	5,540	10,165	11,020	914	914	914	914	914	954	914	914	914	914	914	926
* 693000	BLDG. & GROUNDS MAINT.	81,753	39,269	70,858	67,768	5,647	5,647	5,647	5,647	5,647	5,647	5,647	5,647	5,647	5,647	5,647	5,651
694000	EQUIPMENT MAINTENANCE	16,651	10,859	21,453	21,652	1,803	1,803	1,803	1,803	1,803	1,823	1,803	1,803	1,803	1,803	1,803	1,799
695000	EQUIPMENT PURCHASE	11,675	3,572	6,764	10,894	1,574	824	824	824	824	824	1,074	824	824	824	824	830
696000	EQUIPMENT RENTAL & LEASE	54,177	26,450	48,689	56,847	4,736	4,736	4,736	4,736	4,736	4,736	4,736	4,736	4,736	4,736	4,736	4,751
698000	OCCUPANCY	0	(6,898)	(106,465)	0	0	0	0	0	0	0	0	0	0	0	0	0
700000	PROGRAM SUPPLIES & EXP.	64,019	53,876	85,756	107,223	9,163	8,788	9,038	9,163	8,788	8,788	9,163	8,788	8,788	9,163	8,788	8,805
710000	BOARDING CARE PMTS.	61,196	26,211	44,933	0	0	0	0	0	0	0	0	0	0	0	0	0
711000	MEDICAL & DENTAL EXP.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
712000	CLOTHING & PERSONAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
720000	DIRECT ASSISTANCE	5,533,729	2,176,000	5,153,420	5,411,306	352,357	550,857	350,857	152,357	150,857	550,857	552,357	550,857	550,857	552,357	550,857	545,879
725000	LIABILITY INSURANCE	4,080	3,677	3,676	4,824	0	1,206	0	1,206	0	0	1,206	0	0	1,206	0	0
726000	PUBLICATIONS & SUBS.	3,028	1,762	3,164	2,925	268	193	318	193	193	193	618	193	193	193	193	177
737000	WORKSHOPS CONDUCTED	58,442	20,993	56,010	50,034	3,544	3,544	3,544	4,044	3,544	3,544	3,544	3,544	10,544	3,544	3,544	3,550
742000	ADVERTISING	30,050	14,869	31,769	33,964	2,807	2,807	2,807	3,057	2,807	2,807	2,807	2,807	2,807	2,807	2,807	2,837
748000	AGENCY DUES/MEMBERSHIP	17,215	1,864	17,452	17,595	357	57	57	57	57	57	1,657	15,057	57	57	57	68
750000	MISC. EXPENSE	819	8,661	2,759	16,843	3,795	4,084	100	100	100	100	100	100	4,084	100	4,084	96
780000	FUND RAISER	26,000	4,535	33,567	28,500	125	125	125	125	125	125	125	125	27,125	125	125	125
799000	MANAGEMENT & GENERAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
900000	TRANSFER TO LB&E	15,000	119,891	177,989	10,000	0	0	0	0	0	10,000	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	TOTAL OPERATING EXPENSE	6,832,632	3,001,248	6,516,018	6,761,943	453,745	663,229	488,350	261,645	249,375	663,285	669,421	666,535	685,509	663,690	655,121	642,038
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	TOTAL EXPENSE	11,003,464	5,213,825	10,372,891	11,113,607	812,496	1,021,980	847,101	628,155	615,885	1,029,795	1,035,931	1,033,045	1,052,021	1,022,441	1,013,872	1,000,885
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	NET EXPENSE	(1)	1,264,553	265,586	(990,756)	18,645	(154,146)	(150,744)	(39,849)	(141,133)	(36,803)	47,755	(100,878)	(134,894)	(34,133)	(139,116)	(125,459)

Prepared by: _____ date _____

Approved by: _____ date _____

	$ Amount	$ Incr (Dec)vs Prior Yr	% Incr (decr)vs Prior Yr
FY 02 Budgeted net expense	1		
FY02 Projected net expense	-265586	-265587	##########
FY 03 Projected net expense	990756	1256342	-473%

DOW 03449

Catholic Diocese of Wilmington, Inc.
Fiscal Year 2003 Budget
July 1, 2002 through June 30, 2003
7/10/02

Department: Catholic Charities
Office Name/Code: CHI Preadolescent Program

FY 03 Budgeted Net Expense: 0

Based on 5 Children in Care ($385.04 per Diem)

Acct #	Account name	Total FY 02 Budget	FY 02 thru Feb 02 Actual	Total FY 02 Estimated	Jul 2002 Budget	Aug 2002 Budget	Sep 2002 Budget	Oct 2002 Budget	Nov 2002 Budget	Dec 2002 Budget	Jan 2003 Budget	Feb 2003 Budget	Mar 2003 Budget	Apr 2003 Budget	May 2003 Budget	Jun 2003 Budget	Total FY 03 Budget
	INCOME																
		0	0	0													0
	Invested Reserves	0	2325	2325	1098	1098	1098	1098	1098	1099	1098	1098	1099	1098	1098	1099	13,179
	State Income CMH (9-12)	657,678	406,887	610,400	57,556	57,557	57,556	57,557	57,556	57,557	57,556	57,557	57,556	57,557	57,556	57,557	690,678
	TOTAL INCOME	657,678	409,212	612,725	58,654	58,655	58,654	58,655	58,654	58,656	58,654	58,655	58,655	58,655	58,654	58,656	703,857
	EXPENSES																
	PERSONNEL EXPENSE																
	Salaries: administrative	39,654	18,894	28,341	4,201	4,201	4,201	4,201	4,201	4,200	4,201	4,201	4,200	4,201	4,201	4,200	50,409
	Salaries: professional	301,724	180,936	271,404	26,611	26,611	26,611	26,611	26,611	26,611	26,611	26,611	26,611	26,611	26,611	26,612	319,333
	Salaries: maintenance	0	0	0	790	791	791	790	791	791	790	791	791	790	791	791	9,488
	Salaries: domestic	0	0	0	425	425	425	425	425	425	425	425	425	425	425	425	5,100
	Salaries: office	23,795	7,131	15,131	3,530	3,530	3,530	3,530	3,530	3,530	3,530	3,530	3,531	3,530	3,530	3,531	42,362
	Salaries: stipend	0	0	0	709	709	708	709	709	708	709	709	708	709	709	708	8,504
	Outside Services	0	35,401	35,401	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total salaries	365,173	242,362	350,277	36,266	36,267	36,266	36,266	36,267	36,265	36,266	36,267	36,266	36,266	36,267	36,267	435,196
	Health insurance	63,372	31,250	46,875	6,031	6,031	6,031	6,031	6,031	6,032	6,031	6,031	6,032	6,031	6,031	6,032	72,375
	Retirement	11,128	0	0	641	641	641	641	641	641	641	641	641	641	641	642	7,693
	Group Life/Group Disability	7,303	1,698	2,547	212	212	212	212	212	213	212	212	213	212	212	213	2,547
	Workers' compensation	7,340	2,505	3,758	696	696	696	696	696	696	696	696	696	696	696	696	8,356
	Social security	27,936	15,422	24,088	2,205	2,205	2,205	2,205	2,205	2,205	2,205	2,205	2,205	2,205	2,205	2,205	26,455
	Medicare	0	0	(0)	516	516	516	516	516	516	516	516	516	516	516	516	6,187
	Living Allowance	0	0	0	100	100	100	100	100	100	100	100	100	100	100	100	1,200
	Unemployment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	TOTAL PERSONNEL EXPENSE	482,252	293,238	427,545	46,666	46,668	46,666	46,666	46,668	46,667	46,666	46,668	46,668	46,666	46,668	46,671	560,009

Form A-1

DOW 03450

Office Name/Code: CHI Preadolescent Program

Acct #	Account name	Total FY 02 Budget	FY 02 thru Feb 02 Actual	Total FY 02 Estimated	Jul 2002 Budget	Aug 2002 Budget	Sep 2002 Budget	Oct 2002 Budget	Nov 2002 Budget	Dec 2002 Budget	Jan 2003 Budget	Feb 2003 Budget	Mar 2003 Budget	Apr 2003 Budget	May 2003 Budget	Jun 2003 Budget	Total FY 03 Budget
	OPERATING EXPENSE																
	Professional fees	4,800	0	0	400	400	400	400	400	400	400	400	400	400	400	400	4,800
	Office supplies	1,800	1,496	2,244	167	167	166	167	167	166	167	167	166	167	167	166	2,000
	Telephone	4,000	2,146	3,219	317	317	316	317	317	316	317	317	316	317	317	316	3,800
	Postage	450	68	102	37	38	37	37	38	37	38	38	37	38	38	37	450
	Equipment purchase	600	0	0	150	0	0	150	0	0	150	0	0	150	0	0	600
	Equipment maintenance	1,848	0	100	83	83	84	83	83	84	83	83	84	83	83	84	1,000
	Housing	27,087	17,355	20,910	1,993	1,994	1,993	1,994	1,993	1,994	1,993	1,994	1,993	1,994	1,994	1,994	23,923
	Personal car allowance	1,400	177	266	83	83	84	83	83	84	83	83	84	83	83	84	1,000
	Auto expense staff car	5,300	3,043	4,565	467	467	466	467	467	466	467	467	466	467	467	466	5,600
	Memberships	550	219	329	46	46	45	46	46	45	46	46	46	46	46	46	550
	Travel & meeting expense	19,000	13,234	25,311	0	2,025	0	0	2,025	0	0	2,025	0	0	2,025	0	8,100
	Publicity	3,000	4,205	6,308	250	250	250	250	250	250	250	250	250	250	250	250	3,000
	Publications	300	114	171	21	21	21	21	21	21	21	21	20	21	21	20	250
	Auditing	6,600	5,250	5,250	0	0	0	0	0	0	5,500	0	0	0	0	0	5,500
	Other program costs	24,560	11,133	16,703	2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,075	24,900
	Management and general	72,331	48,745	73,118	4,714	4,715	4,714	4,715	4,714	4,715	4,714	4,715	4,714	4,715	4,715	4,715	56,575
	Fundraiser	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Staff Development	1,800	949	1,424	150	150	150	150	150	150	150	150	150	150	150	150	1,800
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	TOTAL OPERATING EXPENSE	175,426	108,134	160,020	10,953	12,831	10,801	10,955	12,829	10,803	16,454	12,831	10,801	10,956	12,831	10,803	143,848
	TOTAL EXPENSE	657,678	401,372	587,565	57,619	59,499	57,467	57,621	59,497	57,470	63,120	59,499	57,469	57,622	59,499	57,474	703,857
	NET EXPENSE																
	Investments/Savings	0	0	0	1098	1098	1098	1098	1098	1099	1098	1098	1099	1098	1098	1099	13,179
	Orphans Collection	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Prepared by: _____ date _____

Approved by: _____ date _____

Comparison of Net Expense

	$ Amount	$ Inc (Dec) vs. Prior Yr	% Inc (Dec) vs. Prior Yr
FY 01 funded by endowment fund	0	0	0.40%
FY 02 funded by endowment fund	13,179	13,179	#DIV/0!
FY 03 funded by endowment fund	13,179	0	0.00%

DOW 03451

Catholic Diocese of Wilmington
XXIII. FINANCIAL STATE OF THE DIOCESE
Statistical Index

Entity: Catholic Press of Wilmington, Inc.

Enclosures:

- Audited Financial Statements for the years ended June 30, 2002 and 2001
- Audited Financial Statements for the years ended June 30, 2000 and 1999
- Audited Financial Statements for the years ended June 30, 1998 and 1997
- Budget summary for the year ending June 30, 2003

DOW 03452

Catholic Press of Wilmington, Inc.

Financial Statements and
Supplemental Schedule for the Years Ended
June 30, 2002 and 2001

Catholic Press of Wilmington, Inc.
Table of Contents
June 30, 2002 and 2001

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Financial Statements:	
Balance Sheets	2
Statements of Activities and Changes in Net Assets	3
Statements of Cash Flows	4
Notes to Financial Statements	5-6
Supplemental Schedule:	
Schedule of Administrative Expenses	7

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
Two Commerce Square, Suite 1700
2001 Market Street
Philadelphia PA 19103-7042
Telephone (267) 330 3000
Facsimile (267) 330 3300

Report of Independent Accountants

To the Board of Directors
Catholic Press of Wilmington, Inc.
Wilmington, Delaware

In our opinion, the accompanying balance sheets and the related statements of activities and changes in net assets and cash flows present fairly, in all material respects, the financial position of the Catholic Press of Wilmington, Inc. (the Press) at June 30, 2002 and 2001 and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Press' management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of administrative expenses for the years ended June 30, 2002 and 2001 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information as of June 30, 2002 and 2001 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP

September 27, 2002

Catholic Press of Wilmington, Inc.
Balance Sheets
As of June 30, 2002 and 2001

Assets	2002	2001
Cash	$ 38,935	$ 38,756
Accounts receivable (net of allowance for doubtful accounts of $17,330 and $13,038)	68,368	52,010
Prepaid expenses	10,373	1,725
Total assets	$ 117,676	$ 92,491
Liabilities and Net Assets		
Accounts payable and accrued expenses	$ 99,132	$ 95,018
Commissions payable	2,521	1,680
Advance subscriptions and deferred advertising revenue	10,580	16,217
Total liabilities	112,233	112,915
Total unrestricted net assets	5,443	(20,424)
Total liabilities and net assets	$ 117,676	$ 92,491

The accompanying notes are an integral part of the financial statements.

Catholic Press of Wilmington, Inc.
Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2002 and 2001

	2002	2001
Revenue and other support:		
Advertising	$ 647,810	$ 578,551
Catholic Diocese of Wilmington, Inc.	467,701	425,183
Directory sales	43,902	39,973
Other	5,259	6,808
Total revenue and other support	1,164,672	1,050,515
Expenses:		
Publication expenses	508,086	502,082
Directory expense	11,281	10,993
Wages, commissions, and related costs	332,289	305,567
Administrative expenses	256,088	245,843
Management fees and professional expense	31,061	30,395
Total expenses	1,138,805	1,094,880
Changes in net assets	25,867	(44,365)
Net assets at beginning of year	(20,424)	23,941
Net assets at end of year	$ 5,443	$ (20,424)

The accompanying notes are an integral part of the financial statements.

Catholic Press of Wilmington, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2002 and 2001

	2002	2001
Cash flows from operating activities:		
Changes in net assets	$ 25,867	$ (44,365)
Depreciation	-	584
Bad debt expense	14,109	7,431
Changes in assets and liabilities:		
Accounts receivable	(30,467)	1,847
Prepaid expenses	(8,648)	1,479
Accounts payable and accrued expenses	4,114	18,705
Commissions payable	841	(747)
Deferred revenue	(5,637)	1,964
Net cash provided by (used in) operating activities	179	(13,102)
Net increase (decrease) in cash	179	(13,102)
Cash at beginning of year	38,756	51,858
Cash at end of year	$ 38,935	$ 38,756

The accompanying notes are an integral part of the financial statements.

1. Summary of Significant Accounting Policies

Nature of Operations

Catholic Press of Wilmington, Inc. (the Press) is an affiliate corporation of the Catholic Diocese of Wilmington, Inc. (the Diocese). The Press publishes The Dialog, a Catholic information newspaper circulated to parishioners of churches in Delaware and the eastern shore of Maryland, and a Catholic Directory. A significant portion of its funding is derived from the Diocese.

Basis of Reporting

The Press reports using the accrual basis of accounting. The preparation of financial statements in conformity with generally accepted accounting principles 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.

Financial Statement Presentation

Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. A description of the three net asset classifications follows:

Unrestricted Net Assets include those assets that are available for the support of operations and whose use is not externally restricted, although their use may be limited by other factors such as by contract or board designation.

Temporarily Restricted Net Assets include gifts for which donor imposed restrictions have not been met and pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted.

Permanently Restricted Net Assets include gifts, trusts, and pledges which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions.

All net assets of the Press are unrestricted as of June 30, 2002 and 2001.

Revenue Recognition

Advertising revenue is recognized when the papers and directories are distributed.

Computer Equipment

Computer equipment is recorded at cost. The Press records depreciation using the straight-line method. Computer equipment is depreciated over an estimated useful life of five years. At June 30, 2002 and 2001, all computer equipment is fully depreciated.

2. **Pension Plan**

The Diocese sponsors a noncontributory defined benefit pension plan covering all full-time lay employees of the Diocese, including the Press. The plan calls for benefits to be paid to eligible employees at retirement based on compensation, as defined in the Plan documents. Contributions to the plan for the Press' proportionate cost, which amounted to approximately $19,400 and $16,700 for the years ended June 30, 2002 and 2001, respectively, were provided entirely by the Diocese. No expenses related to this plan have been reflected in the financial statements of the Press since the amounts are not significant.

3. **Related Party Transactions**

Certain members of the Press' board are also board members of the Diocese, a related entity.

For the years ended June 30, 2002 and 2001, the Diocese provided funding in the amount of $467,701 and $425,183, respectively, to support the operations of the Press.

The Press reimburses the Diocese for wages, payroll taxes, health benefits, and expenses the Diocese disburses on behalf of the Press. For the years ended June 30, 2002 and 2001, these expenses totaled $332,289 and $305,567, respectively. Of these balances, unpaid amounts of approximately $55,000 and $53,000, respectively, are included in accounts payable and accrued expenses as of the years ended June 30, 2002 and 2001.

The Diocese provides an office area for the Press. Rent expense charged for the years ended June 30, 2002 and 2001 was $22,932 and $22,050, respectively, which is included in operating expenses on the statements of activities.

The Diocese pays, on behalf of the Press, the group term life insurance, long-term disability and pension benefits for all full time employees of the Press. The Diocese also provides administrative services for the Press. These expenses are not reimbursed or reflected on the financial statements of the Press since the amounts are not significant.

4. **Income Taxes**

The Press is a not-for-profit corporation which has been granted exempt status from federal taxation under Section 501(c)(3) for the Internal Revenue Code.

Supplemental Schedule

Catholic Press of Wilmington, Inc.
Supplemental Schedule of Administrative Expenses
For the Years Ended June 30, 2002 and 2001

	2002	2001
Bad debt expense	$ 14,109	$ 7,431
Commissions	169,893	162,773
Computer expense	3,305	5,875
Copy and duplication	574	-
Depreciation	-	584
Dues and subscriptions	3,115	2,847
Office supplies	5,407	5,229
Photography	4,552	6,100
Postage	11,421	11,158
Promotion	6,188	4,953
Rent	22,932	22,050
Telephone	4,444	5,546
Travel	5,861	4,183
Miscellaneous expense	4,287	7,114
Total expenses	$256,088	$245,843

Catholic Press of Wilmington, Inc.

Financial Statements
and Supplemental Schedule
For the Years Ended
June 30, 2000 and 1999

Catholic Press of Wilmington, Inc.
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PRICEWATERHOUSECOOPERS

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Report of Independent Accountants

To the Board of Directors
Catholic Press of Wilmington, Inc.
Wilmington, Delaware

In our opinion, the accompanying balance sheets and the related statements of activities and changes in net assets and cash flows present fairly, in all material respects, the financial position of the Catholic Press of Wilmington, Inc. (the Press) at June 30, 2000 and 1999 and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Press' management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of operating expenses for the years ended June 30, 2000 and 1999 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information as of June 30, 2000 and 1999 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP

September 29, 2000

Catholic Press of Wilmington, Inc.
Balance Sheets
As of June 30, 2000 and 1999

Assets	2000	1999
Cash	$ 51,858	$ 41,438
Accounts receivable (net of allowance for doubtful accounts of $12,518 and $14,012)	61,288	52,923
Prepaid expenses	3,204	1,038
Computer equipment (net of accumulated depreciation of $34,436 and $27,431)	584	7,588
Total assets	$ 116,934	$ 102,987
Liabilities and Net Assets		
Accounts payable and accrued expenses	76,313	65,207
Commissions payable	2,427	2,768
Advance subscriptions and prepaid advertising	14,253	13,689
Total liabilities	92,993	81,664
Total unrestricted net assets	23,941	21,323
Total liabilities and net assets	$ 116,934	$ 102,987

The accompanying notes are an integral part of the financial statements.

Catholic Press of Wilmington, Inc.
Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2000 and 1999

	2000	1999
Revenue and other support:		
Advertising	$ 608,875	$557,854
Catholic Diocese of Wilmington	420,617	390,276
Directory sales	37,936	38,635
Interest	1,834	2,643
Total revenue and other support	1,069,262	989,408
Expenses:		
Publication expenses	481,613	442,546
Directory expense	10,281	10,281
Wages, commissions, and related costs	297,630	241,253
Administrative expenses	250,121	237,053
Management fees and professional expense	26,999	67,342
Total expenses	1,066,644	998,475
Changes in net assets	2,618	(9,067)
Net assets at beginning of year	21,323	30,390
Net assets at end of year	$ 23,941	$ 21,323

The accompanying notes are an integral part of the financial statements.

Catholic Press of Wilmington, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2000 and 1999

	2000	1999
Cash flows from operating activities:		
Changes in net assets	$ 2,618	$ (9,067)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	7,004	7,003
Bad debt expense	18,455	9,220
Changes in assets and liabilities:		
Accounts receivable	(26,820)	(18,986)
Prepaid expenses	(2,166)	4,459
Accounts payable and accrued expenses	11,106	27,015
Commissions payable	(341)	(5,761)
Deferred revenue	564	1,861
Net cash provided by operating activities	10,420	15,744
Net increase in cash	10,420	15,744
Cash at beginning of year	41,438	25,694
Cash at end of year	$51,858	$41,438

The accompanying notes are an integral part of the financial statements.

1. Summary of Significant Accounting Policies

Nature of Operations

Catholic Press of Wilmington, Inc. (the Press) is an affiliate corporation of the Catholic Diocese of Wilmington, Inc. (the Diocese). The Press publishes The Dialog, a Catholic information newspaper circulated to parishioners of churches in Delaware and the eastern shore of Maryland, and a Catholic Directory. A significant portion of its funding is derived from the Diocese.

Basis of Reporting

The Press reports using the accrual basis of accounting. The preparation of financial statements in conformity with generally accepted accounting principles 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.

Financial Statement Presentation

The financial statements have been prepared in accordance with Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations." Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. A description of the three net asset categories follows:

Unrestricted Net Assets include those assets that are available for the support of operations and whose use is not externally restricted, although their use may be limited by other factors such as by contract or board designation.

Temporarily Restricted Net Assets include gifts for which donor imposed restrictions have not been met and pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted.

