

St. Mark's High School

Financial Statements

For the Years Ended June 30, 2000 and 1999

St. Mark's High School
Table of Contents
For the Years Ended June 30, 2000 and 1999

	Page(s)
Report of Independent Accountants	1
Financial-Statements:	
Balance Sheets	2
Statement of Activities and Changes in Net Assets	3
Statement of Activities and Changes in Net Assets	4
Statements of Functional Expenses	5 - 6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 15

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	\$ 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.

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	<u>1,105,099</u>	<u>200,000</u>	<u>1,305,099</u>
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	<u>8,556,768</u>	<u>-</u>	<u>8,556,768</u>
Total revenue and support	<u>9,661,867</u>	<u>200,000</u>	<u>9,861,867</u>
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	<u>9,829,499</u>	<u>-</u>	<u>9,829,499</u>
Total revenue and support less total expenses	<u>(167,632)</u>	<u>200,000</u>	<u>32,368</u>
Net assets released from restrictions	<u>168,409</u>	<u>(168,409)</u>	<u>-</u>
Changes in net assets	777	31,591	32,368
Net assets at beginning of year	<u>9,412,275</u>	<u>-</u>	<u>9,412,275</u>
Net assets at end of year	<u>\$9,413,052</u>	<u>\$ 31,591</u>	<u>\$9,444,643</u>

The accompanying notes are an integral part of the financial statements.

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	<u>1,141,020</u>	<u>-</u>	<u>1,141,020</u>
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	<u>7,873,675</u>	<u>-</u>	<u>7,873,675</u>
Total revenue and support	<u>9,014,695</u>	<u>-</u>	<u>9,014,695</u>
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	<u>9,008,461</u>	<u>-</u>	<u>9,008,461</u>
Total revenue and support less total expenses	<u>6,234</u>	<u>-</u>	<u>6,234</u>
Changes in net assets	6,234		6,234
Net assets at beginning of year	<u>9,406,040</u>	<u>-</u>	<u>9,406,040</u>
Net assets at end of year	<u>\$9,412,274</u>	<u>-</u>	<u>\$9,412,274</u>

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 equipment purchase	-	1,003	-	805	24,475	-	-	-	-	26,283
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.

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	\$1,211,847	\$1,801,633	\$3,181,930	\$3,864,354	\$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	-	9,389	10	-	-	-	19,652
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
Insurance	-	7,526	-	4,713	50,389	-	-	-	-	62,628
Library books and periodicals	29,989	-	-	-	-	-	-	-	-	29,989
Magazine 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.

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
	<u>580,255</u>	<u>1,058,776</u>
Net cash provided by operating activities		
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)	-
	<u>(941,097)</u>	<u>(401,507)</u>
Net cash used in investing activities		
Cash flows from financing activities:		
Payment on note payable	(45,000)	(45,000)
	<u>(45,000)</u>	<u>(45,000)</u>
Net cash used in financing activities		
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	<u>\$ 1,148,985</u>	<u>\$ 1,554,827</u>
Supplemental disclosures of cash flow information:		
Capital expenses included in accounts payable	<u>\$ 116,337</u>	<u>\$ 224,459</u>

The accompanying notes are an integral part of the financial statements.

St. Mark's High School

Notes to Financial Statements

June 30, 2000 and 1999

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.

St. Mark's High School
Notes to Financial Statements
June 30, 2000 and 1999

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.

St. Mark's High School
Notes to Financial Statements
June 30, 2000 and 1999

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.

St. Mark's High School
Notes to Financial Statements
June 30, 2000 and 1999

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	<u>(472,000)</u>	<u>(466,313)</u>
	<u>\$ 42,665</u>	<u>\$ 51,026</u>

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	<u>-</u>	<u>(5,383)</u>
	<u>\$ 20</u>	<u>\$ 62,318</u>
Amount due in:		
Less than one year	\$ 20	\$ 42,701
One to three years	<u>-</u>	<u>25,000</u>
Total	<u>\$ 20</u>	<u>\$ 67,701</u>

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	<u>74,488</u>
Total pooled investments	<u>\$ 483,005</u>

The fair value of these investments was determined based on quoted market prices at June 30, 2000 and 1999.

St. Mark's High School
Notes to Financial Statements
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	<u>24,849</u>
Pooled investment income	<u>\$32,916</u>

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	<u>9,641,105</u>	<u>9,641,105</u>
	<u>\$10,424,605</u>	<u>\$10,424,605</u>

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	<u>54,926</u>	<u>22,636</u>
	<u>\$1,180,458</u>	<u>\$1,200,498</u>

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.

St. Mark's High School
Notes to Financial Statements
June 30, 2000 and 1999

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	<u>16,524</u>	<u>-</u>
	<u>\$ 77,076</u>	<u>\$ 60,138</u>

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	<u>(200,321)</u>	<u>(192,027)</u>
Refundable advances, end of year	<u>\$ 231,306</u>	<u>\$ 220,066</u>

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.

St. Mark's High School
Notes to Financial Statements
June 30, 2000 and 1999

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
	<u>\$ 726,440</u>	<u>\$ 785,263</u>

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.