Permanently Restricted Net Assets include gifts, trusts, and pledges which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions.

All net assets of the Press are unrestricted as of June 30, 2000 and 1999.

Management Agreement

The Press had an agreement with the Cathedral Foundation/Baltimore Review for the management of the Press. The management fee for the year ended June 30, 1999 was approximately $38,000. This agreement terminated July 1, 1999.

Revenue Recognition

Advertising revenue is recognized when the papers and directories are distributed.

Computer Equipment
Computer equipment is recorded at cost. The Press records depreciation using the straight-line method. Computer equipment is depreciated over an estimated useful life of five years.

2. Pension Plan

The Diocese sponsors a noncontributory defined benefit pension plan covering all full-time lay employees of the Diocese, including the Press. The plan calls for benefits to be paid to eligible employees at retirement based on compensation, as defined in the Plan documents. Contributions to the plan for the Press' proportionate cost, which amounted to approximately $13,800 and $10,850 for the years ended June 30, 2000 and 1999, respectively, were provided entirely by the Diocese. No expenses related to this plan have been reflected in the financial statements of the Press since the amounts are not significant.

3. Related Party Transactions

Certain members of the Press' board are also board members of the Diocese, a related entity.

For the years ended June 30, 2000 and 1999, the Diocese provided funding in the amount of $420,617 and $390,276, respectively, to support the operations of the Press.

The Press reimburses the Diocese for wages, payroll taxes, health benefits, and expenses the Diocese disburses on behalf of the Press. For the years ended June 30, 2000 and 1999, these expenses totaled $297,630 and $241,253, respectively. Of these balances, unpaid amounts of approximately $47,000 and $49,000, respectively, are included in accounts payable and accrued expenses as of the years ended June 30, 2000 and 1999.

The Diocese provides an office area for the Press. Rent expense charged for the years ended June 30, 2000 and 1999 was $20,988 and $21,866, respectively, which is included in operating expenses on the statements of activities.

The Diocese pays, on behalf of the Press, the group term life insurance, long-term disability and pension benefits for all full time employees of the Press. The Diocese also provides administrative services for the Press. These expenses are not reimbursed or reflected on the financial statements of the Press since the amounts are not significant.

4. Income Taxes

The Press is a not-for-profit corporation which has been granted exempt status from federal taxation under Section 501(c)(3) for the Internal Revenue Code.

Supplemental Schedule

Catholic Press of Wilmington, Inc.
Supplemental Schedule of Operating Expenses
For the Years Ended June 30, 2000 and 1999

	2000	1999
Advertising	$ 300	$ 6,400
Bad debt expense	18,455	9,220
Commissions	131,674	105,706
Computer expense	12,402	12,805
Copy and duplication	294	561
Depreciation	7,004	7,003
Dues and subscriptions	4,183	4,222
Office supplies	11,641	11,080
Photography	5,424	4,815
Postage	8,563	9,535
Promotion	10,058	13,478
Rent	20,988	21,866
Telephone	6,366	5,111
Travel	5,095	7,897
Miscellaneous expense	7,674	17,354
Total expenses	$250,121	$237,053

DOW 03472

CATHOLIC PRESS
OF WILMINGTON, INC.

REPORT ON AUDIT OF
FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULE
for the year ended June 30, 1998

CATHOLIC PRESS OF WILMINGTON, INC.

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Report of Independent Accountants

To the Board of Directors
Catholic Press of Wilmington, Inc.
Wilmington, Delaware

In our opinion, the accompanying balance sheet and the related statements of activities and cash flows present fairly, in all material respects, the financial position of the Catholic Press of Wilmington, Inc. (the Press) at June 30, 1998 and the changes in its net assets and its cash flows for the year then ended. These financial statements are the responsibility of the Press's management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the opinion expressed above.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of operating expenses for the year ended June 30, 1998 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information for the year ended June 30, 1998 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP

September 21, 1998

DOW 03475

CATHOLIC PRESS OF WILMINGTON, INC.

Balance Sheet
as of June 30, 1998

ASSETS

Cash	$	25,694
Accounts receivable (net of allowance for doubtful accounts of $11,188)		43,157
Prepaid expenses		5,497
Computer equipment (net of accumulated depreciation of $20,428)		14,591
Total assets	$	88,939

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses		38,192
Commissions payable		8,529
Advance subscriptions and prepaid advertising		11,828
Total liabilities		58,549
Total unrestricted net assets		30,390
Total liabilities and net assets	$	88,939

The accompanying notes are an integral part of the financial statements.

CATHOLIC PRESS OF WILMINGTON, INC.

Statement of Activities
for the year ended June 30, 1998

Revenue and other support:	
Advertising	$ 503,328
Catholic Diocese of Wilmington	375,692
Directory	31,190
Interest	2,112
Total revenue and other support	912,322
Expenses:	
Publication expenses	414,866
Wages, commissions, and related costs	215,621
Operating expenses	192,657
Management fees and professional expense	59,527
Directory expense	8,990
Total expenses	891,661
Change in net assets	20,661
Net assets at beginning of year	9,729
Net assets at end of year	$ 30,390

The accompanying notes are an integral part of the financial statements.

CATHOLIC PRESS OF WILMINGTON, INC.

Statement of Cash Flows
for the year ended June 30, 1998

Cash flows from operating activities:	
Change in net assets	$ 20,661
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	7,004
Bad debt expense	3,596
Decrease in accounts receivable	15,931
Decrease in prepaid expenses	5,348
Decrease in accounts payable and accrued expenses	(35,032)
Increase in commissions payable	376
Increase in deferred revenue	2,113
Net cash provided by operating activities	19,997
	19,997
Net increase in cash	5,697
Cash at beginning of year	
Cash at end of year	$ 25,694

The accompanying notes are an integral part of the financial statements.

CATHOLIC PRESS OF WILMINGTON, INC.

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Nature of Operations:

Catholic Press of Wilmington, Inc. (the Press) is an affiliate corporation of the Catholic Diocese of Wilmington, Inc. (the Diocese). The Press publishes The Dialog, a Catholic information newspaper circulated to parishioners of churches in Delaware and the eastern shore of Maryland. A significant portion of its funding is derived from the Diocese.

Basis of Reporting:

The Press reports using the accrual basis of accounting. The preparation of financial statements in conformity with generally accepted accounting principles 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.

Financial Statement Presentation:

The financial statements have been prepared in accordance with Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations." Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. A description of the three net asset categories follows:

- **Unrestricted Net Assets** include those assets that are available for the support of operations and whose use is not externally restricted, although their use may be limited by other factors such as by contract or board designation.

- **Temporarily Restricted Net Assets** include gifts for which donor imposed restrictions have not been met and pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted.

- **Permanently Restricted Net Assets** include gifts, trusts, and pledges which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions.

All net assets of the Press are unrestricted as of June 30, 1998

DOW 03479

1. Summary of Significant Accounting Policies, continued:

Management Agreement:

The Press has entered into an agreement with the Cathedral Foundation/Baltimore Review for the management of the Press. The management fee for the year ended June 30, 1998 was $35,000.

Computer Equipment:

Computer equipment is recorded at cost. The Press records depreciation using the straight-line method. Computer equipment is depreciated over an estimated useful life of five years.

2. Pension Plan:

The Diocese sponsors a noncontributory defined benefit pension plan covering all full-time lay employees of the Diocese, including the Press. The plan calls for benefits to be paid to eligible employees at retirement based on compensation, as defined. Contributions to the plan for the Press' proportionate cost, which amounted to approximately $8,700 for the year ended June 30, 1998, were provided entirely by the Diocese. No expenses related to this plan have been reflected in the financial statements of the Press since the amounts are not significant.

3. Related Party Transactions:

Certain members of the Press' board are also board members of the Diocese, a related entity.

The Press reimburses the Diocese for wages, payroll taxes, health benefits, and expenses the Diocese disburses on behalf of the Press. For the year ended June 30, 1998, these expenses totaled $215,621.

The Diocese provides an office area for the Press. The entire rent expense charged for the current period was $19,224, which is included in operating expenses on the statement of activities.

The Diocese pays, on behalf of the Press, the group term life insurance, long-term disability and pension benefits for all full time employees of the Press. The Diocese also provides administrative services for the Press. These expenses are not reimbursed or reflected on the financial statements of the Press since the amounts are not significant.

4. Income Taxes:

The Press is a not-for-profit corporation which has been granted exempt status from federal taxation under Section 501(c)(3) for the Internal Revenue Code.

SUPPLEMENTAL SCHEDULE

CATHOLIC PRESS OF WILMINGTON, INC.

Supplemental Schedule of Operating Expenses for the year ended June 30, 1998

Advertising	$ 4,937
Bad debt expense	3,596
Commissions	100,806
Computer expense	8,353
Copy and duplication	656
Depreciation	7,004
Dues and subscriptions	1,274
Office supplies	3,165
Photography	3,266
Postage	7,430
Promotion	8,766
Rent	19,224
Telephone	4,406
Travel	6,663
Miscellaneous expense	13,111
Total expenses	$ 192,657

DOW 03483

Catholic Press of Wilmington, Inc. 2003 BUDGET 4TH VERSION

Codes	Description	2003 Budget	2002 Projection	9 Mnths Ended 03/31/2002	2002 Budget	Projected vs 02 Budget	03 Budget vs Projected	2003 Budget Basis / Comments
	Income							
3010.04	Diocesan subscription	485,730.00	467,701.00	350,775.81	467,701.00	0.00	(18,029.00)	3.9%
3210.04	Individual subscriptions	3,000.00	3,200.00	3,170.00	495.00	(2,705.00)	200.00	same as prior
3211.01	Advertising sales - display	388,450.00	388,335.00	301,737.31	397,843.00	9,508.00	(115.00)	No "Food for Poor"
3222.01	Advertising sales - tabloids	164,130.00	173,255.00	131,352.67	189,670.00	16,415.00	9,125.00	4pg orph / No 7/12&6/27 sec.
3223.01	Advertising sales - classified	33,475.00	33,020.00	25,766.28	23,187.00	(9,833.00)	(455.00)	Production Schedule
3224.04	Advertising sales - inserts	9,995.00	19,445.00	19,445.67	10,855.00	(8,590.00)	9,450.00	No "F f P" plus 1 timers
3225.01	Advertising sales -promo/trade	5,625.00	5,325.00	4,537.50	5,625.00	300.00	(300.00)	Production Schedule
3310.06	Directory copy sales	17,000.00	16,600.00	16,529.85	15,200.00	(1,400.00)	(400.00)	850 books
3320.06	Directory advertising sales	27,100.00	27,130.00	27,130.00	25,800.00	(1,330.00)	30.00	same rates as prior
3510.05	Interest income	0.00	35.00	35.02	1,000.00	965.00	35.00	no interest - Mellon
3990.05	Miscellaneous income	500.00	1,525.00	1,509.52	1,000.00	(525.00)	1,025.00	no drexel, no neuman
3980.05	Photo Reproduction	450.00	450.00	405.00	425.00	(25.00)	0.00	same as prior
		1,135,455.00	1,136,021.00	882,394.63	1,138,801.00	2,780.00	566.00	
	Expenses							
5000.02	Salaries	38,255.00	36,608.00	27,455.76	36,615.00	7.00	(1,647.00)	Payroll Schedule
5000.03	Salaries	212,955.00	204,767.00	153,575.28	205,135.00	368.00	(8,188.00)	Payroll Schedule
5000.05	Salaries	35,600.00	34,235.00	25,675.92	35,070.00	835.00	(1,365.00)	Payroll Schedule
5110.02	FICA expense	2,207.00	2,269.00	1,702.39	2,162.00	(107.00)	62.00	Payroll Schedule
5110.03	FICA expense	13,203.00	12,372.00	9,281.02	12,229.00	(143.00)	(831.00)	Payroll Schedule
5110.05	FICA expense	2,372.00	2,122.00	1,591.91	2,091.00	(31.00)	(250.00)	Payroll Schedule
5120.02	Medicare expense	516.00	530.00	398.13	506.00	(24.00)	14.00	Payroll Schedule
5120.03	Medicare expense	3,089.00	3,136.00	2,413.30	2,860.00	(276.00)	47.00	Payroll Schedule
5120.05	Medicare expense	555.00	496.00	372.30	489.00	(7.00)	(59.00)	Payroll Schedule
5130.03	Workers compensation	2,868.00	788.00	788.43	532.00	(256.00)	(2,080.00)	Payroll Schedule
5210.03	Health insurance	33,780.00	30,902.00	23,115.87	31,152.00	250.00	(2,878.00)	Payroll Schedule
5210.05	Health insurance	4,260.00	4,080.00	3,060.00	4,080.00	0.00	(180.00)	Payroll Schedule
5310.01	Outside rep commissions	145,000.00	150,170.00	111,168.25	156,300.00	6,130.00	5,170.00	Payroll Schedule
5320.01	Agency commissions/adjstmnts	15,000.00	14,000.00	11,456.32	10,000.00	(4,000.00)	(1,000.00)	up by 1,000
6010.05	Computer supplies and repair	6,000.00	4,025.00	3,008.56	6,000.00	1,975.00	(1,975.00)	same as budget 02
	Computers	7,000.00	0.00	0.00	0.00	0.00	(7,000.00)	2 new Mac computers
6020.03	Conferences, training attended	1,000.00	1,000.00	358.00	1,000.00	0.00	0.00	same as budget 02
6040.05	Membership dues and fees	2,600.00	2,600.00	2,099.00	2,610.00	10.00	0.00	same as budget 02
6045.05	Newspapers, books, & subs	800.00	806.00	805.99	800.00	(6.00)	6.00	same as budget 02

DOW 03484

Catholic Press of Wilmington, Inc. 2003 BUDGET 4TH VERSION

Codes	Description	2003 Budget	2002 Projection	9 Mnths Ended 03/31/2002	2002 Budget	Projected vs 02 Budget	03 Budget vs Projected	2003 Budget Basis / Comments
6050.05	Office supplies	4,500.00	5,000.00	3,291.33	5,000.00	0.00	500.00	less in copier (Deve Office)
6055.03	Photo supplies	4,000.00	5,900.00	4,401.85	7,000.00	1,100.00	1,900.00	digital camera
6060.05	Postage - regular	10,640.00	10,000.00	7,369.37	10,600.00	600.00	(640.00)	USPS rate increase
6065.05	Printing & duplicating	500.00	575.00	574.47	0.00	(575.00)	75.00	same as actual
6070.04	Promotion expense	1,000.00	1,000.00	956.69	1,500.00	500.00	0.00	same as actual
6110.03	Train, mileage, toll, parking	6,000.00	6,025.00	4,517.76	5,000.00	(1,025.00)	25.00	same as actual
6220.05	Rent to Diocese	23,620.00	22,932.00	17,199.00	22,930.00	(2.00)	(688.00)	3% increase
6230.05	Telephone	6,000.00	5,500.00	3,910.47	6,015.00	515.00	(500.00)	up by 500
6340.01	Promo/trade advertising	5,625.00	5,325.00	4,537.50	5,625.00	300.00	(300.00)	Production Schedule
6410.01	Bad debt expense	7,500.00	7,000.00	6,434.98	10,500.00	3,500.00	(500.00)	up 500 on projection
6610.05	Audit Fee	6,000.00	5,250.00	0.00	5,250.00	0.00	(750.00)	up by 750
6630.03	Catholic News Service	26,600.00	25,800.00	19,334.32	27,000.00	1,200.00	(800.00)	3.1% increase
6640.03	Correspondents/features	10,000.00	6,850.00	5,132.00	8,000.00	1,150.00	(3,150.00)	up by 3,300 new cooresp
6641.03	Correspondents/photo	1,000.00	375.00	335.00	1,000.00	625.00	(625.00)	same as budget 02
6660.04	Publishers Info Center (PIC)	15,000.00	16,950.00	12,703.19	17,000.00	50.00	1,950.00	5,000 lower - AFL vs PIC
6810.05	Bank services charges	3,000.00	2,900.00	2,174.77	1,200.00	(1,700.00)	(100.00)	up by 100 (VISA driven)
6990.05	Other expenses	500.00	375.00	324.95	500.00	125.00	(125.00)	same as budget 02
7010.02	Dialog printing	167,295.00	212,544.00	157,687.25	232,892.00	20,348.00	45,249.00	25% price break from AFL
7110.02	Dialog postage	265,765.00	238,482.00	176,707.65	232,220.00	(6,262.00)	(27,283.00)	USPS rate increase
7210.02	Dialog label and mail	32,850.00	33,965.00	26,224.29	19,438.00	(14,527.00)	1,115.00	Production Schedule
8010.06	Directory production	11,000.00	11,280.84	11,280.84	10,500.00	(780.84)	280.84	Smalls vs Catholic Revw
		1,135,455.00	1,128,934.84	843,424.11	1,138,801.00	9,866.16	(6,520.16)	
		0.00	7,086.16	38,970.52	0.00			

DOW 03485

Catholic Diocese of Wilmington
XXIII. FINANCIAL STATE OF THE DIOCESE
Statistical Index

Entity: Children's Home, Inc.

Enclosures:

- Audited Financial Statements for the years ended June 30, 2002 and 2001 are combined with statements of Catholic Charities, Inc., Seton Villa, Inc., and Siena Hall, Inc., and are contained in Tab #7.

- Audited Financial Statements for the years ended June 30, 2000 and 1999 are combined with statements of Catholic Charities, Inc., Seton Villa, Inc., and Siena Hall, Inc., and are contained in Tab #7.

- Audited Financial Statements for the years ended June 30, 1998 and 1997

- Budget summary for the year ending June 30, 2003

DOW 03486

CHILDREN'S HOME, INC.

REPORT ON AUDITS OF FINANCIAL STATEMENTS
for the years ended June 30, 1998 and 1997

CHILDREN'S HOME, INC.

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Statements of Cash Flows for the years ended June 30, 1998 and 1997	4
Notes to Financial Statements	5-9

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
2400 Eleven Penn Center
Philadelphia PA 19103-2962
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Facsimile (215) 963 8700

Report of Independent Accountants

To the Board of Trustees and Board of Directors
Children's Home, Inc.
Wilmington, Delaware

In our opinion, the accompanying balance sheets and the related statements of revenue and functional expenses and of cash flows present fairly, in all material respects, the financial position of Children's Home, Inc. at June 30, 1998 and 1997, and the changes in its net assets and its cash flows for each of the two years in the period ended June 30, 1998, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Children's Home, Inc.'s management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP

September 18, 1998

DOW 03489

CHILDREN'S HOME, INC.

Balance Sheets
as of June 30, 1998 and 1997

ASSETS	Current Operations	Land, Building, and Equipment	Invested Reserves	Total All Funds 1998	Total All Funds 1997
Cash and cash equivalents	$ 11,673			$ 11,673	$ 15,671
Accounts receivable	31,841			31,841	53,398
Pledges receivable	-			-	250,000
Prepaid expenses	8,368			8,368	10,011
Due from related organizations	11,230	$ 3,673		14,903	20,967
Land, building and equipment, net	-	878,978		878,978	584,594
Pooled investments	-	-	$ 4,299,918	4,299,918	3,865,086
Total assets	$ 63,112	$ 882,651	$ 4,299,918	$ 5,245,681	$ 4,799,727
LIABILITIES AND NET ASSETS					
Accounts payable	6,451	-	-	6,451	8,295
Accrued expenses	24,422	-	-	24,422	37,387
Due to related organizations	-	-	-	-	260
Total liabilities	30,873	-	-	30,873	45,942
Net assets:					
Unrestricted	22,758	878,978	4,299,918	5,201,654	4,473,337
Temporarily restricted	9,481	3,673		13,154	280,448
Total net assets	32,239	882,651	4,299,918	5,214,808	4,753,785
Total liabilities and net assets	$ 63,112	$ 882,651	$ 4,299,918	$ 5,245,681	$ 4,799,727

The accompanying notes are an integral part of the financial statements.

CHILDREN'S HOME, INC.

Statements of Revenue and Functional Expenses
for the years ended June 30, 1998 and 1997

	Current Operations	Land, Building, and Equipment	Invested Reserves	Total All Funds 1998	Total All Funds 1997
Unrestricted:					
Revenue and other support:					
Contributions	$ 21,146	-	-	$ 21,146	$ 22,758
Bequests	-	-	-	-	62,608
United Ways	29,925	-	-	29,925	16,494
Government grants and contracts	543,239	-	-	543,239	572,907
Pooled investment income	148,389	$ 86,696	$ 434,832	669,917	685,959
Other investment income	1,102	-	-	1,102	1,363
Fundraising	17,203	-	-	17,203	14,880
Total revenue and other support	761,004	86,696	434,832	1,282,532	1,376,969
Expenses:					
Program expenses:					
Salaries	397,378	-	-	397,378	399,580
Employee benefits	67,045	-	-	67,045	64,499
Payroll taxes	29,630	-	-	29,630	30,568
Salaries and related expenses	494,053	-	-	494,053	494,647
Program costs	58,567	-	-	58,567	54,693
Professional fees	1,987	-	-	1,987	2,380
Housing and occupancy costs	56,615	19,342	-	75,957	63,882
Office and administrative expense	24,964	-	-	24,964	19,490
Auditing	8,250	-	-	8,250	14,900
Transportation	21,015	-	-	21,015	15,185
Conferences and meetings	5,997	-	-	5,997	6,574
Depreciation	-	74,975	-	74,975	56,295
Miscellaneous	2,771	-	-	2,771	4,608
Total program expenses	674,219	94,317	-	768,536	732,654
Supporting services:					
Management and general	80,436	-	-	80,436	76,608
Fundraising expense	7,248	-	-	7,248	4,109
Total supporting services	87,684	-	-	87,684	80,717
Total expenses	761,903	94,317	-	856,220	813,371
Excess/(deficiency) of revenue over expenses	(899)	(7,621)	434,832	426,312	563,598
Net assets released from restrictions used for capital renovations	-	302,500	-	302,500	297,276
Increase (decrease) in unrestricted net assets	(899)	294,879	434,832	728,812	860,874
Temporarily restricted:					
Temporarily restricted contributions	-	34,711	-	34,711	5,000
Net assets released from restrictions	-	(302,500)	-	(302,500)	(297,276)
Decrease in temporarily restricted net assets	-	(267,789)	-	(267,789)	(292,276)
Changes in net assets	(899)	27,090	434,832	461,023	568,598
Net assets at beginning of year	33,138	855,561	3,865,086	4,753,785	4,185,187
Net assets at end of year	$ 32,239	$ 882,651	$ 4,299,918	$ 5,214,808	$ 4,753,785

The accompanying notes are an integral part of the financial statements.