St. Mark's High School
Notes to Financial Statements
June 30, 2000 and 1999

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	<u>17,620</u>	<u>35,100</u>
	<u>\$ 205,854</u>	<u>\$ 229,100</u>
Contributions to Diocese of Wilmington Schools, Inc. held funds:		
Bus Program (included in auxiliary expense)	<u>\$ 265,000</u>	<u>\$ 265,000</u>

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

TABLE OF CONTENTS

	<u>Pages</u>
Report of Independent Accountants	1-2
Financial Statements:	
Balance Sheets as of June 30, 1998 and 1997	3
Statement of Activities for the year ended June 30, 1998	4
Statement of Activities for the year ended June 30, 1997	5
Statement of Functional Expenses for the year ended June 30, 1998	6
Statement of Functional Expenses for the year ended June 30, 1997	7
Statements of Cash Flows for the years ended June 30, 1998 and 1997	8
Notes to Financial Statements	9-17

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

ST. MARK'S HIGH SCHOOL

Balance Sheets as of June 30, 1998 and 1997

	1998			1997 Total
	Unrestricted	Temporarily Restricted	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	<u>\$ 11,363,472</u>	<u>\$ 243,398</u>	<u>\$ 11,606,870</u>	<u>\$ 11,289,455</u>
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	<u>1,957,432</u>	<u>243,398</u>	<u>2,200,830</u>	<u>1,784,929</u>
Net assets:				
Unrestricted	<u>9,406,040</u>	<u>-</u>	<u>9,406,040</u>	<u>9,504,526</u>
Total net assets	<u>9,406,040</u>	<u>-</u>	<u>9,406,040</u>	<u>9,504,526</u>
Total liabilities and net assets	<u>\$ 11,363,472</u>	<u>\$ 243,398</u>	<u>\$ 11,606,870</u>	<u>\$ 11,289,455</u>

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, 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.

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	Capita' Expenses	Contributions to Diocesan-held Funds	Total
Payroll and related expenses	\$ 4,331,526	\$ 112,748	\$ 184,227	\$ 286,726	\$ 777,743	\$ 75,455	-	-	\$ 5,748,425
Other expenses:							\$ 126,604	-	126,604
Capital expenses - Academic	-	-	-	-	-	-	10,077	-	10,077
Capital expenses - Convent	-	-	-	-	-	-	7,404	-	7,404
Capital expenses - Administrative	-	-	-	-	-	-	228,680	-	228,680
Capital expenses - Maintenance	-	-	-	-	-	-	57,608	-	57,608
Capital expenses - track -budget	-	-	-	-	-	-	175,005	-	175,005
Capital expenses- track-restricted	-	-	-	-	-	-	-	\$ 180,000	180,000
Capital replacement fund	-	-	-	-	-	-	-	124,168	124,168
Operating reserve fund	-	-	-	-	-	-	-	32,475	32,475
SMHS Education Trust	-	-	-	-	-	-	-	-	267,301
Occupancy	-	8,490	-	258,811	-	-	-	-	117,658
Repairs and maintenance	-	4,779	3,770	108,719	390	-	-	-	194,567
Professional services	-	14,354	9,500	128,718	22,809	19,186	-	-	137,213
Student activity events	-	-	134,228	-	2,985	-	-	-	69,960
Magazine drive subscriptions	-	69,960	-	-	-	-	-	-	68,386
Public relations	-	-	-	-	68,386	-	-	-	63,227
Insurance	-	8,234	-	5,081	49,912	-	-	-	57,587
Printing	735	-	-	-	54,294	2,558	-	-	50,702
Other	1,275	1,387	-	1,323	41,562	5,155	-	-	38,106
Conferences and continuing education	13,860	-	542	-	23,347	357	-	-	36,198
Athletic equipment	-	-	36,198	-	-	-	-	-	36,117
Travel and meetings	-	2,724	20,409	4,373	5,812	2,799	-	-	35,131
Graduation	-	-	35,131	-	-	-	-	-	34,320
Postage and shipping	-	-	-	-	30,455	3,965	-	-	32,980
Library books and periodicals	32,980	-	-	-	-	-	-	-	30,834
A. V. supplies and materials	23,528	-	3,915	-	3,391	-	-	-	28,556
Educational program supplies	28,255	301	-	-	-	-	-	-	27,073
Telephone	-	1,677	-	-	25,274	122	-	-	25,712
Equipment purchase and maintenance	25,712	-	-	-	-	-	-	-	22,653
Office supplies and operating expenses	9,015	-	3,207	4	9,654	783	-	-	19,595
Part-time substitute teachers	-	-	-	-	19,595	-	-	-	19,515
Athletic officials fees	-	-	19,515	-	-	-	-	-	17,363
Fundraising events	-	-	-	-	-	17,363	-	-	17,000
Audit and accounting services	-	-	-	-	17,000	-	-	-	16,465
Vending machine expenses	-	16,465	-	-	-	-	-	-	16,832
Clergy and religious	-	-	2,198	-	14,184	-	-	-	13,880
Dues and subscriptions	8,968	-	531	285	3,785	311	-	-	13,519
Athletic contests	-	-	13,519	-	-	-	-	-	13,384
Books and printed material	10,154	-	-	-	3,197	33	-	-	11,878
Student programs/testing	-	1,175	-	-	10,703	-	-	-	9,386
Theater production expense	-	-	9,386	-	-	-	-	-	9,240
Driver's education expenses	-	-	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.