DOW 03491

CHILDREN'S HOME, INC.

Statements of Cash Flows
for the years ended June 30, 1998 and 1997

	1998	1997
Cash flows from operating activities:		
Changes in net assets	$ 461,023	$ 568,598
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net appreciation on pooled investments	(558,993)	(572,370)
Depreciation	74,975	56,295
Decrease in accounts receivable	21,557	14,213
Decrease in pledges receivable	250,000	118,770
Decrease (increase) in prepaid expenses	1,643	(7,945)
Decrease in due from related organization	6,064	213,868
Decrease in accounts payable	(1,844)	(19,755)
Decrease in accrued expenses	(12,965)	(13,427)
Decrease in due to related organization	(260)	(66,898)
Contributions restricted for acquiring land, building and equipment	(34,711)	-
Net cash provided by operating activities	206,489	291,349
Cash flows from investing activities:		
Purchase of land, building, and equipment	(369,359)	(332,572)
Amounts drawn from pooled investments for operations	148,389	135,506
Amounts drawn from pooled investments for purchases of land, building, and equipment	86,696	38,400
Reinvestment of interest and dividends into pooled investments	(110,924)	(113,589)
Deposits into pooled investments	-	(62,608)
Contributions restricted for acquiring land, building and equipment	34,711	-
Net cash used in investing activities	(210,487)	(334,863)
Net decrease in cash and cash equivalents	(3,998)	(43,514)
Cash and cash equivalents at beginning of year	15,671	59,185
Cash and cash equivalents at end of year	$ 11,673	$ 15,671

The accompanying notes are an integral part of the financial statements.

CHILDREN'S HOME, INC.

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Nature of Operations:

Children's Home, Inc. (Children's Home), located in Wilmington, Delaware, is a not-for-profit organization providing residential group care for school-aged children offering intensive treatment and supervision in a family-like atmosphere. Children's Home is the recipient of numerous government contracts and grants which are used to support its operations.

Basis of Reporting:

Children's Home reports using the accrual basis of accounting. The preparation of financial statements in conformity with generally accepted accounting principles 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.

Financial Statement Presentation:

The financial statements have been prepared in accordance with Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations". Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. A description of the three net asset categories follows:

- **Unrestricted Net Assets** are those assets that are available for the support of operations and whose use is not externally restricted, although their use may be limited by other factors such as by contract or board designation.

- **Temporarily Restricted Net Assets** include gifts whose use has been limited by donors to a specific time period and purpose and whose restrictions have not been met.

- **Permanently Restricted Net Assets** include gifts, trusts, and pledges which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions.

All net assets of Children's Home are either unrestricted or temporarily restricted as of June 30, 1998 and 1997.

DOW 03493

1. Summary of Significant Accounting Policies, continued:

Contributions:

Contributions are recognized as revenue in accordance with Statement of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made". Noncash contributions are recorded at fair value on the date of donation. Contributions of cash and other non-capital assets are reported as temporarily restricted operating revenue if the contributions are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose for the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions which are received and expended within the same fiscal year are reported as unrestricted revenues.

Cash and Cash Equivalents:

Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less.

Pooled Investments:

Pooled investments are stated at fair value. Pooled investment income on the statement of revenue and functional expenses includes interest, dividends, and net appreciation. Net appreciation includes realized and unrealized gains and losses, net of consulting and custodial costs.

Children's Home participates with the Catholic Diocese of Wilmington, Inc. (the Diocese) and other affiliated organizations in an investment pool which is held in a custody account at Delaware Trust Capital Management. The pool is invested in a combination of fixed income and equity securities and mutual funds.

Children's Home utilizes a total return policy to determine the level of support for operations and capital expenditures from pooled investments. The level of support is determined annually.

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

Vacation:

Children's Home recognizes the cost of vested vacation pay as earned by employees.

1. Summary of Significant Accounting Policies, continued:

Contributed Services:

Children's Home receives services from non-specialized volunteers, which amounts are not recorded in these financial statements.

Children's Home records in revenues and expenses, the difference between the estimated fair value of donated facilities usage costs and amounts expended for their use.

2. Pledges Receivable:

At June 30, 1997, pledges receivable of $250,000 were substantially due within one year and entirely consist of unconditional promises to give. The pledges receivable are restricted to paying for capital additions and improvements and are included in temporarily restricted net assets. Unconditional promises to give are reported at fair values as pledges receivable and contributions in the period the promise is received. Children's Home is not the recipient of any conditional pledges.

3. Pooled Investments:

Children's Home invests in a combination of fixed income and equity securities and mutual funds. The composition of pooled investments as of June 30, 1998 and 1997 was as follows:

	1998	1997
Cash and cash equivalents	$ (32,818)	$ 35,846
Fixed income	1,209,250	1,145,975
Domestic equity	2,800,658	2,397,271
International equity	322,828	285,994
Total	$ 4,299,918	$ 3,865,086

The fair value of investments was determined based on quoted market prices at June 30, 1998 and 1997.

Pooled investment income for the years ended June 30, 1998 and 1997 was comprised of the following:

	1998	1997
Interest and dividends	$ 110,924	$ 113,589
Net appreciation	558,993	572,370
Pooled investment income	$ 669,917	$ 685,959

The pooled investment income was net of custodial and advisory fees in the amount of $27,027 and $25,237 for the years ended June 30, 1998 and 1997, respectively.

4. Land, Building, and Equipment and Depreciation:

Land, building and equipment are stated at historical cost or fair value at the date of donation, less accumulated depreciation. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets. Land, building, and equipment and accumulated depreciation as of June 30, 1998 and 1997 were as follows:

	1998	1997
Land	$ 7,169	$ 7,169
Building and improvements	1,464,992	1,185,303
Furniture and equipment	201,136	127,452
Vehicles	105,649	95,170
	1,778,946	1,415,094
Accumulated depreciation	(899,968)	(830,500)
	$ 878,978	$ 584,594

5. Pension Plan:

Children's Home participates in a noncontributory benefit pension plan with Catholic Charities, Inc. The plan covers substantially all employees of Children's Home who qualify as to length of employment. The plan benefits are based on 1¼% of the final average earnings multiplied by the total years of eligible participation as defined in the plan document. Contributions to the plan are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future.

The following represents the status and activity for Children's Home's portion of the plan:

	1998	1997
Prepaid pension cost	$ 7,169	$ 10,011
Net periodic pension cost	7,240	5,621

For the years ended June 30, 1998 and 1997, Children's Home contributed $0 and $13,930, respectively, to the plan.

6. Related Party Transactions:

Certain members of the Board of Trustees of Children's Home are also members of the Boards of Catholic Charities, Inc., Siena Hall, Inc., and Seton Villa, Inc. Additionally, certain officers of the Diocese serve as members of Children's Home's Board.

Children's Home reimburses Catholic Charities, Inc. and Siena Hall, Inc. for various administration and support activities. Reimbursements are reflected in management and general expenses in the statement of revenue and functional expenses.

7. Income Taxes:

Children's Home is a not-for-profit corporation which has been granted exempt status from federal taxation under Section 501(c)(3) of the Internal Revenue Code.

Catholic Diocese of Wilmington, Inc.
Fiscal Year 2003 Budget
July 1, 2002 through June 30, 2003
7/10/02

Office Name/Code: Catholic Charities
Office Name/Code: Children's Home

Based on 9.05 DFS Children in Care
Based on .30 Private/YRS/CMH Children in Care
Total 9.35 Children in Care

FY 03 Budgeted Net Expense: $90,749

Acct #	Account name	Total FY 02 Budget	FY 02 thru Feb 02 Actual	Total FY 02 Estimated	Jul 2002 Budget	Aug 2002 Budget	Sep 2002 Budget	Oct 2002 Budget	Nov 2002 Budget	Dec 2002 Budget	Jan 2003 Budget	Feb 2003 Budget	Mar 2003 Budget	Apr 2003 Budget	May 2003 Budget	Jun 2003 Budget	Total FY 03 Budget
	INCOME																
	Donations/grants	16,500	11,539	12,538	0	5,750	125	0	3,775	11,702	2,188	4,435	675	0	0	100	28,750
	Diocese of Wilmington	0	2,808	2,808													
	Client Fees - Private, YRS, CMH	16,425	35,803	35,803	1,470	1,470	1,469	1,470	1,470	1,469	1,470	1,470	1,469	1,470	1,470	1,469	17,636
	Purchase of care fees (DFS)	499,703	266,366	419,731	38,975	44,059	44,982	41,470	53,090	45,826	44,714	53,134	55,624	41,437	56,264	50,632	570,207
	U.S. govt food reimbursement	5,700	4,483	5,043	475	475	475	475	475	475	475	475	475	475	475	475	5,700
	Miscellaneous Income	0	28	28	0	0	0	0	0	0	0	0	0	0	0	0	0
	CMH Aide/Treatment Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Grant-in-Aid	66,228	49,083	66,228	16,361	0	0	16,361	0	0	16,361	0	0	16,361	0	0	65,444
	United Way	15,000	9,546	13,749	625	625	625	625	625	625	625	625	625	625	625	625	7,500
	Fundraiser	20,000	20,153	20,153	2,395	12,394	12,395	0	0	0	0	0	0	0	0	2,816	30,000
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	TOTAL INCOME	639,556	399,809	576,081	60,301	64,773	60,071	60,401	59,435	60,097	65,833	60,139	58,868	60,368	58,834	56,117	725,237
	EXPENSES																
	PERSONNEL EXPENSE																
	Salaries: administrative	50,912	35,200	52,800	4,069	4,069	4,069	4,069	4,069	4,069	4,069	4,069	4,069	4,069	4,069	4,068	48,827
	Salaries: professional	242,405	129,984	194,976	20,314	20,315	20,315	20,314	20,314	20,315	20,314	20,314	20,315	20,314	20,314	20,315	243,773
	Salaries: maintenance	41,252	20,793	28,965	3,301	3,301	3,301	3,301	3,301	3,301	3,301	3,301	3,301	3,301	3,301	3,301	39,612
	Salaries: domestic	24,521	16,498	24,521	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,701	1,700	1,700	1,701	20,402
	Salaries: office	74,045	49,977	74,965	5,934	5,934	5,934	5,934	5,934	5,934	5,934	5,934	5,933	5,934	5,934	5,933	71,206
	Salaries: Stipend	8,007	5,400	8,100	709	709	709	709	709	708	709	709	708	709	709	708	8,505
	Outside Services	2,520	9,428	12,268	210	210	210	210	210	210	210	210	210	210	210	210	2,520
	Total salaries	443,662	267,280	396,595	36,237	36,238	36,238	36,237	36,237	36,237	36,237	36,237	36,237	36,237	36,237	36,236	434,845
	Health insurance	78,368	47,628	71,442	6,778	6,777	6,778	6,777	6,778	6,777	6,778	6,777	6,778	6,777	6,778	6,778	81,331
	Retirement	0	0	0	685	685	684	685	685	684	685	685	684	685	685	684	8,216
	Group Life/Group Disability	7,527	2,162	3,243	210	210	209	209	210	209	209	210	209	209	210	209	2,513
	Workers' compensation	10,628	989	1,485	692	692	692	692	692	692	692	692	692	692	692	692	8,301
	Social security	24,677	15,501	24,428	2,190	2,190	2,190	2,190	2,190	2,190	2,190	2,190	2,190	2,190	2,190	2,190	26,277
	Medicare	9,071	3,639	5,912	512	512	512	512	512	512	512	512	512	512	512	512	6,145
	Unemployment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Living Allowance	1,100	720	1,100	100	100	100	100	100	100	100	100	100	100	100	100	1,200
	TOTAL PERSONNEL EXPENSE	575,033	337,919	504,205	47,404	47,404	47,403	47,402	47,404	47,401	47,403	47,403	47,402	47,402	47,404	47,401	568,828

FY02= $4,037,296 - $0 = $4,037,296 x .07344% = $2,965
($0 Capital Request and $2,965 Investment Income Request Equals .07344% of $4,037,296)

Form A-1

Office Name/Code: Children's Home

Acct #	Account name	Total FY 02 Budget	FY 02 thru Feb 02 Actual	Total FY 02 Estimated	Jul 2002 Budget	Aug 2002 Budget	Sep 2002 Budget	Oct 2002 Budget	Nov 2002 Budget	Dec 2002 Budget	Jan 2003 Budget	Feb 2003 Budget	Mar 2003 Budget	Apr 2003 Budget	May 2003 Budget	Jun 2003 Budget	Total FY 03 Budget
	OPERATING EXPENSE																
	Professional fees	2,850	1,360	2,040	238	238	237	238	238	237	238	237	237	238	237	237	2,850
	Office supplies	4,000	883	1,325	250	250	250	250	250	250	250	250	250	250	250	250	3,000
	Telephone	11,900	6,538	9,810	958	958	959	958	958	959	958	958	959	958	958	959	11,500
	Postage	1,000	350	525	83	83	84	83	83	84	83	83	84	83	83	84	1,000
	Equipment purchase	2,000	0	500	125	125	125	125	125	125	125	125	125	125	125	125	1,500
	Equipment maintenance	5,000	2,710	200	263	263	263	263	263	263	263	263	263	263	263	264	3,157
	Housing	64,380	30,309	47,749	5,390	5,390	5,390	5,390	5,390	5,390	5,390	5,390	5,391	5,390	5,390	5,391	64,682
	Personal car allowance	2,500	1,239	1,860	208	208	209	208	208	209	208	208	209	208	208	209	2,500
	Auto expense staff car	17,630	8,170	12,258	1,617	1,617	1,616	1,617	1,617	1,616	1,617	1,617	1,616	1,617	1,617	1,616	19,400
	Memberships	875	604	900	0	0	0	100	600	25	33	67	33	17	0	0	875
	Travel & meeting expense	2,000	258	425	425	0	0	425	0	0	425	0	0	475	0	0	1,750
	Publicity	2,655	43	245	221	221	221	221	221	222	221	221	222	221	221	222	2,655
	Publications	780	336	504	65	65	65	65	65	65	65	65	65	65	65	65	780
	Auditing	6,600	5,250	5,250	0	0	0	0	0	0	5,500	0	0	0	0	0	5,500
	Other program costs	54,495	30,598	45,871	4,288	4,288	4,288	4,288	4,288	4,288	4,288	4,288	4,288	4,288	4,288	4,289	51,457
	Management and general	57,232	38,154	57,232	4,683	4,684	4,683	4,684	4,683	4,684	4,683	4,684	4,683	4,684	4,683	4,684	56,202
	Fundraiser	9,900	7,783	7,783	1,237	5,937	1,237	1,238	0	1,238	1,237	1,238	0	1,238	0	250	14,850
	Staff Development	3,800	1,397	1,888	292	292	291	292	292	291	292	292	291	292	292	291	3,500
	Miscellaneous	0	368	368	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	TOTAL OPERATING EXPENSE	249,597	136,350	196,733	20,343	24,619	19,918	20,445	19,281	19,946	25,876	19,986	18,716	20,412	18,680	18,936	247,158
	TOTAL EXPENSE	824,630	474,269	700,938	67,747	72,023	67,321	67,847	66,685	67,347	73,279	67,389	66,118	67,814	66,084	66,337	815,986
	NET EXPENSE																
	Investments/Savings	185,074	113,136	185,074	196	0	0	196	0	0	196	0	0	196	0	2,965	3,749
	Orphans Collecton	0	(38,676)	(60,217)	7,248	7,250	7,250	7,250	7,250	7,250	7,250	7,250	7,250	7,250	7,250	7,255	87,000

Prepared by: _____ date

Approved by: _____ date

Comparison of Net Expense

	$ Amount	$ Inc (Dec) vs. Prior Yr	% Inc (Dec) vs. Prior Yr
FY 01 funded by endowment fund	175,115	25,366	16.90%
FY 02 funded by endowment fund	185,074	9,959	5.69%
FY 03 funded by endowment fund	3,749	(181,325)	-97.97%

Form A-2

Investments/savings	185,074	113,136	185,074	0	0	0	0	0	0	0	0	0	0	0	2,965	2,965

DOW 03499

Catholic Diocese of Wilmington
XXI. FINANCIAL STATE OF THE DIOCESE
Statistical Index

Entity: Seton Villa, Inc.

Enclosures:

- Audited Financial Statements for the years ended June 30, 2002 and 2001 are combined with statements of Catholic Charities, Inc., Children's Home, Inc., and Siena Hall, Inc., and are contained in Tab #7.
- Audited Financial Statements for the years ended June 30, 2000 and 1999 are combined with statements of Catholic Charities, Inc., Children's Home, Inc., and Siena Hall, Inc., and are contained in Tab #7.
- Audited Financial Statements for the years ended June 30, 1998 and 1997
- Budget summary for the year ending June 30, 2003

Catholic Diocese of Wilmington, Inc.
Fiscal Year 2003 Budget
July 1, 2002 through June 30, 2003
7/10/02

Department: Catholic Charities
Office Name/Code: Seton Villa

Based on 9.05 DFS Children in Care
Based on .30 Private/YRS/CMH Children in Care
Total 9.35 Children in Care

FY 03 Budgeted Net Expense: $198,665

Acct #	Account Name	Total FY 02 Budget	FY 02 thru Feb 02 Actual	Total FY 02 Estimated	Jul 2002 Budget	Aug 2002 Budget	Sep 2002 Budget	Oct 2002 Budget	Nov 2002 Budget	Dec 2002 Budget	Jan 2003 Budget	Feb 2003 Budget	Mar 2003 Budget	Apr 2003 Budget	May 2003 Budget	Jun 2003 Budget	Total FY 03 Budget
	INCOME																
	Donations/grants	26,500	24,551	25,051	3,290	0	0	0	0	22,471	11,489	1,500	0	0	0	0	38,750
	Private, YRS, CMH	16,425	23,475	23,475	1,543	1,543	1,543	1,543	1,543	1,543	1,543	1,543	1,543	1,543	1,543	1,542	18,515
	Purchase of care fees	524,589	316,933	501,112	47,649	47,649	47,650	47,649	47,650	47,650	47,649	47,649	47,650	47,649	47,649	47,650	571,793
	U.S. govt food reimbursement	4,450	2,864	4,296	370	371	-371	370	371	371	371	371	371	371	371	371	4,450
	CMH Aide/Treatment Services	2,362	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Fundraiser	20,000	20,153	20,153	13,856	11,400	2,100	0	0	0	0	0	750	0	0	1,894	30,000
	United Way of Delaware	0	583	583	0	0	0	0	0	0	0	0	0	0	0	0	0
	Miscellaneous Income	0	37	37	0	0	0	0	0	0	0	0	0	0	0	0	0
	Diocese of Wilmington	0	2,673	2,673	0	0	0	0	0	0	0	0	0	0	0	0	0
	TOTAL INCOME	594,326	391,269	577,380	66,708	60,963	51,664	49,562	49,564	72,035	61,052	51,063	50,314	49,563	49,563	51,457	663,508
	EXPENSES																
	PERSONNEL EXPENSE																
	Salaries: administrative	66,035	44,442	66,035	4,883	4,883	4,883	4,883	4,883	4,883	4,883	4,883	4,884	4,883	4,883	4,884	58,598
	Salaries: professional	266,547	148,317	224,241	23,430	23,430	23,430	23,430	23,430	23,429	23,430	23,430	23,429	23,430	23,430	23,429	281,157
	Salaries: maintenance	40,409	19,908	29,282	3,224	3,224	3,224	3,224	3,224	3,225	3,224	3,224	3,225	3,224	3,224	3,225	38,691
	Salaries: domestic	24,128	13,562	24,128	2,091	2,091	2,091	2,091	2,091	2,091	2,091	2,091	2,091	2,091	2,091	2,092	25,093
	Salaries: office	72,601	43,564	67,916	5,848	5,848	5,848	5,848	5,848	5,848	5,848	5,848	5,848	5,848	5,848	5,848	70,176
	Salaries: stipend	8,007	5,400	8,100	709	709	708	709	709	708	709	709	708	709	709	709	8,505
	Outside Services	2,271	7,759	12,066	189	189	189	189	189	190	189	189	190	189	189	190	2,271
	Total salaries	479,998	282,952	431,768	40,374	40,374	40,373	40,374	40,374	40,374	40,374	40,374	40,375	40,374	40,374	40,377	484,491
	Health insurance	75,516	47,379	71,070	7,888	7,888	7,888	7,888	7,888	7,889	7,888	7,888	7,889	7,888	7,888	7,889	94,659
	Retirement	0	0	0	845	846	846	846	845	846	846	845	846	846	845	846	10,148
	Group Life/Group Disability	9,443	3,142	4,715	228	228	228	228	228	228	228	228	229	228	228	229	2,738
	Workers' compensation	11,328	1,718	4,880	772	772	772	772	772	772	772	772	772	772	772	772	9,259
	Social security	29,619	16,657	26,022	2,448	2,448	2,447	2,448	2,448	2,447	2,448	2,448	2,448	2,448	2,448	2,448	29,370
	Medicare	6,927	3,591	6,086	572	572	572	572	572	572	572	572	572	572	572	572	6,869
	Living Allowance	1,100	720	1,100	100	100	100	100	100	100	100	100	100	100	100	100	1,200
	Unemployment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	TOTAL PERSONNEL EXPENSE	613,931	356,159	545,640	53,226	53,227	53,226	53,228	53,226	53,228	53,228	53,226	53,230	53,228	53,227	53,233	638,734

FY03 = $3,849,866 - $20,000 Roof - $7,500 Balance Heating System, $7,500 Waterproofing, $8,000 Replace Shower Stalls = $3,806,866 x 2.93325 = $111,665
(The $43,000 Capital Request and $111,665 Investment Income Request Combined Equals 4.01741% of $3,849,866)