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:							\$ 468,167	-	468,167
Capital expenses - roof	-	-	-	-	-	-	364,952	-	364,952
Capital expenses - outfit building	-	-	-	-	-	-	13,712	-	13,712
Capital expenses - track	-	-	-	-	-	-	200,159	-	200,159
Capital expenses - budget	-	-	-	-	-	-	-	-	-
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	3,832	65,707	-	170	2,970	-	-	-	72,479
Other	3,925	17,139	7,191	1,525	38,141	47,236	1,210	-	118,367
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.

ST. MARK'S HIGH SCHOOL

Statements of Cash Flows for the years ended June 30, 1998 and 1997

	<u>1998</u>	<u>1997</u>
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.

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.

Notes to Financial Statements, Continued

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.

Notes to Financial Statements, Continued

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.

Notes to Financial Statements, Continued

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:

	<u>1998</u>	<u>1997</u>
Tuition receivable	\$ 646,314	\$ 623,002
Less: Allowance for uncollectibles	<u>(525,000)</u>	<u>(471,000)</u>
	<u>\$ 121,314</u>	<u>\$ 152,002</u>

Notes to Financial Statements, Continued

4. Pledges Receivable:

At June 30, 1998 and 1997, pledges receivable consisted of the following unconditional promises to give:

	<u>1998</u>	<u>1997</u>
Capital campaign	\$ 105,863	\$ 50,705
Less: Allowance for uncollectibles	<u>(11,661)</u>	<u>(12,261)</u>
	<u>\$ 94,202</u>	<u>\$ 38,444</u>
 Amount due in:		
Less than one year	53,338	28,444
One to three years	<u>52,525</u>	<u>22,261</u>
 Total	<u>\$ 105,863</u>	<u>\$ 50,705</u>

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:

	<u>1998</u>	<u>1997</u>
Land and improvements	\$ 783,500	\$ 783,500
Building and improvements	<u>9,641,105</u>	<u>9,627,604</u>
	<u>\$ 10,424,605</u>	<u>\$ 10,411,104</u>

6. Deferred Income:

At June 30, 1998 and 1997 deferred income consisted of the following:

	<u>1998</u>	<u>1997</u>
Tuition and fees	\$ 653,926	\$ 347,251
Summer/other Remedial Program	12,550	2,325
Bus contracts	<u>43,359</u>	<u> </u>
	<u>\$ 709,835</u>	<u>\$ 349,576</u>

Notes to Financial Statements, Continued

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:

	<u>1998</u>	<u>1997</u>
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
	<u>\$ 50,038</u>	<u>\$ 45,802</u>

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:

	<u>1998</u>	<u>1997</u>
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)	
	<u>\$ 214,931</u>	<u>\$ 204,250</u>

Notes to Financial Statements, Continued

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	<u>16,505</u>
Total	<u>\$ 73,655</u>

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.

Notes to Financial Statements, Continued

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:

	<u>1998</u>	<u>1997</u>
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	<u>56,239</u>	<u>43,260</u>
	<u>\$ 306,375</u>	<u>\$ 312,496</u>

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.

Notes to Financial Statements, Continued

13. Net Assets Released from Restrictions:

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors.

	<u>1998</u>	<u>1997</u>
Silver Anniversary Capital Campaign acquisition and improvements	<u>\$ 175,005</u>	<u>\$ 147,626</u>

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

2002-05-03

12:52

302-738-5132

SMHS/Main Office

P 10/22

line no.	2001-02 Actuals		This year - '02		2002-03 Budget request				
	'00	'01	12 mo. budget	year end projection	'03 budget	\$ change vs. projection	% change	%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)	-19.48%	-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!

Saint M. High School
'03 Revenue Budget
February 8, 2002

line no.	1999-00		2000-01		This year - '02		2002-03 Budget request		
	Audtl	Audtl	12 mos. Budget	year end projection	'03 Budget	\$ change vs. projection	% change	% change vs. budget	
Revenue & support									
Public support									
Diocesan (DOW) contributions									
27	Schlrships- Graham trust @ 5%	16,000	18,600	19,000	19,000	15,800	(3,200)	-18.84%	-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	85,000	67,000	(2,000)	3.08%	11.87%
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	1,600	7,951	0	0	0	0	#DIV/0!	#DIV/0!
41	Contribns-Dev. U/R Annual Fund	191,573	223,074	250,000	250,000	290,000	40,000	16.00%	16.00%
42	Contribns-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%	64.28%
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%

2002-05-03

12:53

302-738-5132

SMHS/Main Office

P 11/22

Saint Mari ^g School
'03 Revenue Budget
February 8, 2002

line no.	1999-00		This year - '02		'03 Budget	2002-03 Budget request		
	Audit	2000-01 Audit	12 mos. Budget	year end projection		\$ change vs. projection	% change	% change vs. budget
Other revenue								
53	Tuition & fees							
54	Average number of students							
55	Tuition-gross							
56	Add: Monthly srvc fee @ \$99							
57	Subtotal - gross tuition							
Less: discounts:								
58	Uncollectable est. @ 0.5%							
59	Prepayments (457 @ 219)							
60	Second child - SR only							
61	CLOSED - was third child							
62	CLOSED-was EE discount-se							
63	Academic Scholarships							
64	Financial aid (5.3%/gross)							
65	Total discounts							
66	Subtotal - tuition (net)							
Fees:								
67	Application (75 after placmnt)							
68	Summer school/ remedial							
69	Graduation (387 @ \$132-net 5)							
70	Registration 447 @ 150							
71	Late course/schedule change fe							
72	NSF ACH/check fees @ 25							
73	I/C FR sld, test (390 @ 100)							
74	CLOSED - was Guld. PSAT							
75	DOW placmnt test (420 @ 7)							
76	Advanced Placement program							
77	Driver education (52 @ 190)							
78	Subtotal - fees							
79	Subtotal - tuition & fees							

2002-05-03

12:53

302-738-5132

SMHS/Main Office

P 12/22

Saint M. High School
'03 Revenue Budget
February 8, 2002

line no.	1999-00		2000-01		This year - '02		2002-03 Budget request		
	Audit	Audit	12 mos. Budget	year end projection	'03 Budget	\$ change vs. projection	% change	% 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	59,368	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)	-26.83%	-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	276,000	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)	6,228	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%	3.66%
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-recurring)	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		

2002-05-03

12:54

302-738-5132

SMHS/Main Office

P 13/22

Saint Mary's High School
03 Expense Budget
February 8, 2002

line no.	1999-00		2000-01		This year - '02		2002-03 Budget request		
	Audit	Audit	annual Budget	year end projection	03 draft budget	\$ change vs. projection	% change	% 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	<u>4,117,001</u>	<u>4,336,914</u>	<u>4,647,000</u>	<u>4,695,000</u>	<u>4,860,000</u>	<u>165,000</u>	<u>3.51%</u>	<u>4.58%</u>
Salaries - other:									
116	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	283,936	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%
118	Auxiliary - Convent	5,698	6,032	7,000	0	0	0	#DIV/0!	-100.00%
120	Subtotal - other	<u>1,251,197</u>	<u>1,278,537</u>	<u>1,378,000</u>	<u>1,350,000</u>	<u>1,400,000</u>	<u>50,000</u>	<u>3.70%</u>	<u>1.60%</u>
121	Total sals, wages, & stipends	<u>5,368,198</u>	<u>5,615,451</u>	<u>6,025,000</u>	<u>6,045,000</u>	<u>6,260,000</u>	<u>215,000</u>	<u>3.56%</u>	<u>3.90%</u>
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%
126	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	<u>1,400,083</u>	<u>1,519,101</u>	<u>1,620,000</u>	<u>1,685,000</u>	<u>1,740,000</u>	<u>55,000</u>	<u>3.26%</u>	<u>7.41%</u>
133	Total S,W,S,& B	<u>\$6,768,281</u>	<u>\$7,134,552</u>	<u>\$7,645,000</u>	<u>\$7,730,000</u>	<u>\$8,000,000</u>	<u>\$270,000</u>	<u>3.49%</u>	<u>4.64%</u>

2002-05-03

12:54

302-738-5132

SMHS/Main Office

P 14/22

Saint Mary High School
03 Expense Budget
February 8, 2002

line no.	1999-00		This year - '02		2002-03 Budget request				
	Audit	2000-01 Audit	annual Budget	year end projection	03 draft budget	\$ change vs. projection	% change	% 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	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%
163	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%
165	General & Administration	353,736	377,963	374,000	389,000	394,000	5,000	1.29%	5.35%
166	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%

2002-05-03

12:55

302-738-5132

SMHS/Main Office

P 15/22

DOW 03377

Saint N. High School
03 Expense Budget
February 8, 2002

line no.	1999-00		This year - '02		2002-03 Budget request				
	Audit	2000-01 Audit	annual Budget	year end projection	03 draft budget	\$ change vs. projection	% change	% 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%
151	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	0	0.00%	#DIV/0!
	Administration	0	3,000	0	0	0	0	0.00%	#DIV/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			

2002-05-03

12:55

302-738-5132

SMHS/Main Office

P 16/22

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
Table of Contents
June 30, 2002 and 2001

	Page(s)
Report of Independent Accountants	1
Combined Financial Statements:	
Combined Balance Sheets	2
Combined Statements of Activities	3
Schedule of Functional Expenses	4 - 7
Combined Statements of Cash Flows	8
Notes to Combined Financial Statements	9 - 15
Supplementary Information:	
Combining Balance Sheets	16 - 17
Combining Statements of Activities	18 - 19

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 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	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.

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	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	<u>8,553,368</u>	<u>169,500</u>	<u>(1,596,805)</u>	<u>7,126,063</u>	<u>7,466,710</u>
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	<u>7,717,569</u>	<u>308,903</u>	<u>-</u>	<u>8,026,472</u>	<u>7,531,522</u>
Supporting services:					
Management and general	860,461	15,606	-	876,067	823,856
Total expenses	<u>8,578,030</u>	<u>324,509</u>	<u>-</u>	<u>8,902,539</u>	<u>8,355,378</u>
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	<u>(87,051)</u>	<u>(92,620)</u>	<u>(1,596,805)</u>	<u>(1,776,476)</u>	<u>(888,668)</u>
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	<u>442</u>	<u>-</u>	<u>(27,881)</u>	<u>(27,439)</u>	<u>(2,790)</u>
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	<u>\$ 1,250,893</u>	<u>\$ 3,256,805</u>	<u>\$ 12,771,023</u>	<u>\$ 17,278,721</u>	<u>\$ 19,082,636</u>

The accompanying notes are an integral part of the combined financial statements.

Catholic Charities, Inc. and Related Entities
Combined 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	243,245	274,132	233,745	100,932	1,304,285	210,649	59,806	232,384	125,576	293,105	313,826
Pension 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.