Form A-1

DOW 03501

Office Name/Code: Seton Villa

Acct #	Account name	Total FY 02 Budget	FY 02 thru Feb 02 Actual	Total FY 02 Estimated	Jul 2002 Budget	Aug 2002 Budget	Sep 2002 Budget	Oct 2002 Budget	Nov 2002 Budget	Dec 2002 Budget	Jan 2003 Budget	Feb 2003 Budget	Mar 2003 Budget	Apr 2003 Budget	May 2003 Budget	Jun 2003 Budget	Total FY 03 Budget
	OPERATING EXPENSE																
	Professional fees	2,100	850	1,275	167	167	166	167	167	166	167	167	166	167	167	166	2,000
	Office supplies	3,880	2,131	3,200	321	321	321	321	321	321	321	321	320	321	321	320	3,850
	Telephone	7,500	5,179	7,647	656	656	656	656	656	657	656	656	657	656	656	657	7,875
	Postage	1,000	160	250	62	63	62	63	62	63	62	63	62	63	62	63	750
	Equipment purchase	1,500	523	825	125	125	125	125	125	125	125	125	125	125	125	125	1,500
	Equipment maintenance	5,700	3,798	2,167	250	250	250	250	250	250	250	250	250	250	250	250	3,000
	Housing	43,665	28,729	43,644	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	48,120
	Personal car allowance	2,950	1,723	2,585	246	246	246	246	246	246	246	246	245	246	246	245	2,950
	Auto expense staff car	13,025	6,581	9,292	1,226	1,226	1,226	1,226	1,226	1,226	1,226	1,226	1,225	1,226	1,226	1,225	14,710
	Memberships	280	139	190	27	0	0	92	0	0	33	0	100	0	0	28	280
	Travel & meeting expense	2,000	1,292	1,500	250	0	0	500	0	0	500	0	0	500	0	0	1,750
	Publicity	1,500	1,300	1,500	129	129	129	129	129	129	129	129	130	129	129	130	1,550
	Publications	699	955	1,155	60	60	60	60	60	60	60	60	60	60	60	60	720
	Auditing	6,600	5,250	6,600	0	0	0	0	0	5,500	0	0	0	0	0	0	5,500
	Other program costs	47,296	30,245	43,709	3,987	3,987	3,987	3,987	3,987	3,987	3,987	3,987	3,987	3,987	3,987	3,988	47,845
	Management and general	61,920	41,280	61,920	5,224	5,224	5,224	5,224	5,224	5,224	5,224	5,224	5,224	5,224	5,224	5,225	62,689
	Fundraiser	9,900	7,784	7,784	1,237	1,238	1,237	1,238	1,237	1,238	1,237	1,238	1,237	1,238	1,237	1,238	14,850
	Staff Development	3,500	1,580	2,370	292	292	291	292	292	291	292	292	291	292	292	291	3,500
	Miscellaneous	0	100	100	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	TOTAL OPERATING EXPENSE	215,015	139,599	197,713	18,269	17,994	17,990	18,586	17,992	23,493	18,525	17,994	18,089	18,494	17,992	18,021	223,439
	TOTAL EXPENSE	828,946	495,758	743,353	71,495	71,221	71,216	71,814	71,218	76,721	71,753	71,220	71,319	71,722	71,219	71,254	862,173
	NET EXPENSE																
	Investments/Savings	147,620	87,006	147,620	(2,463)	3,008	12,302	15,002	14,404	(2,564)	3,451	12,907	13,755	14,909	14,406	12,547	111,665
	Orphans Collection	87,000	58,000	87,000	7,250	7,250	7,250	7,250	7,250	7,250	7,250	7,250	7,250	7,250	7,250	7,250	87,000

Prepared by: _____ date

Approved by: _____ date

Comparison of Net Expense	$ Amount	$ Inc (Dec) vs. Prior Yr	% Inc (Dec) vs. Prior Yr
FY 01 funded by endowment fund	209,243	878	0.40%
FY 02 funded by endowment fund	234,620	25,377	12.13%
FY 03 funded by endowment fund	198,665	(35,955)	-15.32%

Investments/savings	147,620	87,006	147,620	470	5,940	15,236	17,934	17,338	369	6,384	15,839	16,689	17,841	17,338	15,480	0

DOW 03502

Catholic Diocese of Wilmington
XXIII. FINANCIAL STATE OF THE DIOCESE
Statistical Index

Entity: Seton Villa, Inc.

Enclosures:

- Audited Financial Statements for the years ended June 30, 2002 and 2001 are combined with statements of Catholic Charities, Inc., Children's Home, Inc., and Siena Hall, Inc., and are contained in Tab #7.

- Audited Financial Statements for the years ended June 30, 2000 and 1999 are combined with statements of Catholic Charities, Inc., Children's Home, Inc., and Siena Hall, Inc., and are contained in Tab #7.

- Audited Financial Statements for the years ended June 30, 1998 and 1997

- Budget summary for the year ending June 30, 2003

SETON VILLA, INC.

REPORT ON AUDITS OF FINANCIAL STATEMENTS
for the years ended June 30, 1998 and 1997

SETON VILLA, INC.

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Statements of Cash Flows for the years ended June 30, 1998 and 1997	4
Notes to Financial Statements	5-9

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
2400 Eleven Penn Center
Philadelphia PA 19103-2962
Telephone (215) 963 8000
Facsimile (215) 963 8700

Report of Independent Accountants

To the Board of Trustees and Board of Directors
Seton Villa, Inc.
Wilmington, Delaware

In our opinion, the accompanying balance sheets and the related statements of revenue and functional expenses and of cash flows present fairly, in all material respects, the financial position of Seton Villa, Inc. at June 30, 1998 and 1997, and the changes in its net assets and its cash flows for each of the two years in the period ended June 30, 1998, in conformity with generally accepted accounting principles. These financial statements are the responsibility of Seton Villa, Inc.'s management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP

September 18, 1998

DOW 03506

SETON VILLA, INC.

Balance Sheets
as of June 30, 1998 and 1997

ASSETS	Current Operations	Land, Building, and Equipment	Invested Reserves	Total All Funds 1998	Total All Funds 1997
Cash and cash equivalents	$ 11,024			$ 11,024	$ 17,772
Accounts receivable	32,071			32,071	28,092
Prepaid expenses	17,639			17,639	21,852
Due from related organizations	995			995	164
Land, building and equipment, net		$ 395,193		395,193	409,112
Pooled investments			$ 3,975,239	3,975,239	3,495,303
Other investments	-	-	-	-	1,312
Assets whose use is limited	14,127			14,127	14,127
Total assets	$ 75,856	$ 395,193	$ 3,975,239	$ 4,446,288	$ 3,987,734
LIABILITIES AND NET ASSETS					
Accounts payable	3,723			3,723	3,963
Accrued expenses	26,297			26,297	25,588
Total liabilities	30,020			30,020	29,551
Net assets:					
Unrestricted	31,709	395,193	3,975,239	4,402,141	3,944,056
Temporarily restricted	14,127			14,127	14,127
Total net assets	45,836	395,193	3,975,239	4,416,268	3,958,183
Total liabilities and net assets	$ 75,856	$ 395,193	$ 3,975,239	$ 4,446,288	$ 3,987,734

The accompanying notes are an integral part of the financial statements.

SETON VILLA, INC.

Statements of Revenue and Functional Expenses
for the years ended June 30, 1998 and 1997

	Current Operations	Land, Building, and Equipment	Invested Reserves	Total All Funds 1998	Total All Funds 1997
Unrestricted:					
Revenue and other support:					
Contributions	$ 105,787	-	-	$ 105,787	$ 114,573
Government contracts	354,180	-	-	354,180	356,937
Pooled investment income	131,503	$ 16,277	$ 481,124	628,904	623,549
Other investment income	680	-	-	680	1,076
Fundraising	17,201	-	-	17,201	14,256
Total revenue and other support	609,351	16,277	481,124	1,106,752	1,110,391
Expenses:					
Program expenses:					
Salaries	371,733	-	-	371,733	361,922
Employee benefits	65,322	-	-	65,322	67,128
Payroll taxes	27,976	-	-	27,976	27,057
Salaries and related expenses	465,031	-	-	465,031	456,107
Program costs	39,074	-	-	39,074	43,410
Professional fees	3,060	-	-	3,060	1,214
Housing and occupancy costs	31,945	-	-	31,945	32,681
Office and administrative expense	13,566	-	-	13,566	13,325
Auditing	8,250	-	-	8,250	14,900
Transportation	12,192	-	-	12,192	10,761
Conferences and meetings	4,281	-	-	4,281	4,890
Depreciation	-	30,196	-	30,196	32,310
Miscellaneous	4,928		2,500	7,428	3,596
Total program expenses	582,327	30,196	2,500	615,023	613,194
Supporting services:					
Management and general	26,548	-	-	26,548	25,284
Fundraising	7,096	-	-	7,096	4,440
Total supporting services	33,644	-	-	33,644	29,724
Total expenses	615,971	30,196	2,500	648,667	642,918
Excess/(deficiency) of revenue over expenses	(6,620)	(13,919)	478,624	458,085	467,473
Transfers	(1,312)	-	1,312	-	-
Increase (decrease) in unrestricted net assets	(7,932)	(13,919)	479,936	458,085	467,473
Temporarily restricted:					
Interest income on assets whose use is limited	-	-	-	-	731
Increase in temporarily restricted net assets	-	-	-	-	731
Changes in net assets	(7,932)	(13,919)	479,936	458,085	468,204
Net assets at beginning of year	53,768	409,112	3,495,303	3,958,183	3,489,979
Net assets at end of year	$ 45,836	$ 395,193	$ 3,975,239	$ 4,416,268	$ 3,958,183

The accompanying notes are an integral part of the financial statements.

DOW 03508

SETON VILLA, INC.

Statements of Cash Flows
for the years ended June 30, 1998 and 1997

	1998	1997
Cash flows from operating activities:		
Change in net assets	$ 458,085	$ 468,204
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net appreciation on pooled investments	(527,586)	(522,838)
Depreciation	30,196	32,310
Decrease (increase) in accounts receivable	(3,979)	14,914
Decrease (increase) in prepaid expenses	4,213	(10,646)
Decrease (increase) in due from related organization	(831)	2,700
Decrease in other investments	1,312	-
Increase in assets whose use is limited	-	(731)
Decrease in accounts payable	(240)	(501)
Increase in accrued expenses	709	9,968
Net cash used in operating activities	(38,121)	(6,620)
Cash flows from investing activities:		
Purchase of land, building, and equipment	(16,277)	(18,684)
Amounts drawn from pooled investments for operations	132,691	113,766
Amounts drawn from pooled investments for purchases of land, building, and equipment	16,277	16,962
Reinvestment of interest and dividends into pooled investments	(101,318)	(100,711)
Deposits into pooled investments	-	-
Net cash provided by investing activities	31,373	11,333
Net (decrease) increase in cash and cash equivalents	(6,748)	4,713
Cash and cash equivalents at beginning of year	17,772	13,059
Cash and cash equivalents at end of year	$ 11,024	$ 17,772

The accompanying notes are an integral part of the financial statements.

DOW 03509

SETON VILLA, INC.

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Nature of Operations:

Seton Villa, Inc. (Seton Villa), located in Wilmington, Delaware, is a not-for-profit organization providing residential group care for school-aged children offering intensive treatment and supervision in a family-like atmosphere. Seton Villa is the recipient of numerous government contracts which are used to support its operations.

Basis of Reporting:

Seton Villa reports using the accrual basis of accounting. The preparation of financial statements in conformity with generally accepted accounting principles 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.

Financial Statement Presentation:

The financial statements have been prepared in accordance with Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations". Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. A description of the three net asset categories follows:

- **Unrestricted Net Assets** are those assets that are available for the support of operations and whose use is not externally restricted, although their use may be limited by other factors such as by contract or board designation.

- **Temporarily Restricted Net Assets** include gifts whose use has been limited by donors to a specific time period and purpose and whose restrictions have not been met.

- **Permanently Restricted Net Assets** include gifts, trusts, and pledges which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions.

All net assets are either unrestricted or temporarily restricted as of June 30, 1998 and 1997.

1. Summary of Significant Accounting Policies, continued:

Contributions:

Contributions are recognized as revenue in accordance with Statement of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made". Noncash contributions are recorded at fair value on the date of donation. Contributions of cash and other non-capital assets are reported as temporarily restricted operating revenue if the contributions are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose for the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions which are received and expended within the same fiscal year are reported as unrestricted revenues.

Cash and Cash Equivalents:

Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less.

Assets Whose Use is Limited:

Assets whose use is limited includes a certificate of deposit purchased with a donor contribution. Donor restrictions require that the contribution and related earnings be used to support a wide range of services directly related to the education of girls at Seton Villa. This amount is included in temporarily restricted net assets at June 30, 1998 and 1997.

Pooled Investments:

Pooled investments are stated at fair value. Pooled investment income on the statement of revenue and functional expenses includes interest, dividends, and net appreciation. Net appreciation includes realized and unrealized gains and losses, net of consulting and custodial costs.

Seton Villa participates with the Catholic Diocese of Wilmington, Inc. (the Diocese) and other affiliated organizations in an investment pool which is held in a custody account at Delaware Trust Capital Management. The pool is invested in a combination of fixed income and equity securities and mutual funds.

Seton Villa utilizes a total return policy to determine the level of support for operations and capital expenditures from pooled investments. The level of support is determined annually.

1. Summary of Significant Accounting Policies, continued:

Pooled Investments, continued:

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

Vacation:

Seton Villa recognizes the cost of vested vacation pay as earned by employees.

Contributed Services:

Seton Villa receives services from non-specialized volunteers, which amounts are not recorded in these financial statements.

Seton Villa records in revenues and expenses, the difference between the estimated fair value of donated facilities usage costs and amounts expended for their use.

2. Pooled Investments:

Seton Villa invests in a combination of fixed income and equity securities and mutual funds. The composition of pooled investments as of June 30, 1998 and 1997 was as follows:

	1998	1997
Cash and cash equivalents	$ 46,096	$ 54,790
Fixed income	1,091,330	1,023,050
Domestic equity	2,506,834	2,126,895
International equity	330,979	290,568
Total	$ 3,975,239	$ 3,495,303

The fair value of investments was determined based on quoted market prices at June 30, 1998 and 1997.

2. Pooled Investments, continued:

Pooled investment income for the years ended June 30, 1998 and 1997 was comprised of the following:

	1998	1997
Interest and dividends	$ 101,318	$ 100,711
Net appreciation	527,586	522,838
Pooled investment income	$ 628,904	$ 623,549

The pooled investment income was net of custodial and advisory fees in the amount of $24,403 and $22,590 for the years ended June 30, 1998 and 1997, respectively.

3. Land, Building, and Equipment and Depreciation:

Land, building and equipment are stated at historical cost or fair value at the date of donation, less accumulated depreciation. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets. Land, building, and equipment and accumulated depreciation as of June 30, 1998 and 1997 were as follows:

	1998	1997
Land	$ 31,247	$ 31,247
Building and improvements	557,625	553,235
Furniture and equipment	116,340	110,876
Vehicles	50,120	50,120
	755,332	745,478
Accumulated depreciation	(360,139)	(336,366)
	$ 395,193	$ 409,112

4. Pension Plan:

Seton Villa participates in a noncontributory benefit pension plan with Catholic Charities, Inc. The plan covers substantially all employees of Seton Villa who qualify as to length of employment. The plan benefits are based on 1¼% of the final average earnings multiplied by the total years of eligible participation as defined in the plan document. Contributions to the plan are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future.

4. Pension Plan, continued:

The following represents the status and activity for Seton Villa's portion of the plan:

	1998	1997
Prepaid pension cost	$ 15,619	$ 21,812
Net periodic pension cost	9,414	7,309

For the years ended June 30, 1998 and 1997, Seton Villa contributed $0 and $18,115, respectively, to the plan.

5. Related Party Transactions:

Certain members of the Board of Trustees of Seton Villa are also members of the Boards of Catholic Charities, Inc., Siena Hall, Inc., and Children's Home, Inc. Additionally, certain officers of the Diocese serve as members of Seton Villa's Board.

Seton Villa reimburses Catholic Charities, Inc. for various administration and support activities. These reimbursements are reflected in management and general expenses in the statement of revenue and functional expenses.

6. Income Taxes:

Seton Villa is a not-for-profit corporation which has been granted exempt status from federal taxation under Section 501(c)(3) of the Internal Revenue Code.

Catholic Diocese of Wilmington
XXIII. FINANCIAL STATE OF THE DIOCESE
Statistical Index

Entity: Siena Hall, Inc.

Enclosures:

- Audited Financial Statements for the years ended June 30, 2002 and 2001 are combined with statements of Catholic Charities, Inc., Children's Home, Inc., and Seton Villa, Inc., and are contained in Tab #7.

- Audited Financial Statements for the years ended June 30, 2000 and 1999 are combined with statements of Catholic Charities, Inc., Children's Home, Inc., and Seton Villa, Inc., and are contained in Tab #7.

- Audited Financial Statements for the years ended June 30, 1998 and 1997

- Budget summary for the year ending June 30, 2003

Catholic Diocese of Wilmington, Inc.
Fiscal Year 2003 Budget
July 1, 2002 through June 30, 2003
5/20/02

Department: Catholic Charities
Office Name/Code: Siena Hall Administrative

FY 03 Budgeted Net Expense: $192,424

Based on 0 Children in Care

Acct #	Account name	Total FY 02 Budget	FY 02 thru Feb 02 Actual	Total FY 02 Estimated	Jul 2002 Budget	Aug 2002 Budget	Sep 2002 Budget	Oct 2002 Budget	Nov 2002 Budget	Dec 2002 Budget	Jan 2003 Budget	Feb 2003 Budget	Mar 2003 Budget	Apr 2003 Budget	May 2003 Budget	Jun 2003 Budget	Total FY 03 Budget
	INCOME																
	Donations/grants	24,500	27,106	27,306	0	0	0	0	0	0	0	0	0	0	0	0	0
	Client Fees - Private, YRS, CMH	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Purchase of care fees	578,836	286,816	426,804	0	0	0	0	0	0	0	0	0	0	0	0	0
	U.S. govt food reimbursement	2,280	927	1,390	0	0	0	0	0	0	0	0	0	0	0	0	0
	Miscellaneous Income	0	77	77	0	0	0	0	0	0	0	0	0	0	0	0	0
	Residential Treatment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Special Events - Fundraiser	20,000	20,221	20,221	0	0	0	0	0	0	0	0	0	0	0	0	0
	United Way of Delaware	0	1,826	1,826	0	0	0	0	0	0	0	0	0	0	0	0	0
	Other United Ways	0	535	535	0	0	0	0	0	0	0	0	0	0	0	0	0
	Diocese of Wilmington	0	3,687	3,687	0	0	0	0	0	0	0	0	0	0	0	0	0
	Administrative services to CHI 9-12	10,120	5,903	10,120	0	0	0	0	0	0	0	0	0	0	0	0	0
	TOTAL INCOME	635,736	347,098	491,966	0	0	0	0	0	0	0	0	0	0	0	0	0
	EXPENSES																
	PERSONNEL EXPENSE																
	Salaries: administrative	59,238	40,135	59,238	5,898	5,898	5,898	5,898	5,898	5,898	5,898	5,898	5,897	5,898	5,898	5,897	70,774
	Salaries: professional	272,235	178,458	267,687	0	0	0	0	0	0	0	0	0	0	0	0	0
	Salaries: maintenance	12,267	14,563	19,067	791	791	790	791	791	790	791	791	790	791	791	790	9,488
	Salaries: domestic	35,944	24,113	35,944	0	0	0	0	0	0	0	0	0	0	0	0	0
	Salaries: office	22,311	15,492	22,311	1,450	1,450	1,450	1,450	1,450	1,450	1,450	1,450	1,451	1,450	1,450	1,451	17,402
	Salaries: Stipend	8,007	6,042	8,007	0	0	0	0	0	0	0	0	0	0	0	0	0
	Outside Services	2,260	4,715	7,073	189	189	189	189	189	190	189	189	190	189	189	190	2,271
	Total salaries	412,282	283,518	419,327	8,328	8,328	8,327	8,328	8,328	8,328	8,328	8,328	8,328	8,328	8,328	8,328	99,935
	Health insurance	67,696	48,440	72,660	1,211	1,211	1,211	1,211	1,211	1,212	1,211	1,211	1,212	1,211	1,211	1,212	14,535
	Retirement	0	0	0	155	155	155	155	155	155	155	155	155	155	155	154	1,859
	Group Life/Group Disability	8,549	2,367	3,550	50	50	50	50	50	50	50	50	50	50	50	51	601
	Workers' compensation	8,766	2,016	3,023	156	156	156	156	156	156	156	156	156	156	156	156	1,875
	Social security	25,421	16,553	25,559	505	505	505	505	505	505	505	505	505	505	505	505	6,055
	Medicare	5,945	3,583	5,978	118	118	118	118	118	118	118	118	118	118	118	118	1,416
	Living Allowance	1,100	485	1,100	0	0	0	0	0	0	0	0	0	0	0	0	0
	Unemployment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	TOTAL PERSONNEL EXPENSE	529,759	356,961	531,197	10,523	10,523	10,522	10,523	10,523	10,524	10,523	10,523	10,524	10,523	10,523	10,524	126,276

FY03 = $3,459,683 - $18,000 Roof Replacement = $3,411,010 x 5.64126 = $192,424
(The $18,000 Capital Request and $192,424 Investment Income Request Combined Equals 6.08217% of $3,459,683)

Form A-1

DOW 03516

Office Name/Code: Siena Hall Administrative

Acct #	Account name	Total FY 02 Budget	FY 02 thru Feb 02 Actual	Total FY 02 Estimated	Jul 2002 Budget	Aug 2002 Budget	Sep 2002 Budget	Oct 2002 Budget	Nov 2002 Budget	Dec 2002 Budget	Jan 2003 Budget	Feb 2003 Budget	Mar 2003 Budget	Apr 2003 Budget	May 2003 Budget	Jun 2003 Budget	Total FY 03 Budget
	OPERATING EXPENSE																
	Professional fees	2,040	2,168	2,338	0	0	0	0	0	0	0	0	0	0	0	0	0
	Office supplies	5,000	1,523	2,285	125	125	125	125	125	125	125	125	125	125	125	125	1,500
	Telephone	8,860	4,815	7,225	470	470	470	470	470	470	470	470	470	470	470	470	5,640
	Postage	1,700	650	975	50	50	50	50	50	50	50	50	50	50	50	50	600
	Equipment purchase	3,000	283	425	0	0	0	0	0	0	0	0	0	0	0	0	0
	Equipment maintenance	7,700	5,302	450	83	83	84	83	83	84	83	83	84	83	83	84	1,000
	Housing	60,200	22,875	41,326	2,461	2,461	2,461	2,462	2,461	2,461	2,462	2,462	2,462	2,461	2,462	2,462	29,538
	Personal car allowance	3,000	1,249	1,875	83	83	84	83	83	84	83	83	84	83	83	84	1,000
	Auto expense staff car	14,105	9,142	12,939	358	358	359	358	358	359	358	358	359	358	358	359	4,300
	Memberships	400	166	249	0	0	0	0	0	0	0	0	0	0	0	0	0
	Travel & meeting expense	2,000	334	435	0	500	0	0	0	0	0	0	0	0	0	0	500
	Publicity	2,060	(816)	(566)	0	0	0	0	0	0	0	0	0	0	0	0	0
	Publications	750	479	720	21	21	21	21	21	21	21	21	20	21	21	20	250
	Auditing	6,600	5,250	5,250	0	0	0	0	0	0	5,500	0	0	0	0	0	5,500
	Other program costs	57,442	14,119	22,146	194	194	194	194	194	194	194	194	194	194	194	194	2,328
	Management and general	52,893	35,262	52,893	1,083	1,083	1,082	1,083	1,083	1,082	1,083	1,083	1,082	1,083	1,083	1,082	12,992
	Fundraiser	9,900	7,783	7,783	0	0	0	0	0	0	0	0	0	0	0	0	0
	Staff Development	4,000	1,904	2,856	83	83	84	83	83	84	83	83	84	83	83	84	1,000
	Workshops	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Miscellaneous	0	282	263	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	TOTAL OPERATING EXPENSE	241,650	112,750	161,867	5,011	5,511	5,014	5,012	5,011	5,014	10,512	5,012	5,014	5,011	5,012	5,014	66,148
	TOTAL EXPENSE	771,409	469,711	693,064	15,534	16,034	15,536	15,535	15,534	15,538	21,035	15,535	15,538	15,534	15,535	15,538	192,424
	NET EXPENSE																
	Investments/Savings	48,673	64,613	114,098	15,534	16,034	15,536	15,535	15,534	15,538	21,035	15,535	15,538	15,534	15,535	15,538	192,424
	Orphans Collection	87,000	58,000	87,000	(0)	(0)	0	(0)	(0)	0	(0)	(0)	0	(0)	(0)	0	0

Prepared by: _____ date

Approved by: _____ date

Comparison of Net Expense

	$ Amount	$ Inc (Dec) vs. Prior Yr	% Inc (Dec) vs. Prior Yr
FY 01 funded by endowment fund	209,243	878	0.40%
FY 02 funded by endowment fund	135,673	(23,922)	-11.43%
FY 03 funded by endowment fund	192,424	(73,570)	-54.23%

Investments/savings	122,243	26,999	106,686	15,534	16,034	15,536	15,535	15,534	15,538	21,035	15,535	15,538	15,534	15,535	15,538	192,424

DOW 03517

SIENA HALL, INC.