Catholic Charities, Inc. and Related Entities
Combined Statement of Functional Expenses (continued)
For the Year Ended June 30, 2002

	Program Services						Supporting Services		Total Expenses
	Catholic Thrift Center	Casa San Francisco	Energy Assistance	Children's Home, Inc	Seton Villa, Inc.	Sienna Hall, Inc.	Total Program Services	Management and General	
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
Other expenses	3,885	218	16,579	4,921	1,680	374	42,577	14,791	57,368
Fundraising expense	-	10,935	-	7,860	8,398	7,860	35,053	35,530	70,583
Residential 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.

Catholic 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
Fundraising expense	-	398	-	7,500	7,500	7,500	22,898	22,478	45,376
Dental care	-	-	-	54,356	53,200	38,741	146,297	-	146,297
Reimbursement 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.

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	<u>4,334</u>	<u>197,515</u>
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	<u>(315,816)</u>	<u>(404,876)</u>
Net cash provided by investing activities	<u>(29,142)</u>	<u>163,248</u>
Net (decrease) increase in cash and cash equivalents	(24,808)	360,763
Cash and cash equivalents at beginning of year	<u>721,042</u>	<u>360,279</u>
Cash and cash equivalents at end of year	<u>\$ 696,234</u>	<u>\$ 721,042</u>

The accompanying notes are an integral part of the combined financial statements.

Catholic Charities, Inc. and Related Entities
Notes to Combined Financial Statements
June 30, 2002 and 2001

I. 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

Catholic Charities, Inc. and Related Entities
Notes to Combined Financial Statements
June 30, 2002 and 2001

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.

Catholic Charities, Inc. and Related Entities
Notes to Combined Financial Statements
June 30, 2002 and 2001

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	<u>1,985,713</u>	<u>2,039,493</u>
Total pooled investments	<u>\$12,771,023</u>	<u>\$14,395,709</u>

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)	<u>(1,421,939)</u>	<u>(790,916)</u>
Pooled investment income (loss)	<u>\$ (1,106,123)</u>	<u>\$ (386,040)</u>

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.

Catholic Charities, Inc. and Related Entities
Notes to Combined Financial Statements
June 30, 2002 and 2001

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	<u>532,248</u>	<u>558,948</u>
	7,155,956	7,023,942
Accumulated depreciation	<u>(3,899,151)</u>	<u>(3,674,517)</u>
	<u>\$ 3,256,805</u>	<u>\$ 3,349,425</u>

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	<u>(22,769)</u>	<u>(55,720)</u>
Net periodic pension cost (benefit)	<u>\$ 35,040</u>	<u>\$ (33,027)</u>

Catholic Charities, Inc. and Related Entities
Notes to Combined Financial Statements
June 30, 2002 and 2001

	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)	<u>75,765</u>	<u>(99,749)</u>
Benefit obligation at end of year	<u>\$3,013,926</u>	<u>\$2,616,085</u>
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	<u>(36,554)</u>	<u>(104,743)</u>
Fair value of plan assets at end of year	<u>\$4,053,171</u>	<u>\$4,059,099</u>
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	<u>64,625</u>	<u>81,440</u>
Prepaid pension cost	<u>\$ 614,679</u>	<u>\$ 649,719</u>
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.	<u>73,271</u>	<u>77,448</u>
Prepaid pension cost	<u>\$ 614,679</u>	<u>\$ 649,719</u>

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.

Catholic Charities, Inc. and Related Entities
Notes to Combined Financial Statements
June 30, 2002 and 2001

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	<u>40,076</u>	<u>51,763</u>
	<u>\$5,958,542</u>	<u>\$4,959,660</u>

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	<u>-</u>
	<u>\$ 653,319</u>

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.

Catholic Charities, Inc. and Related Entities
Notes to Combined Financial Statements
June 30, 2002 and 2001

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	<u>\$5,677,069</u>	<u>\$4,861,007</u>	<u>\$4,135,965</u>	<u>\$3,557,128</u>	<u>\$18,231,169</u>
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	<u>770,638</u>	<u>56,358</u>	<u>58,059</u>	<u>67,393</u>	<u>952,448</u>
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	<u>4,906,431</u>	<u>4,804,649</u>	<u>4,077,906</u>	<u>3,489,735</u>	<u>17,278,721</u>
Total liabilities and net assets	<u>\$5,677,069</u>	<u>\$4,861,007</u>	<u>\$4,135,965</u>	<u>\$3,557,128</u>	<u>\$18,231,169</u>

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

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

**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
Table of Contents
June 30, 2000 and 1999

	Page(s)
Report of Independent Accountants	1
Combined Financial Statements:	
Combined Balance Sheets	2
Combined Statements of Activities	3
Schedule of Functional Expenses	4 - 7
Combined Statements of Cash Flows	8
Notes to Combined Financial Statements	9 - 15
Supplementary Information:	
Combining Balance Sheets	16 - 17
Combining Statements of Activities	18 - 19

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	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	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	245,921	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.

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	23,478	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.

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.	Sienna 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	\$ 4,118,647
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	14,137	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	8,688	100,577	9,448	119,025
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	122,950
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	56,950	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.

Catholic Charities, Inc. and Related Entities
 Combined Statement of Functional Expenses
 for 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	Sevon 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	2,914	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	509
Occupancy	17,615	13,246	4,284	-	109,678	21,625	6,916	12,259	4,591	4,004	15,377
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	-	110	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)	(5,337)	(5,944)	-
Total expenses before depreciation	218,757	282,088	207,014	22,730	1,123,568	151,587	74,088	182,022	113,333	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.