REPORT ON AUDITS OF FINANCIAL STATEMENTS

for the years ended June 30, 1998 and 1997

SIENA HALL, INC.

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PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
2400 Eleven Penn Center
Philadelphia PA 19103-2962
Telephone (215) 963 8000
Facsimile (215) 963 8700

Report of Independent Accountants

To the Board of Trustees and Board of Directors
Siena Hall, Inc.
Wilmington, Delaware

In our opinion, the accompanying balance sheets and the related statements of revenue and functional expenses and of cash flows present fairly, in all material respects, the financial position of Siena Hall, Inc. at June 30, 1998 and 1997, and the changes in its net assets and its cash flows for each of the two years in the period ended June 30, 1998, in conformity with generally accepted accounting principles. These financial statements are the responsibility of Siena Hall, Inc.'s management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP

September 18, 1998

SIENA HALL, INC.

Balance Sheets
as of June 30, 1998 and 1997

ASSETS	Current Operations	Land, Building, and Equipment	Invested Reserves	Total All Funds 1998	Total All Funds 1997
Cash and cash equivalents	$ 11,305	-	-	$ 11,305	$ 7,580
Accounts receivable	30,075	-	-	30,075	45,972
Prepaid expenses	41,217	-	-	41,217	53,769
Land, building, and equipment, net	-	$ 287,012	-	287,012	310,991
Pooled investments	-	-	$ 3,529,433	3,529,433	3,102,823
Other investments	-	-	-	-	1,312
Total assets	$ 82,597	$ 287,012	$ 3,529,433	$ 3,899,042	$ 3,522,447
LIABILITIES AND NET ASSETS					
Unearned revenue	15,050	-	-	15,050	14,250
Accounts payable	9,806	-	-	9,806	4,366
Accrued expenses	31,812	-	-	31,812	33,868
Due to related organizations	18,508	-	-	18,508	31,794
Total liabilities	75,176	-	-	75,176	84,278
Total unrestricted net assets	7,421	287,012	3,529,433	3,823,866	3,438,169
Total liabilities and net assets	$ 82,597	$ 287,012	$ 3,529,433	$ 3,899,042	$ 3,522,447

The accompanying notes are an integral part of the financial statements.

SIENA HALL, INC.

Statements of Revenue and Functional Expenses
for the years ended June 30, 1998 and 1997

	Current Operations	Land, Building, and Equipment	Invested Reserves	Total All Funds 1998	Total All Funds 1997
Revenue and other support:					
Contributions	$ 108,759	-	-	$ 108,759	$ 116,268
Program fees	-	-	-	-	7,680
Government contracts	416,610	-	-	416,610	380,103
Pooled investment income	116,929	$ 13,057	$ 427,798	557,784	551,672
Other investment income	439	-	-	439	743
Fundraising	16,358	-	-	16,358	20,560
Total revenue and other support	659,095	13,057	427,798	1,099,950	1,077,026
Expenses:					
Program expenses:					
Salaries	430,915	-	-	430,915	422,266
Employee benefits	77,774	-	-	77,774	72,900
Payroll taxes	32,787	-	-	32,787	30,904
Salaries and related expenses	541,476	-	-	541,476	526,070
Program costs	41,558	-	-	41,558	37,256
Professional fees	2,210	-	-	2,210	6,265
Housing and occupancy costs	40,449	-	-	40,449	32,511
Office and administrative expense	18,932	-	-	18,932	18,025
Auditing	8,250	-	-	8,250	14,900
Transportation	8,156	-	-	8,156	9,452
Conferences and meetings	3,595	-	-	3,595	5,092
Depreciation	-	44,358	-	44,358	44,897
Miscellaneous	2,841	-	2,500	5,341	1,960
Reimbursement from related organization	(38,329)	-	-	(38,329)	(36,504)
Total program expenses	629,138	44,358	2,500	675,996	659,924
Supporting services:					
Management and general	30,912	-	-	30,912	29,440
Fundraising	7,345	-	-	7,345	9,427
Total supporting services	38,257	-	-	38,257	38,867
Total expenses	667,395	44,358	2,500	714,253	698,791
(Deficiency)/excess of revenue over expenses	(8,300)	(31,301)	425,298	385,697	378,235
Transfers	(8,634)	7,322	1,312		-
Changes in net assets	(16,934)	(23,979)	426,610	385,697	378,235
Net assets at beginning of year	24,355	310,991	3,102,823	3,438,169	3,059,934
Net assets at end of year	$ 7,421	$ 287,012	$ 3,529,433	$ 3,823,866	$ 3,438,169

The accompanying notes are an integral part of the financial statements.

DOW 03522

SIENA HALL, INC.

Statements of Cash Flows
for the years ended June 30, 1998 and 1997

	1998	1997
Cash flows from operating activities:		
Changes in net assets	$ 385,697	$ 378,235
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net appreciation on pooled investments	(466,736)	(461,333)
Depreciation	44,358	44,897
Decrease (increase) in accounts receivable	15,897	(6,770)
Decrease (increase) in prepaid expenses	12,552	(14,020)
Decrease in other investments	1,312	-
Increase in unearned revenue	800	14,250
(Decrease) increase in accounts payable	5,440	(93)
(Decrease) increase in accrued expenses	(2,056)	24,678
(Decrease) increase in due to related organizations	(13,286)	15,653
Net cash used in operating activities	(16,022)	(4,503)
Cash flows from investing activities:		
Purchase of land, building, and equipment	(20,379)	(23,592)
Amounts drawn from pooled investments for current operations	118,117	101,734
Amounts drawn from pooled investments for purchases of land, building, and equipment	13,057	22,912
Reinvestment of interest and dividends into pooled investments	(91,048)	(90,339)
Net cash provided by investing activities	19,747	10,715
Net increase in cash and cash equivalents	3,725	6,212
Cash and cash equivalents at beginning of year	7,580	1,368
Cash and cash equivalents at end of year	$ 11,305	$ 7,580

The accompanying notes are an integral part of the financial statements.

SIENA HALL, INC.

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Nature of Operations:

Siena Hall, Inc. (Siena Hall), located in Wilmington, Delaware, is a not-for-profit organization providing residential group care for school-aged children offering intensive treatment and supervision in a family-like atmosphere. Siena Hall is the recipient of numerous government contracts which are used to support its operations.

Basis of Reporting:

Siena Hall reports using the accrual basis of accounting. The preparation of financial statements in conformity with generally accepted accounting principles 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.

Financial Statement Presentation:

The financial statements have been prepared in accordance with Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations". Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. A description of the three net asset categories follows:

- **Unrestricted Net Assets** are those assets that are available for the support of operations and whose use is not externally restricted, although their use may be limited by other factors such as by contract or board designation.

- **Temporarily Restricted Net Assets** include gifts whose use has been limited by donors to a specific time period and purpose and whose restrictions have not been met.

- **Permanently Restricted Net Assets** include gifts, trusts, and pledges which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions.

All net assets are unrestricted as of June 30, 1998 and 1997.

DOW 03524

1. Summary of Significant Accounting Policies, continued:

Contributions:

Contributions are recognized as revenue in accordance with Statement of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made". Noncash contributions are recorded at fair value on the date of donation. Contributions of cash and other non-capital assets are reported as temporarily restricted operating revenue if the contributions are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose for the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions which are received and expended within the same fiscal year are reported as unrestricted revenues.

Cash and Cash Equivalents:

Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less.

Pooled Investments:

Pooled investments are stated at fair value. Pooled investment income on the statement of revenue and functional expenses includes interest, dividends, and net appreciation. Net appreciation includes realized and unrealized gains and losses, net of consulting and custodial costs.

Siena Hall participates with the Catholic Diocese of Wilmington, Inc. (the Diocese) and other affiliated organizations in an investment pool which is held in a custody account at Delaware Trust Capital Management. The pool is invested in a combination of fixed income and equity securities and mutual funds.

Siena Hall utilizes a total return policy to determine the level of support for operations and capital expenditures from pooled investments. The level of support is determined annually.

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

Vacation:

Siena Hall recognizes the cost of vested vacation pay as earned by employees.

1. Summary of Significant Accounting Policies, continued:

Contributed Services:

Siena Hall receives services from non-specialized volunteers, which amounts are not recorded in these financial statements.

Siena Hall records in revenues and expenses, the difference between the estimated fair value of donated facilities usage costs and amounts expended for their use.

2. Pooled Investments:

Siena Hall invests in a combination of fixed income and equity securities and mutual funds. The composition of pooled investments as of June 30, 1998 and 1997 was as follows:

	1998	1997
Cash and cash equivalents	$ 79,183	$ 50,918
Fixed income	978,750	926,604
Domestic equity	2,182,601	1,869,219
International equity	288,899	256,082
Total	$ 3,529,433	$ 3,102,823

The fair value of investments was determined based on quoted market prices at June 30, 1998 and 1997.

Pooled investment income for the years ended June 30, 1998 and 1997 was comprised of the following:

	1998	1997
Interest and dividends	$ 91,048	$ 90,339
Net appreciation	466,736	461,333
Pooled investment income	$ 557,784	$ 551,672

The pooled investment income was net of custodial and advisory fees in the amount of $21,531 and $20,073 for the years ended June 30, 1998 and 1997, respectively.

3. Land, Building, and Equipment and Depreciation:

Land, building and equipment are stated at historical cost or fair value at the date of donation, less accumulated depreciation. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets. Land, building, and equipment and accumulated depreciation as of June 30, 1998 and 1997 were as follows:

	1998	1997
Land	$ 20,000	$ 20,000
Building and improvements	670,127	672,850
Furniture and equipment	179,247	160,440
Vehicles	57,722	57,722
	927,096	911,012
Accumulated depreciation	(640,084)	(600,021)
	$ 287,012	$ 310,991

4. Pension Plan:

Siena Hall participates in a noncontributory benefit pension plan with Catholic Charities, Inc. The plan covers substantially all employees of Siena Hall who qualify as to length of employment. The plan benefits are based on 1¼% of the final average earnings multiplied by the total years of eligible participation as defined in the plan document. Contributions to the plan are intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future.

The following represents the status and activity for Siena Hall's portion of the plan:

	1998	1997
Prepaid pension cost	$ 37,622	$ 52,539
Net periodic pension cost	11,430	8,875

For the years ended June 30, 1998 and 1997, Siena Hall contributed $0 and $21,995, respectively, to the plan.

DOW 03527

5. Related Party Transactions:

Certain members of the Board of Trustees of Siena Hall are also members of the Boards of Catholic Charities, Inc., Seton Villa, Inc., and Children's Home, Inc. Additionally, certain officers of the Diocese serve as members of Siena Hall's Board.

Siena Hall reimburses Catholic Charities, Inc. for various administration and support activities. These reimbursements are reflected in management and general expenses in the statement of revenue and functional expenses.

Siena Hall is reimbursed by Children's Home, Inc. for various administration and support activities. These reimbursements are reflected as a reduction of program expenses in the statement of revenue and functional expenses.

6. Income Taxes:

Siena Hall is a not-for-profit corporation which has been granted exempt status from federal taxation under Section 501(c)(3) of the Internal Revenue Code.

Catholic Diocese of Wilmington
XXIII. FINANCIAL STATE OF THE DIOCESE
Statistical Index

Entity: St. Thomas More Academy

Enclosures:

- Audited Financial Statements for the years ended June 30, 2002 and 2001
- Audited Financial Statements for the years ended June 30, 2000 and 1999
- Audited Financial Statements for the years ended June 30, 1998 and 1997
- Budget summary for the year ending June 30, 2003

DOW 03529

St. Thomas More Academy

Financial Statements for the Years Ended
June 30, 2002 and 2001

St. Thomas More Academy
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June 30, 2002 and 2001

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Report of Independent Accountants

To the Board of Directors
Diocese of Wilmington Schools, Inc.
St. Thomas More Academy
Wilmington, Delaware

We have audited the accompanying balance sheets of the St. Thomas More Academy (St. Thomas) as of June 30, 2002 and 2001 and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of St. Thomas' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

St. Thomas has not adopted Statement of Financial Accounting Standards No. 93 (SFAS 93), "Recognition of Depreciation by Not-for-Profit Organizations," which requires not-for-profit organizations to recognize depreciation as a cost of using up the future economic benefits of their long-lived tangible assets. Also, certain equipment is expensed at the time of purchase that, in our opinion, should be capitalized in order to conform to accounting principles generally accepted in the United States of America. If buildings and building improvements were depreciated and certain equipment were capitalized, land, buildings and building improvements and net assets would be decreased by approximately $181,000 and $284,000 at June 30, 2002 and 2001, respectively. Additionally, changes in net assets would decrease by approximately $103,000 and $26,000 for the years ended June 30, 2002 and 2001, respectively.

In our opinion, except for the effect of not recognizing depreciation expense of long-lived tangible assets and of not capitalizing equipment as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of St. Thomas as of June 30, 2002 and 2001 and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

September 20, 2002

St. Thomas More Academy
Balance Sheet
As of June 30, 2002

Assets	Unrestricted	Temporarily Restricted	Total
Cash	$ 147,358	$ -	$ 147,358
Tuition receivable, net	1,629	-	1,629
Pledges receivable, net	30,525	-	30,525
Land, buildings, and improvements	3,433,979	-	3,433,979
Investments	-	116,873	116,873
St. John's Parish scholarship investment	-	7,493	7,493
Due from affiliates	-	-	-
Total assets	$3,613,491	$ 124,366	$3,737,857
Liabilities and Net Assets			
Accounts payable and accrued liabilities	102,107	-	102,107
Deferred income	53,596	-	53,596
Total liabilities	155,703	-	155,703
Net assets:			
Unrestricted	3,457,788	-	3,457,788
Temporarily restricted	-	124,366	124,366
Total net assets	3,457,788	124,366	3,582,154
Total liabilities and net assets	$3,613,491	$ 124,366	$3,737,857

The accompanying notes are an integral part of the financial statements.

St. Thomas More Academy
Balance Sheet
As of June 30, 2001

Assets	Unrestricted	Temporarily Restricted	Total
Cash	$ 89,834	$ -	$ 89,834
Tuition receivable, net	1,367	-	1,367
Pledges receivable, net	74,358	-	74,358
Land, buildings, and improvements	3,433,979	-	3,433,979
Other assets	250	-	250
Investments	-	84,159	84,159
St. John's Parish scholarship investment	-	8,482	8,482
Due from affiliates	9,729	-	9,729
Total assets	$3,609,517	$ 92,641	$3,702,158
Liabilities and Net Assets			
Accounts payable and accrued liabilities	85,533	-	85,533
Deferred income	29,329	-	29,329
Total liabilities	114,862	-	114,862
Net assets:			
Unrestricted	3,494,655	-	3,494,655
Temporarily restricted	-	92,641	92,641
Total net assets	3,494,655	92,641	3,587,296
Total liabilities and net assets	$3,609,517	$ 92,641	$3,702,158

The accompanying notes are an integral part of the financial statements.

DOW 03534

St. Thomas More Academy
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2002

	Unrestricted	Temporarily Restricted	Total
Revenue and support:			
Public support:			
Diocesan contributions	$ 508,270	$ -	$ 508,270
Other contributions	400	29,071	29,471
Total public support	508,670	29,071	537,741
Other revenue:			
Tuition and fees	897,780	-	897,780
Student activities	51,929	-	51,929
Interest income	31	(7,370)	(7,339)
Other	23,621	24,881	48,502
Total other revenue	973,361	17,511	990,872
Net assets released from restrictions:			
Other	8,350	(8,350)	-
	8,350	(8,350)	-
Total revenue and support	1,490,381	38,232	1,528,613
Expenses:			
Academic programs	794,062	-	794,062
Student activities	120,746	-	120,746
General and administrative	407,759	-	407,759
Development	65,641	6,507	72,148
Capital expenditures	139,040	-	139,040
Total expenses	1,527,248	6,507	1,533,755
Changes in net assets	(36,867)	31,725	(5,142)
Net assets at beginning of year	3,494,655	92,641	3,587,296
Net assets at end of year	$3,457,788	$124,366	$3,582,154

The accompanying notes are an integral part of the financial statements.

DOW 03535

St. Thomas More Academy
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2001

	Unrestricted	Temporarily Restricted	Total
Revenue and support:			
Public support:			
Diocesan contributions	$ 466,880	$ -	$ 466,880
Other contributions	122,100	30,000	152,100
Total public support	588,980	30,000	618,980
Other revenue:			
Tuition and fees	715,061	-	715,061
Student activities	38,727	-	38,727
Interest income	2,922	836	3,758
Other	15,113	27,838	42,951
Total other revenue	771,823	28,674	800,497
Net assets released from restrictions:			
Transportation program	9,729	(9,729)	-
Other	3,264	(3,264)	-
	12,993	(12,993)	-
Total revenue and support	1,373,796	45,681	1,419,477
Expenses:			
Academic programs	617,067	-	617,067
Student activities	82,421	-	82,421
General and administrative	455,805	-	455,805
Development	69,230	-	69,230
Capital expenditures	80,437	-	80,437
Total expenses	1,304,960	-	1,304,960
Changes in net assets	68,836	45,681	114,517
Net assets at beginning of year	3,425,819	46,960	3,472,779
Net assets at end of year	$3,494,655	$92,641	$3,587,296

The accompanying notes are an integral part of the financial statements.

DOW 03536

St. Thomas More Academy
Statement of Functional Expenses
For the Year Ended June 30, 2002

	Academic Programs	Student Activities	General and Administrative	Maintenance and Utilities	Development	Capital Expenditures	Total
Payroll and related expenses	$ 637,877	$ -	$219,281	$ -	$50,175	$ -	$ 907,333
Other expenses:							
Capital expenses – Annex	-	-	-	-	-	40,570	40,570
Advertising	-	-	2,275	-	11,763	-	14,038
Athletic equipment, uniforms and supplies	-	15,880	-	-	-	-	15,880
Athletic officials fees and transportation	-	21,200	-	-	-	-	21,200
Audit and accounting services	-	-	7,752	-	-	-	7,752
Banquet expense	-	-	-	-	6,507	-	6,507
Books and printed material	56,216	-	-	-	-	-	56,216
Bus expense	-	-	68,390	-	-	-	68,390
Computers	8,967	-	14,463	-	-	-	23,430
Conferences and continuing education	3,485	-	-	-	-	-	3,485
Dues and subscriptions	2,428	-	-	-	-	-	2,428
Equipment maintenance	-	-	989	-	-	-	989
Insurance	-	-	8,886	-	-	-	8,886
Occupancy	-	-	-	60,541	-	-	60,541
Other	-	-	4,003	-	-	-	4,003
Postage and shipping	-	-	6,780	-	-	-	6,780
Professional services	149	23,400	24,549	-	-	-	48,098
Repairs and maintenance	-	-	-	-	-	98,470	98,470
Student activities events	19,614	33,070	-	-	-	-	52,684
Supplies and operating expenses	18,432	-	21,927	1,186	-	-	41,545
Telephone	-	-	5,625	-	-	-	5,625
Uncollectible	16,030	-	-	-	-	-	16,030
Yearbook	-	22,875	-	-	-	-	22,875
Total other expenses	125,321	116,425	165,639	61,727	18,270	139,040	626,422
Total	763,198	116,425	384,920	61,727	68,445	139,040	1,533,755
Allocation of maintenance expenses	30,864	4,321	22,839	(61,727)	3,703	-	-
Total expenses	$ 794,062	120,746	407,759	-	72,148	139,040	$1,533,755

The accompanying notes are an integral part of the financial statements.

DOW 03537

St. Thomas More Academy
Statement of Functional Expenses
For the Year Ended June 30, 2001

	Academic Programs	Student Activities	General and Administrative	Maintenance and Utilities	Development	Capital Expenditures	Total
Payroll and related expenses	$ 490,315	$ -	$ 263,881	$ -	$ 47,951	$ -	$ 802,147
Other expenses:							
Capital expenses – Academic	-	-	-	-	-	$ 6,702	6,702
Capital expenses – Administrative	-	-	-	-	-	9,480	9,480
Capital expenses – Annex	-	-	-	-	-	64,255	64,255
Advertising	-	-	3,033	-	10,299	-	13,332
Athletic equipment, uniforms and supplies	-	$ 21,076	-	-	-	-	21,076
Athletic officials fees and transportation	-	6,891	-	-	-	-	6,891
Audit and accounting services	-	-	7,885	-	-	-	7,885
Books and printed material	42,561	-	1,123	-	-	-	43,684
Bus expense	-	-	69,034	-	-	-	69,034
Computers	875	-	7,064	-	-	-	7,939
Conferences and continuing education	-	-	6,333	-	-	-	6,333
Dues and subscriptions	2,528	-	-	-	-	-	2,528
Equipment maintenance	-	-	-	$ 3,777	-	-	3,777
Insurance	-	-	-	7,957	-	-	7,957
Occupancy	-	-	-	71,247	-	-	71,247
Other	6,096	-	5,301	869	987	-	13,253
Postage and shipping	-	-	6,504	-	-	-	6,504
Professional services	-	16,800	17,779	-	3,264	-	37,843
Repairs and maintenance	-	-	-	29,166	-	-	29,166
Student activities events	-	12,326	-	-	-	-	12,326
Supplies and operating expenses	14,711	-	11,551	-	-	-	26,262
Telephone	-	-	-	6,012	-	-	6,012
Uncollectible	-	-	12,011	-	-	-	12,011
Yearbook	-	17,316	-	-	-	-	17,316
Total other expenses	66,771	74,409	147,618	119,028	14,550	80,437	502,813
Total	557,086	74,409	411,499	119,028	62,501	80,437	1,304,960
Allocation of maintenance expenses	59,981	8,012	44,306	(119,028)	6,729	-	-
Total expenses	$ 617,067	$ 82,421	$ 455,805	-	$ 69,230	$ 80,437	$ 1,304,960

The accompanying notes are an integral part of the financial statements.

DOW 03538

St. Thomas More Academy
Statements of Cash Flows
For the Years Ended June 30, 2002 and 2001

	2002	2001
Cash flows from operating activities:		
Changes in net assets	$ (5,142)	$ 114,517
Net depreciation on investments	9,068	684
Bad debt expense	16,030	12,011
Capital expenditures	98,470	170,011
Land included in Diocesan contributions	-	(122,100)
Changes in assets and liabilities:		
Tuition receivable	(3,785)	291
Pledges receivable	31,326	35,843
Other assets	250	30,750
Accounts payable and accrued liabilities	16,574	(1,414)
Deferred income	24,267	(9,914)
Net cash provided by operating activities	187,058	230,679
Cash flows from investing activities:		
Deposits into investments	(47,446)	(44,845)
Reinvestment of interest and dividends	(1,697)	(1,520)
Capital expenditures	(98,470)	(170,011)
Amounts drawn from investments	8,350	-
Net cash used in investing activities	(139,263)	(216,376)
Cash flows from financing activities:		
Due from Diocese	9,729	253,771
Bank overdraft	-	(199,307)
Net cash provided by financing activities	9,729	54,464
Net increase in cash and cash equivalents	57,524	68,767
Cash at beginning of year	89,834	21,067
Cash at end of year	$ 147,358	$ 89,834

The accompanying notes are an integral part of the financial statements.

DOW 03539

1. Summary of Significant Accounting Policies

St. Thomas More Academy (St. Thomas) fosters Catholic education, which is a creative and living process which seeks to develop the individual wholly and fully. St. Thomas is committed to creating the finest Catholic and Christian leaders by cultivating each student spiritually, socially, intellectually, and physically. Based upon the principles and values of the Gospels and traditions of Catholic doctrine, St. Thomas offers opportunities for religious formation and practice, with a curriculum of academic excellence and a variety of extra- and co-curricular activities. On October 16, 1997, pursuant to an Agreement of Merger between St. Thomas and the Diocese of Wilmington Schools, Inc. (Schools), Schools acquired all assets and assumed all liabilities of St. Thomas and became responsible for St. Thomas' Board of Directors and management of its daily activities. It is expected that the first several school years at St. Thomas will result in losses from operations because enrollment levels and corresponding tuition revenue is not expected to cover operating expenses and planned capital expenditures. It is estimated that approximately $3.5 million to $4.5 million of support will be required for the years 1998 through 2004. As a result, the Catholic Diocese of Wilmington, Inc. (the Diocese) has agreed to support the operations of St. Thomas during that time by providing the necessary capital requirements through loans and/or contributions.

These statements present the operating results of St. Thomas, which is an operating segment of the Diocese of Wilmington Schools, Inc.

Basis of Reporting
St. Thomas reports using the accrual basis of accounting. The preparation of financial statements in conformity with generally accepted accounting principles 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.

Financial Statement Presentation
Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. A description of the three net asset classifications follows:

- *Unrestricted Net Assets* include those assets that are available for the support of operations and whose use is not externally restricted, although their use may be limited by other factors such as by contract or board designation.

- *Temporarily Restricted Net Assets* include gifts for which donor imposed restrictions have not been met and pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted.

- *Permanently Restricted Net Assets* include gifts, trusts, and pledges which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions. All net assets of St. Thomas are either unrestricted or temporarily restricted as of June 30, 2002 and 2001.

Contributions
Noncash contributions are recorded at fair value on the date of donation. Contributions of cash and other non-capital assets are reported as temporarily restricted operating revenue if the contributions are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose for the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions which are received and expended within the same fiscal year are reported as unrestricted revenues.

Pledges Receivable
Unconditional promises to give cash and other assets are reported at fair value as pledges receivable and contributions in the period the promise is received. Conditional promises are not included as support until the conditions are substantially met (see Note 9).

Land, Building, and Improvements
Land, buildings, and certain land and building improvements are capitalized based on historical cost. All other long-lived assets are expensed at the time of purchase.

Deferred Income
Deferred income of St. Thomas represents tuition and program fees received in advance for the upcoming school years.

Pooled Investments
Pooled investments are stated at fair value. Pooled investment income on the statements of activities includes interest, dividends, and realized and unrealized gains and losses, net of consulting and custodial costs.

St. Thomas participates with the Diocese and other affiliated organizations in an investment pool which is held in a custody account at Mellon Trust. The pool is invested in a combination of fixed income and equity securities and mutual funds.

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

Contributed Services
St. Thomas receives services from unpaid volunteers in organizing activities for students and various school programs. The value of these contributed services is not reflected in the accompanying financial statements since the services provided by the volunteers do not require specialized skills and would not be purchased by St. Thomas if the volunteer services were not available.

Description of Program and Supporting Services
The following program and supporting services are included in the accompanying financial statements.

Academic programs - Provide quality secondary education based on a curriculum which enables students to recognize and challenge their individual abilities; foster knowledge; stimulate interest; facilitate a dynamic, creative curriculum that motivates students to think critically, analyze data and draw

conclusions; provide pastoral care program and religious education as an integral part of student's education; instill a distinctive Catholic atmosphere of lived Gospel values and principles and the traditions of Catholicism; include facilities, classrooms, and laboratories with the technology and equipment needed to educate for future learning and life.

Student activities - Includes all extracurricular activities such as proms, dances, athletic contests, theater productions, and retreat expenses.

Expense Allocation
The cost of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

2. Pledges Receivable

At June 30, 2002 and 2001, pledges receivable consisted of the following unconditional promises to give:

	2002	2001
Initial campaign	$ 16,453	$ 17,443
Gymnasium campaign	37,900	68,236
Less: Allowance for uncollectibles	(23,828)	(11,321)
	$ 30,525	$ 74,358
Amount due in:		
Less than one year	46,553	62,149
One to five years	7,800	23,530
Total	$ 54,353	$ 85,679

3. Pooled Investments

The composition of pooled investments as of June 30, 2002 and 2001 was as follows:

	2002	2001
Cash and cash equivalents	$ 22,609	$ 277
Fixed income	31,117	26,768
Domestic equity	54,616	52,441
International equity	16,024	13,155
Total pooled investments	$124,366	$92,641

DOW 03542

The fair value of these investments was determined based on quoted market prices at June 30, 2002. Pooled investment income for the years ended June 30, 2002 and 2001 consisted of the following:

	2002	2001
Interest and dividends	$ 1,698	$1,520
Net appreciation	(9,068)	(684)
Total pooled investments	$(7,370)	$ 836

The pooled investment income is net of custodial and advisory fees in the amount of $650 and $349 for the years ended June 30, 2002 and 2001, respectively.

These investments are temporarily restricted for the following purposes:

	2002	2001
Scholarships	$ 87,373	$65,105
Tuition assistance - ongoing	29,500	24,335
Tuition assistance	-	3,201
Total pooled investments	$116,873	$92,641

4. Land, Buildings, and Improvements

St. Thomas' building and the land upon which it sits are owned by the Diocese of Wilmington Schools, Inc., of which St. Thomas is an operating segment. In lieu of rental expenses, St. Thomas is responsible for all annual repairs, maintenance and capital expenditures.

At June 30, 2002 and 2001 land, buildings, and improvements consisted of the following:

	2002	2001
Land	$ 567,100	$ 567,100
Building and improvements	2,866,879	2,866,879
	$3,433,979	$3,433,979

During the year ended June 30, 2001, Diocese of Wilmington Schools, Inc., on behalf of St. Thomas, acquired land adjacent to the current St. Thomas property for cash payment of $122,100 and forgiveness of a note receivable to St. Thomas of $31,000.

5. Deferred Income

At June 30, 2002 and 2001, deferred income consisted of the following:

	2002	2001
Tuition, fees and bus	$53,596	$20,929
Brick program	8,400	8,400
	$61,996	$29,329

6. Pension Plans

The Diocese sponsors a noncontributory defined benefit pension plan covering all full-time lay employees of the Diocese, including St. Thomas. The Plan calls for benefits to be paid to eligible employees at retirement based on compensation, as defined in the Plan document. Contributions to the Plan for St. Thomas' proportionate cost, which amounted to approximately $54,000 and $51,000 for the years ended June 30, 2002 and 2001, respectively, were provided entirely by the Diocese. As a result, no expenses related to this plan have been reflected in the accompanying financial statements of St. Thomas. The impact of not reflecting these amounts in the financial statements of St. Thomas was not significant.

7. Related Party Transactions

St. Thomas receives contributions and grants from the Diocese and the Catholic Diocese Foundation. These entities are related to St. Thomas through common control. A summary of the contributions and grants received from these entities for the years ended June 30, 2002 and 2001 is as follows:

	2002	2001
Revenue and support - Diocesan contributions:		
Catholic Diocese of Wilmington:		
Budget subsidy	$508,270	$466,880

The Diocese provides and absorbs the full cost of accounting services, life insurance, long-term disability, and Blood Bank dues for all full-time employees of St. Thomas. These expenses are not reimbursed or reflected on the financial statements of St. Thomas since the amounts are not significant.
St. Thomas reimburses the Diocese for wages, payroll taxes, health benefits, and other expenses the Diocese disburses on behalf of St. Thomas. For the years ended June 30, 2002 and 2001, these expenses totaled $907,333 and $815,939, respectively. Of these balances, unpaid amounts of $81,054 and $72,387, respectively, are included in accounts payable and accrued expenses for the years ended June 30, 2002 and 2001, respectively.

A member of the Board of Directors of St. Thomas is related to an entity providing general contracting services during the construction phase of St. Thomas' buildings and improvements.

DOW 03544

8. Income Taxes

Diocese of Wilmington Schools, Inc., of which St. Thomas is an operating segment, is a not-for-profit corporation which has been granted exempt status from federal taxation under Section 501(c)(3) of the Internal Revenue Code.

9. Promises to Contribute

During 1997, St. Thomas had received a $200,000 conditional pledge. This contribution will be recorded when the conditions have been substantially met.

St. Thomas More Academy

Financial Statements
For the Years Ended
June 30, 2000 and 1999

St. Thomas More Academy
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PRICEWATERHOUSECOOPERS

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Report of Independent Accountants

To the Board of Directors
Diocese of Wilmington Schools, Inc.
St. Thomas More Academy
Dover, Delaware

We have audited the accompanying balance sheets of St. Thomas More Academy (St. Thomas) as of June 30, 2000 and 1999, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of St. Thomas' management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as discussed in the following paragraph, we conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

St. Thomas has not adopted Statement of Financial Accounting Standards No. 93, (SFAS 93), "Recognition of Depreciation by Not-For-Profit Organization," which requires not-for-profit organizations to recognize depreciation as a cost of using up the future economic benefit of their long-lived tangible assets. Also, equipment is expensed at the time of purchase that, in our opinion, should be capitalized in order to conform to accounting principles generally accepted in the United States of America. If buildings and building improvements were depreciated, and equipment were capitalized and depreciated, land, buildings and building improvements and net assets would be increased by approximately $310,000 and $353,000 at June 30, 2000 and 1999, respectively. Additionally, changes in net assets would increase by approximately $43,000 and $310,000 for the years ended June 30, 2000 and 1999, respectively.

In our opinion, except for the effect of not recording depreciation expense of buildings and building improvements and of not capitalizing and depreciating equipment as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of St. Thomas as of June 30, 2000 and 1999 and the changes in its net assets and its cash flows for the years then ended.

PricewaterhouseCoopers LLP

September 15, 2000

St. Thomas More Academy
Balance Sheets
As of June 30, 2000 and 1999

Assets	Unrestricted	Temporarily Restricted	2000 Total	1999 Total
Cash	$ 21,067	$ -	$ 21,067	$ 17,658
Tuition receivable, net	13,669	-	13,669	2,208
Pledges receivable, net	11,870	129,331	141,201	239,658
Land, buildings, and improvements	3,280,879	-	3,280,879	3,280,879
Other assets	31,000	-	31,000	31,000
Investments	-	46,960	46,960	-
Due from Diocese	263,500	-	263,500	-
Due to/(from) related net assets	129,331	(129,331)	-	-
Total assets	$3,751,316	$ 46,960	$3,798,276	$3,571,403
Liabilities and Net Assets				
Accounts payable and accrued liabilities	86,947	-	86,947	160,792
Deferred income	39,243	-	39,243	40,096
Bank overdraft	199,307	-	199,307	-
Note payable	-	-	-	263,500
Total liabilities	325,497	-	325,497	464,388
Net assets:				
Unrestricted	3,425,819	-	3,425,819	3,107,015
Temporarily restricted	-	46,960	46,960	-
Total net assets	3,425,819	46,960	3,472,779	3,107,015
Total liabilities and net assets	$3,751,316	$ 46,960	$3,798,276	$3,571,403

The accompanying notes are an integral part of the financial statements.

St. Thomas More Academy
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2000

	Unrestricted	Temporarily Restricted	Total
Revenue and support:			
Public support:			
Diocesan contributions	$ 693,500	$ -	$ 693,500
Other contributions	5,319	$ 62,176	67,495
Total public support	698,819	62,176	760,995
Other revenue:			
Tuition and fees	512,637	-	512,637
Student activities	33,115	-	33,115
Interest income	2,472	210	2,682
Other	16,288	-	16,288
Total other revenue	564,512	210	564,722
Net assets released from restrictions:			
Transportation program	7,714	(7,714)	-
Tuition assistance	2,382	(2,382)	-
Other	5,330	(5,330)	-
	15,426	(15,426)	-
Total revenue and support	1,278,757	46,960	1,325,717
Expenses:			
Academic programs	473,833	-	473,833
Student activities	61,498	-	61,498
General and administrative	299,035	-	299,035
Development	70,839	-	70,839
Capital expenditures	54,748	-	54,748
Total expenses	959,953	-	959,953
Changes in net assets	318,804	46,960	365,764
Net assets at beginning of year	3,107,015	-	3,107,015
Net assets at end of year	$ 3,425,819	$ 46,960	$ 3,472,779

The accompanying notes are an integral part of the financial statements.

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St. Thomas More Academy
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 1999

	Unrestricted	Temporarily Restricted	Total
Revenue and support:			
Public support:			
Diocesan contributions	$ 797,482	$ -	$ 797,482
Other contributions	1,030	188,653	189,683
Total public support	798,512	188,653	987,165
Other revenue:			
Tuition and fees	210,132	-	210,132
Student activities	24,751	-	24,751
Other	8,758	-	8,758
Total other revenue	243,641	-	243,641
Net assets released from restrictions:			
Capital improvements	186,850	(186,850)	-
Transportation program	1,803	(1,803)	-
	188,653	(188,653)	-
Total revenue and support	1,230,806	-	1,230,806
Expenses:			
Academic programs	279,781	-	279,781
Student activities	40,001	-	40,001
General and administrative	266,930	-	266,930
Development	51,692	-	51,692
Capital expenditures	396,936	-	396,936
Total expenses	1,035,340	-	1,035,340
Changes in net assets	195,466	-	195,466
Net assets at beginning of year	2,911,549	-	2,911,549
Net assets at end of year	$3,107,015	-	$3,107,015

The accompanying notes are an integral part of the financial statements.

St. Thomas More Academy
Statement of Functional Expenses
For the Year Ended June 30, 2000

	Academic Programs	Student Activities	General and Administrative	Maintenance and Utilities	Development	Capital Expenditures	Total
Payroll and related expenses	$390,992	$12,000	$118,170	$ -	$50,719	$ -	$571,881
Other expenses:							
Capital expenses – Academic	-	-	-	-	-	15,140	15,140
Capital expenses – Athletic	-	-	-	-	-	5,036	5,036
Advertising	-	-	2,198	-	7,553	-	9,751
Athletic equipment, uniforms and supplies	-	8,226	-	-	-	-	8,226
Athletic officials fees and transportation	-	6,942	-	-	-	-	6,942
Audit and accounting services	-	-	7,000	-	-	-	7,000
Banquet expense	-	-	-	-	5,330	-	5,330
Books and printed material	24,233	-	-	-	-	-	24,233
Bus expense	-	-	43,181	-	-	-	43,181
Conferences and continuing education	-	-	2,716	-	-	-	2,716
Dues and subscriptions	-	-	10,249	-	-	-	10,249
Equipment maintenance	-	-	12,250	-	-	34,572	46,822
Insurance	-	-	7,857	-	-	-	7,857
Interest expense	-	-	17,984	-	-	-	17,984
Occupancy	-	-	2,228	45,923	-	-	48,151
Other	3,496	9,648	20,267	-	-	-	33,411
Postage and shipping	-	-	1,346	-	-	-	1,346
Professional services	-	-	2,334	19,539	-	-	21,873
Repairs and maintenance	126	-	361	24,018	-	-	24,505
Student activities events	-	8,536	-	-	-	-	8,536
Supplies and operating expenses	8,080	-	14,666	128	225	-	23,099
Telephone	-	-	6,626	-	-	-	6,626
Yearbook	-	10,058	-	-	-	-	10,058
Total other expenses	35,935	43,410	151,263	89,608	13,108	54,748	388,072
Total	426,927	55,410	269,433	89,608	63,827	54,748	959,953
Allocation of maintenance expenses	46,906	6,088	29,602	(89,608)	7,012	-	-
Total expenses	$473,833	$61,498	$299,035	-	$70,839	$54,748	$959,953

The accompanying notes are an integral part of the financial statements.

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St. Thomas More Academy
Statement of Functional Expenses
For the Year Ended June 30, 1999

	Academic Programs	Student Activities	General and Administrative	Maintenance and Utilities	Development	Capital Expenditures	Total
Payroll and related expenses	$ 233,275	$ -	$ 102,013	$ -	$ 35,047	$ -	$ 370,335
Other expenses:							
Capital expenses – Administrative	-	-	-	-	-	24,910	24,910
Capital expenses – Academic	-	-	-	-	-	191,479	191,479
Capital expenses – Athletic	-	-	-	-	-	180,547	180,547
Advertising	-	-	2,678	-	6,525	-	9,203
Athletic equipment, uniforms and supplies	-	5,293	-	-	-	-	5,293
Athletic officials fees and transportation	-	6,691	-	-	-	-	6,691
Audit and accounting services	-	-	6,000	-	-	-	6,000
Books and printed material	3,328	-	-	-	-	-	3,328
Bus expense	-	-	21,233	-	-	-	21,233
Conferences and continuing education	-	-	1,911	-	200	-	2,111
Dues and subscriptions	5,265	-	1,657	-	-	-	6,922
Equipment maintenance	-	-	2,350	-	-	-	2,350
Insurance	-	-	-	4,795	-	-	4,795
Interest expense	-	-	35,539	-	-	-	35,539
Library books and periodicals	1,592	-	-	-	-	-	1,592
Occupancy	-	-	12,981	36,822	-	-	49,803
Opening dedication day	-	-	5,007	-	-	-	5,007
Other	-	571	321	-	-	-	892
Postage and shipping	-	-	2,820	-	1,114	-	3,934
Printing	-	-	1,427	-	65	-	1,492
Professional services	-	-	22,819	17,808	125	-	40,752
Repairs and maintenance	-	-	130	15,364	-	-	15,494
Student activities events	-	2,431	-	-	-	-	2,431
Supplies and operating expenses	3,239	-	11,065	398	1,810	-	16,512
Sweatshirt drive	-	-	-	-	716	-	716
Telephone	-	-	5,400	-	75	-	5,475
Yearbook	-	20,504	-	-	-	-	20,504
Total other expenses	13,424	35,490	133,338	75,187	10,630	396,936	665,005
Total	246,699	35,490	235,351	75,187	45,677	396,936	1,035,340
Allocation of maintenance expenses	33,082	4,511	31,579	(75,187)	6,015	-	-
Total expenses	$ 279,781	$ 40,001	$ 266,930	-	$ 51,692	$ 396,936	$ 1,035,340

The accompanying notes are an integral part of the financial statements.

DOW 03553

St. Thomas More Academy
Statements of Cash Flows
For the Years Ended June 30, 2000 and 1999

	2000	1999
Cash flows from operating activities:		
Changes in net assets	$ 365,764	$ 195,466
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net depreciation on investments	165	-
Bad debt expense	4,452	-
Capital expenditures	54,748	396,936
Changes in assets and liabilities:		
Tuition receivable	(15,913)	(2,208)
Pledges receivable	98,457	138,079
Other assets	-	60
Accounts payable and accrued liabilities	(73,845)	(96,979)
Deferred income	(853)	40,096
Net cash provided by operating activities	432,975	671,450
Cash flows from investing activities:		
Deposits into investments	(46,750)	-
Reinvestment of interest and dividends	(375)	-
Purchase of building and improvements	-	(393,828)
Capital expenditures	(54,748)	(396,936)
Net cash used in investing activities	(101,873)	(790,764)
Cash flows from financing activities:		
Due from Diocese	(263,500)	-
Bank overdraft	199,307	-
Payment on note payable	(263,500)	(263,500)
Net cash used in financing activities	(327,693)	(263,500)
Net increase/(decrease) in cash and cash equivalents	3,409	(382,814)
Cash at beginning of year	17,658	400,472
Cash at end of year	$ 21,067	$ 17,658
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 17,984	$ 35,539

The accompanying notes are an integral part of the financial statements.