Catholic Charities, Inc. and Related Entities
 Combined Statement of Functional Expenses
 for the Year Ended June 30, 1999 (continued)

	Program Services								Supporting Services		Total Expenses
	Catholic Thrift Center	Delaware Day Treatment	Day Rehabilitation	Casa San Francisco	Energy Assistance	Children's Home, Inc.	Seton Villa, Inc.	Sienn Hall, Inc.	Total Program Services	Management and General	
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	317,565
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	15,164	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	121,165	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.

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	<u>(255,033)</u>	<u>194,251</u>
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	<u>(261,525)</u>	<u>(451,380)</u>
Net cash provided by (used in) investing activities	<u>249,128</u>	<u>(343)</u>
Net (decrease) increase in cash and cash equivalents	(5,905)	193,908
Cash and cash equivalents at beginning of year	<u>366,184</u>	<u>172,276</u>
Cash and cash equivalents at end of year	<u>\$ 360,279</u>	<u>\$ 366,184</u>

The accompanying notes are an integral part of the combined financial statements.

Catholic Charities, Inc. and Related Entities

Notes to Combined Financial Statements

June 30, 2000 and 1999

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.

Catholic Charities, Inc. and Related Entities
Notes to Combined Financial Statements
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.

Catholic Charities, Inc. and Related Entities
Notes to Combined Financial Statements
June 30, 2000 and 1999

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	<u>\$15,641,821</u>	<u>\$14,405,789</u>

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	<u>\$1,864,286</u>	<u>\$1,000,910</u>

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.

Catholic Charities, Inc. and Related Entities
Notes to Combined Financial Statements
June 30, 2000 and 1999

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
	<u>6,817,270</u>	<u>6,748,329</u>
Accumulated depreciation	<u>(3,370,458)</u>	<u>(3,035,588)</u>
	<u>\$ 3,446,812</u>	<u>\$ 3,712,741</u>

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	<u>(40,041)</u>	<u>(122,855)</u>
Net periodic pension benefit	<u>\$ (19,896)</u>	<u>\$ (217,035)</u>

Catholic Charities, Inc. and Related Entities
Notes to Combined Financial Statements
June 30, 2000 and 1999

	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	<u>(239,658)</u>	<u>(304,476)</u>
Benefit obligation at end of year	<u>\$2,459,746</u>	<u>\$2,590,796</u>

	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	<u>-</u>	<u>(19,474)</u>
Fair value of plan assets at end of year	<u>\$4,626,299</u>	<u>\$4,538,124</u>

	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	<u>98,255</u>	<u>115,070</u>
Prepaid pension cost	<u>\$ 616,692</u>	<u>\$ 579,121</u>

	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.	<u>73,509</u>	<u>69,031</u>
Prepaid pension cost	<u>\$616,692</u>	<u>\$579,121</u>

Catholic Charities, Inc. and Related Entities
Notes to Combined Financial Statements
June 30, 2000 and 1999

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
	<u>\$4,035,950</u>	<u>\$3,108,299</u>

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
	<u>\$978,095</u>

Catholic Charities, Inc. and Related Entities
Notes to Combined Financial Statements
June 30, 2000 and 1999

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

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

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.

TABLE OF CONTENTS

	<u>Pages</u>
Report of Independent Accountants on the Basic Financial Statements and Schedule of Expenditures of Federal Awards	1
Balance Sheets as of June 30, 1998 and 1997	2
Statement of Activities for the years ended June 30, 1998 and 1997 :	3
Statement of Functional Expenses for the year ended June 30, 1998	4
Statement of Functional Expenses for the year ended June 30, 1997	5
Statement of Cash Flows for the years ended June 30, 1998 and 1997	6
Notes to Financial Statements	7-14
Schedule of Expenditures of Federal Awards	15
Notes to Schedule of Expenditures of Federal Awards	16
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	17-18
Report on Compliance with Requirements Applicable to each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	19-20
Schedule of Findings and Questioned Costs	21-22

**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	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.

CATHOLIC CHARITIES, INC.

**Statements of Activities
for the years ended June 30, 1998 and 1997**

	<u>Current</u>	<u>Land, Building, and Equipment</u>	<u>Invested Reserves</u>	<u>Total All Funds</u>	
	<u>Operations</u>			<u>1998</u>	<u>1997</u>
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
	<u>5,379,858</u>	<u>57,429</u>	<u>288,758</u>	<u>5,726,045</u>	<u>5,521,483</u>
Total revenue and other support					
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	59,905
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
	<u>4,853,322</u>	<u>167,086</u>	<u>-</u>	<u>5,020,408</u>	<u>4,618,876</u>
Total program expenses					
Supporting services:					
Management and general	479,568	19,231	5,000	503,799	502,623
	<u>5,332,890</u>	<u>186,317</u>	<u>5,000</u>	<u>5,524,207</u>	<u>5,121,499</u>
Total expenses					
Excess of revenue over expenses	46,968	(128,888)	283,758	201,838	399,984
Transfers	(161,960)	161,960	-	-	-
	<u>(114,992)</u>	<u>33,072</u>	<u>283,758</u>	<u>201,838</u>	<u>399,984</u>
Increase in unrestricted net assets					
Temporarily restricted:					
Temporarily restricted contributions	-	63,638	-	63,638	42,487
Net assets released from restrictions	-	-	(9,037)	(9,037)	(3,345)
	<u>-</u>	<u>63,638</u>	<u>(9,037)</u>	<u>54,601</u>	<u>39,142</u>
Increase (decrease) in temporarily restricted net assets					
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	<u>\$ 223,501</u>	<u>\$ 2,269,650</u>	<u>\$ 2,374,290</u>	<u>\$ 4,867,441</u>	<u>\$ 4,611,002</u>

The accompanying notes are an integral part of the financial statements.