DOW 03554

St. Thomas More Academy
Notes to Financial Statements
June 30, 2000 and 1999

1. Summary of Significant Accounting Policies

St. Thomas More Academy (St. Thomas) fosters Catholic education, which is a creative and living process which seeks to develop the individual wholly and fully. St. Thomas is committed to creating the finest Catholic and Christian leaders by cultivating each student spiritually, socially, intellectually, and physically. Based upon the principles and values of the Gospels and traditions of Catholic doctrine, St. Thomas offers opportunities for religious formation and practice, with a curriculum of academic excellence and a variety of extra- and co-curricular activities. On October 16, 1997, pursuant to an Agreement of Merger between St. Thomas and the Diocese of Wilmington Schools, Inc. (Schools), Schools acquired all assets and assumed all liabilities of St. Thomas and became responsible for St. Thomas' Board of Directors and management of its daily activities. It is expected that the first several school years at St. Thomas will result in losses from operations because enrollment levels and corresponding tuition revenue is not expected to cover operating expenses and planned capital expenditures. It is estimated that approximately $3.5 million to $4.5 million of support will be required for the years 1998 through 2004. As a result, the Catholic Diocese of Wilmington, Inc. (the Diocese) has agreed to support the operations of St. Thomas during that time by providing the necessary capital requirements through loans and/or contributions.

These statements present the operating results of St. Thomas, which is an operating segment of the Diocese of Wilmington Schools, Inc.

Basis of Reporting
St. Thomas reports using the accrual basis of accounting. The preparation of financial statements in conformity with generally accepted accounting principles 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.

Financial Statement Presentation
The financial statements have been prepared in accordance with Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-For-Profit Organizations." Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. A description of the three net asset classifications follows:

- *Unrestricted Net Assets* include those assets that are available for the support of operations and whose use is not externally restricted, although their use may be limited by other factors such as by contract or board designation.

- *Temporarily Restricted Net Assets* include gifts for which donor imposed restrictions have not been met and pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted.

- *Permanently Restricted Net Assets* include gifts, trusts, and pledges which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions. All net assets of St. Thomas are either unrestricted or temporarily restricted as of June 30, 2000 and 1999.

Contributions
Contributions are recognized as revenue in accordance with Statement of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made." Noncash contributions are recorded at fair value on the date of donation. Contributions of cash and other non-capital assets are reported as temporarily restricted operating revenue if the contributions are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose for the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions which are received and expended within the same fiscal year are reported as unrestricted revenues.

Pledges Receivable
Unconditional promises to give cash and other assets are reported at fair value as pledges receivable and contributions in the period the promise is received. Conditional promises are not included as support until the conditions are substantially met (see Note 10).

Land, Building, and Improvements
Land, buildings, and certain land and building improvements are capitalized based on historical cost. All other long-lived assets are expensed at the time of purchase.

Deferred Income
Deferred income of St. Thomas represents tuition and program fees received in advance for the upcoming school years.

Pooled Investments
Pooled investments are stated at fair value. Pooled investment income on the statements of activities includes interest, dividends, and realized and unrealized gains and losses, net of consulting and custodial costs.

St. Thomas participates with the Diocese and other affiliated organizations in an investment pool which is held in a custody account at Mellon Trust. The pool is invested in a combination of fixed income and equity securities and mutual funds.

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

Contributed Services
St. Thomas receives services from unpaid volunteers in organizing activities for students and various school programs. The value of these contributed services is not reflected in the accompanying financial statements since the services provided by the volunteers do not require specialized skills and would not be purchased by St. Thomas if the volunteer services were not available.

Description of Program and Supporting Services
The following program and supporting services are included in the accompanying financial statements.

Academic programs - Provide quality secondary education based on a curriculum which enables students to recognize and challenge their individual abilities; foster knowledge; stimulate interest; facilitate a dynamic, creative curriculum that motivates students to think critically, analyze data and draw conclusions; provide pastoral care program and religious education as an integral part of student's education; instill a distinctive Catholic atmosphere of lived Gospel values and principles and the traditions of Catholicism; include facilities, classrooms, and laboratories with the technology and equipment needed to educate for future learning and life.

Student activities - Includes all extracurricular activities such as proms, dances, athletic contests, theater productions, and retreat expenses.

Expense Allocation
The cost of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reclassifications
Certain amounts have in the 1999 statements been reclassified to conform to the 2000 presentation.

2. **Pledges Receivable**

At June 30, 2000 and 1999, pledges receivable consisted of the following unconditional promises to give:

	2000	1999
Initial campaign	$ 22,493	$ 54,843
Gymnasium campaign	129,331	211,516
Less: Allowance for uncollectibles	(10,623)	(26,701)
	$141,201	$239,658
Amount due in:		
Less than one year	107,069	148,246
One to five years	44,755	118,113
Total	$151,824	$266,359

3. Pooled Investments

St. Thomas invests in a combination of fixed income and equity securities and mutual funds. The composition of pooled investments as of June 30, 2000 was as follows:

Cash and cash equivalents	$ 7,804
Fixed income	13,444
Domestic equity	19,541
International equity	6,171
Total pooled investments	$46,960

The fair value of these investments was determined based on quoted market prices at June 30, 2000.

Pooled investment income for the year ended June 30, 2000 consisted of the following:

Interest and dividends	$375
Net appreciation	(165)
Total pooled investments	$210

The pooled investment income is net of custodial and advisory fees in the amount of $83 for the year ended June 30, 2000.

These investments are temporarily restricted for the following purposes:

Scholarships	$23,059
Tuition assistance - 2001 school year	16,116
Tuition assistance	7,785
Total pooled investments	$46,960

4. Land, Buildings, and Improvements

St. Thomas' building and the land upon which it sits are owned by the Diocese of Wilmington Schools, Inc., of which St. Thomas is an operating segment. In lieu of rental expenses, St. Thomas is responsible for all annual repairs, maintenance and capital expenditures.

At June 30, 2000 and 1999 land, buildings, and improvements consisted of the following:

	2000	1999
Land	$ 414,000	$ 414,000
Building and improvements	2,866,879	2,866,879
	$3,280,879	$3,280,879

5. Deferred Income

At June 30, 2000 and 1999, deferred income consisted of the following:

	2000	1999
Tuition, fees and bus	$28,920	$27,506
Grants	1,923	4,190
Brick program	8,400	8,400
	$39,243	$40,096

6. Note Payable

St. Thomas has an uncollateralized term loan with PNC Bank. The loan, which is guaranteed by the Diocese, has repayment terms including quarterly interest payments at a rate of 6.75%, with one-half of the principal, $263,500, due June 30, 1999 and the remaining balance due on June 30, 2000. The balance as of June 30, 2000 and 1999 was $0 and $263,500, respectively.

7. Pension Plans

The Diocese sponsors a noncontributory defined benefit pension plan covering all full-time lay employees of the Diocese, including St. Thomas. The Plan calls for benefits to be paid to eligible employees at retirement based on compensation, as defined in the Plan document. Contributions to the Plan for St. Thomas' proportionate cost, which amounted to approximately $26,000 and $24,000 for the years ended June 30, 2000 and 1999, respectively, were provided entirely by the Diocese. As a result, no expenses related to this plan have been reflected in the accompanying financial statements of St. Thomas. The impact of not reflecting these amounts in the financial statements of St. Thomas was not significant.

8. Related Party Transactions

St. Thomas' receives contributions and grants from the Diocese and the Catholic Diocese Foundation. These entities are related to St. Thomas through common control. A summary of the contributions and grants received from these entities for the years ended June 30, 2000 and 1999 is as follows:

	2000	1999
Revenue and support - Diocesan contributions:		
Catholic Diocese of Wilmington:		
Budget subsidy	$430,000	$565,482
Support for note payable	263,500	232,000
	$693,500	$797,482

The Diocese provides and absorbs the full cost of accounting services, life insurance, long-term disability, and Blood Bank dues for all full-time employees of St. Thomas. These expenses are not reimbursed or reflected on the financial statements of St. Thomas since the amounts are not significant.

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St. Thomas reimburses the Diocese for wages, payroll taxes, health benefits, and other expenses the Diocese disburses on behalf of St. Thomas. For the years ended June 30, 2000 and 1999, these expenses totaled $571,881 and $370,335, respectively. Of these balances, unpaid amounts of $58,651 and $38,473, respectively, are included in accounts payable and accrued expenses for the years ended June 30, 2000 and 1999, respectively.

A member of the Board of Directors of St. Thomas is related to an entity providing general contracting services during the construction phase of St. Thomas' buildings and improvements.

9. Income Taxes

Diocese of Wilmington Schools, Inc., of which St. Thomas is an operating segment, is a not-for-profit corporation which has been granted exempt status from federal taxation under Section 501(c)(3) of the Internal Revenue Code.

10. Promises to Contribute

During 1997, St. Thomas had received a $200,000 conditional pledge. This contribution will be recorded when the conditions have been substantially met.

ST. THOMAS MORE ACADEMY

REPORT ON AUDIT OF FINANCIAL STATEMENTS
for the year ended June 30, 1999 and
for the period October 16, 1997
(date of contribution of net assets) to
June 30, 1998

ST. THOMAS MORE ACADEMY

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Report of Independent Accountants

To the Board of Directors
Diocese of Wilmington Schools, Inc.
St. Thomas More Academy
Dover, Delaware

We have audited the accompanying balance sheets of St. Thomas More Academy (St. Thomas) as of June 30, 1999 and 1998, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year ended June 30, 1999 and for the period October 16, 1997 (date of contribution of net assets) to June 30, 1998. These financial statements are the responsibility of St. Thomas' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

St. Thomas does not record depreciation on buildings and building improvements that, in our opinion, should be recorded in order to conform to generally accepted accounting principles. Also, equipment is expensed at the time of purchase that, in our opinion, should be capitalized in order to conform to generally accepted accounting principles. If buildings and building improvements were depreciated and equipment were capitalized and depreciated, land, buildings and building improvements and net assets would be increased by approximately $353,000 and $43,000 at June 30, 1999 and 1998. Additionally, changes in net assets would increase by approximately $310,000 and $43,000 for the year end June 30, 1999 and period October 16, 1997 (date of contribution of net assets) to June 30, 1998.

In our opinion, except for the effects of not recording depreciation on buildings and building improvements and not capitalizing and depreciating equipment, the financial statements referred to above present fairly, in all material respects, the financial position of St. Thomas as of June 30, 1999 and 1998, and the changes in its net assets and its cash flows for the year ended June 30, 1999 and period October 16, 1997 (date of contribution of net assets) to June 30, 1998, in conformity with generally accepted accounting principles.

PricewaterhouseCoopers LLP

September 30, 1999

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ST. THOMAS MORE ACADEMY

Balance Sheets
as of June 30, 1999 and 1998

	Unrestricted	Temporarily Restricted	1999 Total	1998 Total
Assets:				
Cash	$ 17,658		$ 17,658	$ 400,472
Tuition receivable, net	2,208		2,208	-
Pledges receivable, net	28,142	$ 211,516	239,658	377,737
Land, buildings, and improvements	3,280,879		3,280,879	2,887,051
Other assets	31,000		31,000	31,060
Due to/(from) related net assets	211,516	(211,516)	-	-
Total assets	$ 3,571,403	-	$ 3,571,403	$ 3,696,320
Liabilities and net assets:				
Accounts payable and accrued liabilities	169,192		169,192	257,771
Deferred income	31,696		31,696	-
Note payable	263,500		263,500	527,000
Total liabilities	464,388	-	464,388	784,771
Net assets:				
Unrestricted	3,107,015	-	3,107,015	2,911,549
Total net assets	3,107,015	-	3,107,015	2,911,549
Total liabilities and net assets	$ 3,571,403	-	$ 3,571,403	$ 3,696,320

The accompanying notes are an integral part of the financial statements.

ST. THOMAS MORE ACADEMY

Statement of Activities and Changes in Net Assets for the year ended June 30, 1999

	Unrestricted	Temporarily Restricted	Total
Revenue and support:			
Public support:			
Diocesan contributions	$ 797,482		$ 797,482
Other contributions	1,030	$ 186,850	187,880
Total public support	798,512	186,850	985,362
Other revenue:			
Tuition and fees	210,132		210,132
Student activities	24,751		24,751
Other	10,561		10,561
Total other revenue	245,444	-	245,444
Total revenue and support	1,043,956	186,850	1,230,806
Expenses:			
Academic programs	279,781		279,781
Student activities	40,001		40,001
General and administrative	266,930		266,930
Development	51,692		51,692
Capital expenditures	396,936		396,936
Total expenses	1,035,340	-	1,035,340
Total revenue and support less total expenses	8,616	186,850	195,466
Net assets released from restrictions:			
Satisfaction of capital improvement restrictions	186,850	(186,850)	-
Changes in net assets	195,466		195,466
Net assets at beginning of year	2,911,549	-	2,911,549
Net asset at end of year	$ 3,107,015	-	$ 3,107,015

The accompanying notes are an integral part of the financial statements.

ST. THOMAS MORE ACADEMY

Statement of Activities and Changes in Net Assets for the period October 16, 1997 (date of contribution of net assets) to June 30, 1998

	Unrestricted	Temporarily Restricted	Total
Revenue and support:			
Public support:			
Contribution of net assets	$ 1,573,209	$ 400,000	$ 1,973,209
Diocesan contributions	965,575		965,575
Other contributions	20,893	438,300	459,193
Total public support	2,559,677	838,300	3,397,977
Other revenue:			
Other	5,019		5,019
Total other revenue	5,019	-	5,019
Total revenue and support	2,564,696	838,300	3,402,996
Expenses:			
General and administrative	404,375		404,375
Development	9,251		9,251
Capital expenditures	77,821		77,821
Total expenses	491,447	-	491,447
Total revenue and support less total expenses	2,073,249	838,300	2,911,549
Net assets released from restrictions:			
Satisfaction of capital improvement restrictions	838,300	(838,300)	-
Changes in net assets	2,911,549		2,911,549
Net assets at beginning of period	-	-	-
Net asset at end of period	$ 2,911,549	-	$ 2,911,549

The accompanying notes are an integral part of the financial statements.

DOW 03567

ST. THOMAS MORE ACADEMY

Statement of Functional Expenses
for the year ended June 30, 1999

	Academic Programs	Student Activities	General and Administrative	Maintenance and Utilities	Development	Capital Expenses	Total
Payroll and related expenses	$ 233,275		$ 102,013	$ 6,213	$ 35,047	-	$ 376,548
Other expenses:							
Capital expenses – Administrative						$ 24,910	24,910
Capital expenses – Academic						191,479	191,479
Capital expenses – Athletic						180,547	180,547
Advertising			2,678		6,525		9,203
Athletic equipment, uniforms and supplies		$ 5,293					5,293
Athletic officials fees		6,691					6,691
Audit and accounting services			6,000				6,000
Books and printed material	3,328						3,328
Bus expense			21,233				21,233
Conferences and continuing education			1,911		200		2,111
Dues and subscriptions	5,265		1,657				6,922
Equipment maintenance			2,350				2,350
Insurance				4,795			4,795
Interest expense			35,539				35,539
Library books and periodicals	1,592						1,592
Occupancy			12,981	36,822			49,803
Opening dedication day			5,007				5,007
Other		571	321				892
Postage and shipping			2,820		1,114		3,934
Printing			1,427		65		1,492
Professional services			22,819	17,808	125		40,752
Repairs and maintenance			130	9,151			9,281
Student activities events		2,431					2,431
Supplies and operating expenses	3,239		11,065	398	1,810		16,512
Sweatshirt drive					716		716
Telephone			5,400		75		5,475
Yearbook		20,504					20,504
Total	13,424	35,490	133,338	68,974	10,630	396,936	658,792
Total	246,699	35,490	235,351	75,187	45,677	396,936	1,035,340
Allocation of maintenance expenses	33,082	4,511	31,579	(75,187)	6,015	-	-
Total expenses	$ 279,781	$ 40,001	$ 266,930	-	$ 51,692	$ 396,936	$ 1,035,340

The accompanying notes are an integral part of the financial statements.

DOW 03568

ST. THOMAS MORE ACADEMY

Statement of Functional Expenses
for the period October 16, 1997
(date of contribution of net assets) to June 30, 1998

	General & Administrative	Development	Capital Expenses	Total
Payroll and related expenses	$ 219,461			$ 219,461
Other expenses:				
Capital expenses – Administrative			$ 6,670	6,670
Capital expenses - Academic			34,869	34,869
Capital expenses - Athletic			36,282	36,282
Advertising	14,370			14,370
Audit and accounting services	5,000			5,000
Bad debt expense	29,270			29,270
Books and printed material	64			64
Conferences and continuing education	1,417	$ 887		2,304
Insurance	3,585			3,585
Interest expense	34,283			34,283
Occupancy	12,976			12,976
Office supplies and operating expenses	2,794	94		2,888
Other	13,151			13,151
Postage and shipping	839	151		990
Printing	3,691	6,615		10,306
Professional services	50,220	1,500		51,720
Repairs and maintenance	7,647			7,647
Telephone	3,130	4		3,134
Travel and meetings	2,477			2,477
Total	184,914	9,251	77,821	271,986
Total expenses	$ 404,375	$ 9,251	$ 77,821	$ 491,447

The accompanying notes are an integral part of the financial statements.

ST. THOMAS MORE ACADEMY

Statement of Cash Flows
for the year ended June 30, 1999 and period October 16, 1997 (date of contribution of net assets) to June 30, 1998

	1999	1998
Cash flows from operating activities:		
Change in net assets	$ 195,466	$ 2,911,549
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contribution of net assets, net of cash		(1,943,587)
Bad debt expense		29,270
Capital expenditures	396,936	77,821
Increase in tuition receivable	(2,208)	-
Decrease in pledges receivable	138,079	190,986
(Decrease) increase in other assets	60	(18,460)
(Decrease) increase in accounts payable and accrued liabilities	(88,579)	85,444
Increase in deferred income	31,696	-
Net cash provided by operating activities	671,450	1,333,023
Cash flows from investing activities:		
Purchase of building and improvements	(393,828)	(854,730)
Capital expenditures	(396,936)	(77,821)
Net cash used in investing activities	(790,764)	(932,551)
Cash flows from financing activities:		
Payment on note payable	(263,500)	-
Net cash used in financing activities	(263,500)	-
Net decrease increase in cash and cash equivalents	(382,814)	400,472
Cash at beginning of period	400,472	-
Cash at end of period	$ 17,658	$ 400,472
Supplemental disclosures of cash flow information:		
Assets acquired, net of cash		$ 2,579,473
Liabilities assumed		635,886
Capital expenses included in accounts payable		63,441
Cash paid for interest	$ 35,539	34,283

The accompanying notes are an integral part of the financial statements.

ST. THOMAS MORE ACADEMY

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Contribution of Net Assets and Nature of Operations:

On October 16, 1997, pursuant to an Agreement of Merger between St. Thomas More Academy (St. Thomas) and the Diocese of Wilmington Schools, Inc. (Schools), Schools acquired all assets and assumed all liabilities of St. Thomas and became responsible for appointing St. Thomas' Board of Directors and management of its daily activities. St. Thomas' assets acquired by Schools exceeded its liabilities by $1,973,209. This amount has been reflected as a contribution in the accompanying statement of activities and is comprised of the following:

Assets:	
Cash	$ 29,622
Pledges receivable, general	197,993
Pledge receivable, Catholic Diocese Foundation	400,000
Other assets	12,600
Land, buildings, and improvements	1,968,880
Total assets acquired	2,609,095
Liabilities:	
Accounts payable and accrued expenses	108,886
Note payable	527,000
Total liabilities assumed	635,886
Net assets contributed	$ 1,973,209

St. Thomas fosters Catholic education, which is a creative and living process which seeks to develop the individual wholly and fully. St. Thomas is committed to creating the finest Catholic and Christian leaders by cultivating each student spiritually, socially, intellectually, and physically. Based upon the principles and values of the Gospels and traditions of Catholic doctrine, St. Thomas offers opportunities for religious formation and practice, with a curriculum of academic excellence and a variety of extra- and co-curricular activities. As of June 30, 1998, St. Thomas facilities were still in the preparation phase for the 1998-1999 opening school year. Opening school year classes began on September 2, 1998. It is expected that the first several school years at St. Thomas will result in losses from operations because enrollment levels and corresponding tuition revenue is not expected to cover operating expenses and planned capital expenditures. It is estimated that approximately $3.5 million to $4.5 million of support will be required for the years 1998 through 2004. As a result, the Catholic Diocese of Wilmington, Inc. (the Diocese) has agreed to support the operations of St. Thomas during that time by providing the necessary capital requirements through loans and/or contributions.

These statements present the operating results of St. Thomas, which is an operating segment of the Diocese of Wilmington Schools, Inc.

DOW 03571

1. Summary of Significant Accounting Policies, continued:

Basis of Reporting:

St. Thomas reports using the accrual basis of accounting. The preparation of financial statements in conformity with generally accepted accounting principles 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.

Financial Statement Presentation:

The financial statements have been prepared in accordance with Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-For-Profit Organizations." Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. A description of the three net asset categories follows:

Unrestricted Net Assets include those assets that are available for the support of operations and whose use is not externally restricted, although their use may be limited by other factors such as by contract or board designation.

Temporarily Restricted Net Assets include gifts for which donor imposed restrictions have not been met and pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted. As of June 30, 1999 and 1998 there were no temporarily restricted net assets.

Permanently Restricted Net Assets include gifts, trusts, and pledges which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions. As of June 30, 1999 and 1998 there were no permanently restricted net assets.

Contributions:

Contributions are recognized as revenue in accordance with Statement of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made." Noncash contributions are recorded at fair value on the date of donation. Contributions of cash and other non-capital assets are reported as temporarily restricted operating revenue if the contributions are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose for the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

DOW 03572

1. Summary of Significant Accounting Policies, continued:

Cash and Cash Equivalents:

Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less. At June 30, 1999 and 1998, St. Thomas' did not have any cash equivalents.

Pledges Receivable:

Unconditional promises to give cash and other assets are reported at fair value as pledges receivable and contributions in the period the promise is received. Unconditional promises that are expected to be collected in future years are recorded at the net present value of their estimated 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. Conditional promises are not included as support until the conditions are substantially met.