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 Attention	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	\$ 188,043	\$ 87,231	\$ 764,068	\$ 38,253	\$ 115,735	\$ 75,501	\$ 84,960	\$ 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	8,661	14,020	9,738	175,057	25,999	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	12,164	7,193	101	21,173	4	1,425	-	2,233	-	56	56,686	40	960	49,671	161,726	33,564	185,280
Supplies	2,901	9,904	1,853	28,069	1,543	7,255	1,425	9,907	7,118	3,690	13,471	5,593	12,912	7,136	112,765	8,181	120,946
Telephone	1,759	3,495	1,280	24,090	1,156	2,207	681	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	637	256	1,338	982	3,661	6,353	31,194	3,761	34,955
Occupancy	11,384	8,884	3,553	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	489	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	1,264	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	-	392,422	5,192	387,614
Due and membership	75	213	10	80	-	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	-	3,086	3,049	36,979	11,100	48,079
Fundraising expense	-	6,040	-	15,532	-	-	5,593	-	-	-	-	-	4,254	-	31,419	8,582	41,001
Reimbursement from related organizations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(99,536)	(99,536)
Total expenses before depreciation	196,998	294,162	217,560	1,215,622	63,486	183,076	113,363	174,693	214,249	762,958	518,847	151,004	499,636	257,688	4,853,322	484,568	5,337,890
Depreciation	6,788	10,182	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	\$ 773,834	\$ 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.

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	\$ 61,812	\$ 85,546	\$ 85,656	\$ 208,880	\$ 304,654	\$ 74,661	\$ 177,401	\$ 145,753	\$ 2,343,532	\$ 321,397	\$ 2,664,929
Employee benefits	20,986	24,049	15,868	98,547	5,036	17,437	9,137	8,393	19,536	38,004	49,182	15,121	46,337	24,725	393,158	47,750	440,908
Payroll taxes	7,089	9,870	4,501	40,506	2,303	6,639	3,798	4,037	443	12,201	17,981	4,472	10,628	11,427	135,895	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	-	-	-	-	-	-	-	-	-	387,685	-	-	-	-	387,685	-	387,685
Professional fees	12,822	8,253	393	18,801	-	80	-	700	515	-	48,379	880	1,480	14,354	104,467	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	1,208	20,182	1,511	1,748	626	399	2,796	3,125	9,945	860	2,780	10,081	80,038	8,273	66,311
Postage and shipping	972	1,510	717	5,850	241	3,158	1,102	2,606	888	428	1,150	528	3,521	5,739	28,006	4,088	32,094
Occupancy	10,426	7,981	4,170	91,677	8,058	14,458	3,949	4,548	11,497	82,085	58,346	10,317	14,315	19,790	319,615	23,270	342,885
Rental and maintenance of buildings and equipment	752	1,247	495	6,597	120	-	323	2,639	1,112	581	5,804	223	429	772	21,274	7,417	28,691
Printing and publication	145	117	-	1,950	102	3,635	2,448	4,325	128	74	1,420	220	3,615	775	18,994	6,864	27,858
Travel and transportation	2,301	153	323	11,353	2,018	6,028	1,445	1,659	9,878	11,433	13,135	1,445	16,859	1,968	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	878	-	108,773	22,684	32	-	-	-	82,803	-	-	-	165,825	-	358,993	-	358,993
Dues and membership	50	-	-	100	-	35	280	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	2,676	904	2,078	4,884	1,317	29,453	10,654	40,107
Fundraising expense	1,352	4,488	-	23,716	795	-	2,055	-	-	-	1,093	-	4,421	-	37,922	-	37,922
Reimbursement from related organizations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(83,303)	(93,303)
Total expenses before depreciation	186,176	228,865	208,978	1,101,160	58,078	178,334	97,067	140,168	206,919	713,029	537,839	113,269	485,383	241,574	4,478,919	489,833	4,968,752
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.

CATHOLIC CHARITIES, INC.

Statements of Cash Flows for the years ended June 30, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Cash flows from operating activities:		
Charges 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	<u>35,506</u>	<u>363,186</u>
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	<u>(145,911)</u>	<u>(160,533)</u>
Net (decrease) increase in cash and cash equivalents	(110,405)	202,653
Cash and cash equivalents at beginning of year	<u>248,679</u>	<u>46,026</u>
Cash and cash equivalents at end of year	<u>\$ 138,274</u>	<u>\$ 248,679</u>

The accompanying notes are an integral part of the financial statements.

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.

Notes to Financial Statements, Continued

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.

Notes to Financial Statements, Continued

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.

Notes to Financial Statements, Continued

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:

	<u>1998</u>	<u>1997</u>
Cash and cash equivalents	\$ 21,290	\$ 14,783
Fixed income	689,146	643,224
Domestic equity	1,538,702	1,302,034
International equity	<u>158,455</u>	<u>139,528</u>
Total	<u>\$ 2,407,593</u>	<u>\$ 2,099,569</u>

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:

	<u>1998</u>	<u>1997</u>
Interest and dividends	\$ 62,006	\$ 61,445
Net appreciation	<u>317,356</u>	<u>316,998</u>
Pooled investment income	<u>\$ 379,362</u>	<u>\$ 378,443</u>

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.

Notes to Financial Statements, Continued

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:

	<u>1998</u>	<u>1997</u>
Land	\$ 281,016	\$ 281,016
Building and improvements	1,804,842	1,796,679
Furniture and equipment	515,863	394,619
Vehicles	<u>328,968</u>	<u>319,948</u>
	2,930,689	2,792,262
Accumulated depreciation	<u>(767,672)</u>	<u>(661,809)</u>
	<u>\$ 2,163,017</u>	<u>\$ 2,130,453</u>

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.

Notes to Financial Statements, Continued

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:

	<u>1998</u>	<u>1997</u>
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	<u>4,329,465</u>	<u>3,240,980</u>
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	<u>40,757</u>	<u>47,514</u>
Prepaid pension cost	<u>\$ 294,450</u>	<u>\$ 372,383</u>
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.	<u>7,169</u>	<u>10,011</u>
Prepaid pension cost	<u>\$ 294,450</u>	<u>\$ 372,383</u>
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	<u>827,762</u>	<u>57,560</u>
Net periodic pension cost	<u>\$ 93,216</u>	<u>\$ 72,376</u>
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.	<u>7,240</u>	<u>5,621</u>
Net periodic pension cost	<u>\$ 93,216</u>	<u>\$ 72,376</u>

Notes to Financial Statements, Continued

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:

	<u>1998</u>	<u>1997</u>
Child and Adult Care Food Program	\$ 984,550	\$ 1,330,599
Energy Assistance	2,014,024	2,072,112
Foster Care	<u>60,858</u>	<u>65,336</u>
	<u>\$ 3,059,432</u>	<u>\$ 3,468,047</u>

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:

<u>Fiscal year ended June 30,</u>	
1999	\$ 192,430
2000	94,749
2001	26,254
2002	20,000
2003	20,000
Thereafter	<u>109,368</u>
	<u>\$ 462,801</u>

Notes to Financial Statements, Continued

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.

Notes to Financial Statements, Continued

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.

CATHOLIC CHARITIES, INC.

**Schedule of Expenditures of Federal Awards
for the year ended June 30, 1998**

<u>Federal Grantor-Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
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	<u>1,148,256</u>
Total Major Programs		<u>3,416,504</u>
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	<u>266</u>
Total Nonmajor Programs		<u>266,453</u>
Total Federal Award Expenditures		<u>\$ 3,682,957</u>

See accompanying note to the schedule.

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.

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.

PricewaterhouseCoopers LLP

September 18, 1998

**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.

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

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:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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.

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	1,916	1,916	1,916	1,916
329000	SALES	417,167	233,389	386,396	408,700	33,852	33,832	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	11,598	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	178,350	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	200	200	200	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
TOTAL INCOME		11,003,463	6,478,378	10,638,477	10,122,851	831,141	867,834	696,357	568,306	474,752	992,992	1,083,686	932,167	917,127	988,308	874,756	875,426
PAYROLL 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	7,817	7,819	609	601
Total 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	R/R TAX EXPENSE	247,392	127,908	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	25,980	30,683	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
TOTAL PAYROLL EXPENSE		4,170,832	2,212,577	3,856,873	4,351,664	358,751	358,751	358,751	368,510	368,510	368,510	368,510	368,510	368,512	358,751	358,751	358,847

	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
Operating Expenses																
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	2,966	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	33,878	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	2,958	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	21,852	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	0	0	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	9,788	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	2,178,000	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
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
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
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	FY 02 Budgeted net expense	FY02 Projected net expense	FY 03 Projected net expense	\$ Amount	% Incr (Decr)vs Prior Yr	% Incr (decr)vs Prior Yr
					1		
			-265586			-265587	#####
Approved by:	date		990756			1256342	-473%

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

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	256	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
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	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

\$ Inc (Dec) % Inc (Dec)
 \$ Amount vs. Prior Yr vs. Prior Yr

Prepared by: _____ date _____

Approved by: _____ date _____

Comparison of Net Expense

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%

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

**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

	Page(s)
Report of Independent Accountants	1
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

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
	<u>1,164,672</u>	<u>1,050,515</u>
Total revenue and other support		
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
	<u>1,138,805</u>	<u>1,094,880</u>
Total expenses		
Changes in net assets	25,867	(44,365)
Net assets at beginning of year	(20,424)	23,941
Net assets at end of year	<u>\$ 5,443</u>	<u>\$ (20,424)</u>

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	<u>179</u>	<u>(13,102)</u>
Net increase (decrease) in cash	179	(13,102)
Cash at beginning of year	<u>38,756</u>	<u>51,858</u>
Cash at end of year	<u>\$ 38,935</u>	<u>\$ 38,756</u>

The accompanying notes are an integral part of the financial statements.

Catholic Press of Wilmington, Inc.
Notes to Financial Statements
June 30, 2002 and 2001

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.

Catholic Press of Wilmington, Inc.
Notes to Financial Statements
June 30, 2002 and 2001

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	<u>\$ 256,088</u>	<u>\$ 245,843</u>