Land, Building, and Improvements:

Land, buildings, and certain land and building improvements are capitalized based on historical cost. All other long-lived assets are expensed at the time of purchase.

Statement of Financial Accounting Standard No. 93 (SFAS 93), "Recognition of Depreciation by Not-For-Profit Organizations," requires not-for-profit organizations to recognize depreciation as a cost of using up the future benefits of their long-lived tangible assets. St. Thomas has not adopted SFAS 93.

Deferred Income:

Deferred income of St. Thomas represents tuition and fees received in advance for the fiscal 1999-2000 school year.

Contributed Services:

St. Thomas receives services from unpaid volunteers in organizing activities for students and various St. Thomas' programs. The value of these contributed services is not reflected in the accompanying financial statements since the services provided by the volunteers do not require specialized skills and would not be purchased by St. Thomas if the volunteer services were not available.

DOW 03573

1. Summary of Significant Accounting Policies, continued:

Description of Program and Supporting Services:

The following program and supporting services are included in the accompanying financial statements.

Academic programs - Provide quality secondary education based on a curriculum which enables students to recognize and challenge their individual abilities; foster knowledge; stimulate interest; facilitate a dynamic, creative curriculum that motivates students to think critically, analyze data and draw conclusions; provide pastoral care program and religious education as an integral part of student's education; instill a distinctive Catholic atmosphere of lived Gospel values and principles and the traditions of Catholicism; include facilities, classrooms, and laboratories with the technology and equipment needed to educate for future learning and life.

Student activities - Includes all extracurricular activities such as proms, dances, athletic contests, theater productions, and retreat expenses.

Expense Allocation:

The cost of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reclassifications:

Certain amounts in the 1998 statements have been reclassified to conform to the 1999 presentation.

2. Concentration of Credit Risk:

The financial instrument that is exposed to concentrations of credit risk consist primarily of cash. The cash is deposited with an institution with high credit ratings. Accordingly, at June 30, 1999 and 1998, St. Thomas had cash of $300,754 and $413,536, respectively, deposited with FirstUnion. These amounts exceed federally insured limits.

DOW 03574

3. Pledges Receivable:

At June 30, 1999 and 1998, pledges receivable consisted of the following unconditional promises to give:

	1999	1998
Initial campaign	$ 54,843	$ 140,152
Gymnasium campaign	211,516	273,305
Less: Allowance for uncollectibles	(26,701)	(35,720)
	$ 239,658	$ 377,737
Amount due in:		
Less than one year	148,246	269,773
One to three years	118,113	143,684
Total	$ 266,359	$ 413,457

4. Land, Buildings, and Improvements:

St. Thomas' building and the land upon which it sits are owned by the Diocese of Wilmington Schools, Inc., of which St. Thomas is an operating segment. In lieu of rental expenses, St. Thomas is responsible for all annual repairs, maintenance and capital expenditures.

At June 30, 1999 and 1998 land, buildings, and improvements consisted of the following:

	1999	1998
Land	$ 414,000	$ 414,000
Garage	3,295	3,295
Building and improvements	2,863,584	2,469,756
	$ 3,280,879	$ 2,887,051

5. Deferred Income:

At June 30, 1999 and 1998, deferred income consisted of the following:

	1999	1998
Tuition, fees and bus	$ 27,506	-
Grants	4,190	-
	$ 31,696	-

6. Note Payable:

St. Thomas has an agreement with PNC Bank that provided for an uncollateralized construction line of credit up to $650,000. On February 5, 1998, the amount outstanding, $527,000, was converted into a term loan. The loan repayment terms are quarterly interest payments at a rate of 6.75%, with one-half of the principal, $263,500, due June 30, 1999 and the remaining balance maturing on June 30, 2000. The balance as of June 30, 1999 and 1998 was $263,500 and $527,000, respectively.

The note is guaranteed by the Diocese.

7. Pension Plans:

The Diocese sponsors a noncontributory defined benefit pension plan covering all full-time lay employees of the Diocese, including St. Thomas. The Plan calls for benefits to be paid to eligible employees at retirement based on compensation, as defined in the Plan document. Contributions to the Plan for St. Thomas proportionate cost are provided entirely by the Diocese. As a result, no expenses related to this plan have been reflected in the accompanying financial statements of St. Thomas. The impact of not reflecting these amounts in the financial statements of St. Thomas was not significant.

DOW 03576

8. Related Party Transactions:

St. Thomas' receives contributions and grants from the Diocese and the Catholic Diocese Foundation. These entities are related to St. Thomas through common control. A summary of the contributions and grants received from these entities for the year ended June 30, 1999 and 1998 is as follows:

	1999	1998
Revenue and support – Diocesan contributions:		
Catholic Diocese of Wilmington:		
Start up operations	$ 565,482	$ 858,950
Initial campaign	232,000	106,625
	$ 797,482	$ 965,575

The Diocese provides and absorbs the full cost of accounting services, life insurance, long-term disability, and Blood Bank dues for all full-time employees of St. Thomas.

A member of the Board of Directors of St. Thomas is related to an entity providing general contracting services during the construction phase of St. Thomas' buildings and improvements.

St. Thomas reimburses the Diocese for wages, payroll taxes, health benefits, and other expenses the Diocese disburses on behalf of St. Thomas. For the years ending June 30, 1999 and 1998, these expenses totaled $376,548 and $219,461, respectively. Of these balances, unpaid amounts of $38,473 and $0, respectively, are included in accounts payable and accrued expenses for the years ended June 30, 1999 and 1998.

During fiscal 1998, St. Thomas received a cash payment from the Catholic Diocese Foundation on a $400,000 pledge receivable which was included in the net assets contributed on October 16, 1997 (See Note 1).

9. Income Taxes:

Diocese of Wilmington Schools, Inc., of which St. Thomas is an operating segment, is a not-for-profit corporation which has been granted exempt status from federal taxation under Section 501(c)(3) of the Internal Revenue Code.

10. Promises to Contribute:

During 1997, St. Thomas had received a $200,000 conditional pledge. This contribution will be recorded when the conditions have been substantially met.

2002-2003 Annual Budget

Diocese of Wilm. Schools Inc.
St. Thomas More Academy

Proposed 10th Draft

	2003 Budget	2002 Projected	9 Mths Ended 03/31/2002	2002 Budget	2002 Prjctd VS 2002 Bdgt	2003 Bdgt VS 2002 Prjctd	2003 Budget Basis/Comments
Income	**165 students**						**165 students**
Diocesan Support-Operations	$ 260,000.00	$ 351,860.00	$ 236,770.78	$ 369,000.00	$ 17,140.00	$ 91,860.00	plug
Annual Diocesan Appeal	$ 17,200.00	$ 17,140.00		$ -	(17,140.00)	(60.00)	appeal est.
Diocesan Support-POD II	40,800.00	146,310.00	105,510.00	56,880.00	(89,430.00)	105,510.00	12 x $3,400
Regular Tuition	989,175.00	900,000.00	655,994.25	899,000.00	(1,000.00)	(89,175.00)	$5,995
Employee Discount	(8,995.00)	(8,700.00)	(6,326.25)	(5,800.00)	2,900.00	295.00	$2,998
Pre-payment Discount	(6,885.00)	(6,625.00)	(6,625.00)	(8,175.00)	(1,550.00)	260.00	2002 plus 4%
Financial Aid-Need	(100,000.00)	(92,450.00)	(74,030.50)	(92,450.00)	0.00	7,550.00	round to $100K
Registration Fee	17,125.00	16,300.00	2,410.00	15,900.00	(400.00)	(825.00)	$165 /$65
Bus Fee	35,000.00	29,670.00	28,030.00	35,700.00	6,030.00	(5,330.00)	$650/$750 (50rider)
Pre-Payment Discount-Bus	(275.00)	(275.00)	(292.00)	(468.00)	(193.00)	0.00	same as prior
Graduation Fee	4,100.00	2,400.00	2,100.00	1,620.00	(780.00)	(1,700.00)	$100
Contributions-Restricted	12,000.00	12,000.00	19,780.00	0.00	(12,000.00)	0.00	based on actual
Transportation Reimbursement	0.00	0.00		12,972.00	12,972.00	0.00	method change
Drivers Education	0.00	0.00		0.00	0.00	0.00	paid by State
Nurse Subsidy	0.00	0.00		0.00	0.00	0.00	no money so far
Test Fees (PSAT & AP)	3,430.00	5,300.00	11,565.00	2,339.00	(2,961.00)	1,870.00	$10 / $80
Interest-Checking	0.00	30.00	31.06	4,600.00	4,570.00	30.00	no Mellon interst
Interest-Managed Funds	0.00	0.00	(2,275.66)	1,000.00	1,000.00	0.00	no estimate
Student Activity Income	16,500.00	20,000.00	13,727.39	8,500.00	(11,500.00)	3,500.00	separate account
Prom Income	4,100.00	2,000.00	1,785.66	2,000.00	0.00	(2,100.00)	J.G estimate
Summer Programs	3,000.00	3,795.00	3,795.00	0.00	(3,795.00)	795.00	no estimate
Boosters / Parents Club	5,000.00	5,000.00	7,140.25	0.00	(5,000.00)	0.00	new in 2001
Bookstore Receipts	10,000.00	46,400.00	47,808.87	46,500.00	100.00	36,400.00	same as prior
Field Trips	1,000.00	2,000.00	217.05	2,000.00	0.00	1,000.00	same as prior
Retreats	12,900.00	10,075.00	9,555.00	5,750.00	(4,325.00)	(2,825.00)	$75
Banquet Income	25,000.00	20,000.00	23,456.00	19,000.00	(1,000.00)	(5,000.00)	2 banquets
Yearbook Income	11,000.00	11,500.00	10,193.91	12,000.00	500.00	500.00	J.G estimate
Other Income	4,000.00	9,000.00	14,217.38	1,000.00	(8,000.00)	5,000.00	same as '02 bdgt
Parking Stickers	4,400.00	2,830.00	2,911.25	4,275.00	0.00	0.00	$80
Facility rental income	2,500.00	700.00	1,402.00	5,000.00	4,300.00	(1,800.00)	fewer rentals
TOTAL Income	1,362,075.00	1,506,260.00	1,108,851.44	1,398,143.00	(109,562.00)	145,755.00	

DOW 03578

2002-2003 Annual Budget

Diocese of Wilm. Schools Inc.
St. Thomas More Academy

Proposed 10th Draft

	2003 Budget	2002 Projected	9 Mths Ended 03/31/2002	2002 Budget	2002 Prjctd VS 2002 Bdgt	2003 Bdgt VS 2002 Prjctd	2003 Budget Basis/Comments
Expenses							
Salaries-Salary	217,590.00	146,055.00	120,024.05	193,078.00	47,023.00	(71,535.00)	salary sched
Salaries-Salary	539,875.00	555,455.00	400,821.61	488,360.00	(67,095.00)	15,580.00	salary sched
Salaries-Salary	40,245.00	42,750.00	32,062.50	42,358.00	(392.00)	2,505.00	salary sched
Salaries-Hourly	0.00	25,600.00	23,903.83	0.00	(25,600.00)	25,600.00	salary sched
Salaries-Substitutes	2,000.00	2,000.00	0.00	2,000.00	0.00	0.00	same as '02 bdgt
FICA	13,490.00	10,643.00	8,843.97	11,970.00	1,327.00	(2,847.00)	salary sched
FICA	33,475.00	34,438.00	24,592.73	30,278.00	(4,160.00)	963.00	salary sched
FICA	2,495.00	2,650.00	1,976.94	2,626.00	(24.00)	155.00	salary sched
Medicare	3,155.00	2,489.00	2,068.35	2,800.00	311.00	(666.00)	salary sched
Medicare	7,830.00	8,054.00	5,751.35	7,081.00	(973.00)	224.00	salary sched
Medicare	590.00	620.00	462.35	614.00	(6.00)	30.00	salary sched
Worker's Compensation	3,000.00	2,243.00	1,715.52	3,000.00	757.00	(757.00)	same as prior
Health Insurance-Lay	19,250.00	17,500.00	12,479.60	14,900.00	(2,600.00)	(1,750.00)	up 10% on actual
Health Insurance-Lay	55,600.00	50,550.00	36,964.00	44,594.00	(5,956.00)	(5,050.00)	up 10% on actual
Health Insurance-Lay	4,600.00	4,175.00	3,130.20	4,000.00	(175.00)	(425.00)	up 10% on actual
Advertising	4,000.00	3,900.00	1,539.76	3,900.00	0.00	(100.00)	up $100
Development-Advertising	10,000.00	19,000.00	8,886.06	19,000.00	0.00	9,000.00	no video, no brochures
Athletic Equipment	1,000.00	1,500.00	3,028.75	4,250.00	2,750.00	500.00	athletic sched
Athletic Supplies	1,000.00	4,540.00	3,964.71	1,900.00	(2,640.00)	3,540.00	athletic sched
Athletic Uniforms	3,500.00	5,900.00	7,534.55	5,900.00	0.00	2,400.00	athletic sched
Athletic-Transport & Misc.	16,100.00	12,600.00	9,699.00	15,400.00	2,800.00	(3,500.00)	athletic sched
Athletic-Officials/Referees	12,690.00	8,000.00	4,545.36	11,990.00	3,990.00	(4,690.00)	athletic sched
Athletic-Tournaments	810.00	1,200.00	747.00	810.00	0.00	0.00	athletic sched
Audit fee	8,000.00	7,500.00	0.00	7,500.00	0.00	(500.00)	up $500
Bank Fees	200.00	350.00	323.53	200.00	(150.00)	150.00	same as '02 bdgt
Books, subscriptions, etc.	0.00	120.00	18.00	120.00	0.00	120.00	J.G. estimate
Bus Expense	63,000.00	62,786.00	49,952.27	62,000.00	(786.00)	(214.00)	same as projected
Transport Reimbursement Exp.	0.00	0.00	0.00	12,972.00	12,972.00	0.00	method change
Cleaning Service	21,525.00	25,084.80	17,583.72	20,900.00	(4,184.80)	3,559.80	up 3% on '02 bgt
Chapel supplies	200.00	100.00	138.30	200.00	100.00	(100.00)	same as '02 bdgt

2002-2003 Annual Budget

Proposed 10th Draft

Diocese of Wilm. Schools Inc.
St. Thomas More Academy

	2003 Budget	2002 Projected	9 Mths Ended 03/31/2002	2002 Budget	2002 Prjctd VS 2002 Bdgt	2003 Bdgt VS 2002 Prjctd	2003 Budget Basis/Comments
Computer Supplies	3,000.00	1,200.00	980.00	6,500.00	5,300.00	(1,800.00)	tech plan
Conferences & Meeting- Gener	2,000.00	5,615.00	2,606.07	5,615.00	0.00	3,615.00	up by $400
Equipment Maintenance	2,000.00	1,440.00	988.52	5,000.00	3,560.00	(560.00)	actual prior yrend
Legal Fees	0.00	0.00	0.00	0.00	0.00	0.00	
Membership Dues & Fees	2,500.00	5,980.00	2,016.01	5,980.00	0.00	3,480.00	rounded up
Office Supplies	6,000.00	6,480.00	4,672.80	6,700.00	220.00	480.00	up $500
Xerox & Riso	1,000.00	2,000.00	3,314.75	4,500.00	2,500.00	1,000.00	no new machine
Other Supplies	2,000.00	6,000.00	3,651.96	4,100.00	(1,900.00)	4,000.00	same as prjected
Janitorial Supplies	1,000.00	1,100.00	1,146.56	515.00	(585.00)	100.00	same as prjected
Postage	5,000.00	5,000.00	3,270.23	5,000.00	0.00	0.00	same as prjected
Postage Meter Lease	3,000.00	2,680.32	2,010.24	2,700.00	19.68	(319.68)	GE Cap situation
Vending Machine Expense	0.00	1,400.00	1,178.30	650.00	(750.00)	1,400.00	up $90 from '02
Professional Fees	0.00	80.00	79.94	3,000.00	2,920.00	80.00	
Property Insurance	9,000.00	8,886.00	8,886.00	10,000.00	1,114.00	(114.00)	rounded projection
Property Taxes	0.00	0.00	0.00	2,000.00	2,000.00	0.00	Mr. Collins working
Maintenance: Mowing	15,000.00	25,000.00	7,740.00	25,000.00	0.00	10,000.00	allow grass to go bad
Repairs & Maintenance Buildin	2,000.00	4,000.00	1,797.53	12,000.00	8,000.00	2,000.00	6/30/01 minus 1 time
Security	250.00	210.00	210.00	250.00	40.00	(40.00)	rounded up
Athletic Coaches Stipends	21,300.00	21,300.00	16,600.00	21,300.00	0.00	0.00	athletic sched
Teachers Stipends	6,000.00	5,665.00	0.00	5,665.00	0.00	(335.00)	rounded up
Teacher Supplies	2,000.00	4,025.00	1,912.15	3,600.00	(425.00)	2,025.00	same as projected
Tee Shirt/Sweatshirt Expense	0.00	150.00	477.20	2,000.00	1,850.00	150.00	moving to boosters
Art Supplies	2,000.00	2,500.00	2,691.87	1,500.00	(1,000.00)	500.00	same as projected
Nurse Supplies	500.00	200.00	200.52	500.00	300.00	(300.00)	same as '02 budgt
Telephone	6,500.00	6,000.00	4,393.52	6,300.00	300.00	(500.00)	up by $500
Trash	2,120.00	2,020.00	1,509.42	1,500.00	(520.00)	(100.00)	up by $100
Travel Expense-Employees	1,300.00	750.00	166.75	1,300.00	550.00	(550.00)	same as '02 budgt
Uncollectibe Tuition	12,000.00	10,000.00	17,038.72	25,865.00	15,865.00	(2,000.00)	% of net
Utilities	48,790.00	49,500.00	30,242.44	49,850.00	350.00	710.00	rounded up
Water & Sewer	6,500.00	5,500.00	5,206.48	6,500.00	1,000.00	(1,000.00)	same as '02 budgt
Miscellaneous	1,000.00	1,000.00	3,616.27	1,000.00	0.00	0.00	actual prior yrend
Miscellaneous-Guidance	500.00	1,000.00	326.50	1,000.00	0.00	500.00	actual prior yrend
Miscellaneous-Develop.	0.00	1,000.00	0.00	1,000.00	0.00	1,000.00	actual prior yrend

DOW 03580

2002-2003 Annual Budget

Diocese of Wilm. Schools Inc.
St. Thomas More Academy

Proposed 10th Draft

	2003 Budget	2002 Projected	9 Mths Ended 03/31/2002	2002 Budget	2002 Prjctd VS 2002 Bdgt	2003 Bdgt VS 2002 Prjctd	2003 Budget Basis/Comments
Charitable Donations	0.00	0.00	0.00	0.00	0.00	0.00	
Facilities & Equipment	0.00	105,510.00	98,470.14	0.00	(105,510.00)	105,510.00	no projects proposed
Classroom Furniture	0.00	8,000.00	2,522.45	10,000.00	2,000.00	8,000.00	zero
Computer	5,000.00	8,088.00	11,844.00	8,522.00	434.00	3,088.00	tech plan & Bus. Off.
Library Books	0.00	0.00		1,500.00	1,500.00	0.00	same as '02 budgt
Internet	4,695.00	4,500.00	5,636.76	6,630.00	2,130.00	(195.00)	U of D price
Lab Supplies-General	0.00	0.00	0.00	3,000.00	3,000.00	0.00	zero
Textbooks	0.00	56,900.00	56,198.16	49,800.00	(7,100.00)	56,900.00	$6,000 from inventory
Prom Expenses	3,000.00	3,000.00	1,257.69	2,000.00	(1,000.00)	0.00	J.G. estimate
Summer Program	3,000.00	1,400.00	1,363.00	0.00	(1,400.00)	(1,600.00)	double prior
Graduation Expenses	4,100.00	3,200.00	1,829.59	1,050.00	(2,150.00)	(900.00)	J.G. estimate
Banquet Expenses	5,000.00	5,000.00	5,273.98	0.00	(5,000.00)	0.00	2 banquets
Field Trip	0.00	2,000.00	180.00	2,000.00	0.00	2,000.00	same as projected
National Honor Society	5,250.00	5,100.00	4,448.20	2,500.00	(2,600.00)	(150.00)	same as projected
Plays & Concerts	0.00	1,000.00	315.00	1,000.00	0.00	1,000.00	same as projected
Student Council Expense	7,000.00	6,800.00	3,975.82	2,500.00	(4,300.00)	(200.00)	same as projected
Key Club	2,500.00	2,300.00	2,715.74	2,000.00	(300.00)	(200.00)	same as projected
Boosters Club	2,500.00	2,000.00	2,287.94	0.00	(2,000.00)	(500.00)	new in 2001
Parents Association	2,500.00	1,000.00	1,470.80	0.00	(1,000.00)	(1,500.00)	new in 2001
SAWI	750.00	500.00	472.38	0.00	(500.00)	(250.00)	new in 2001
Yearbook	11,000.00	15,000.00	9,687.21	10,300.00	(4,700.00)	4,000.00	J.G. estimate
Test Expenses	1,500.00	1,500.00	6,915.32	1,500.00	0.00	0.00	up $500
Retreat Expenses	14,000.00	16,600.00	18,774.00	5,150.00	(11,450.00)	2,600.00	J.G. estimate
Portable Building	40,800.00	40,800.00	30,427.02	45,600.00	4,800.00	0.00	12 x $3,400
TOTAL Expenses	1,362,075.00	1,535,682.12	1,177,753.96	1,398,143.00	(137,149.12)	173,217.12	
NET OPERATING	0.00	(29,422.12)	(68,902.52)	0.00	27,587.12	(27,462.12)	

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Catholic Diocese of Wilmington
XXIII. FINANCIAL STATE OF THE DIOCESE
Statistical Index

Other Data

- Assistance to Other Dioceses:

  $10,000 towards a total grant of $30,000 was made to the Archdiocese of Baltimore on July 2, 2003 for the renovation of the Basilica of the Assumption. The remaining balance will be paid over a two year period.

- Contributions towards the needs of the Apostolic See:

Year	Amount
2003	$50,000
2002	$45,000
2001	$45,000
2000	$42,000
1999	$37,000
1998	$33,000

- Peter's Pence Offering:

Year	Amount
2003	$72,285
2002	$82,033
2001	$76,254
2000	$69,292
1999	$68,802
1998	$70,904

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