

**Catholic Press
of Wilmington, Inc.**

**Financial Statements
and Supplemental Schedule
For the Years Ended
June 30, 2000 and 1999**

Catholic Press of Wilmington, Inc.
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June 30, 2000 and 1999

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Report of Independent Accountants

To the Board of Directors
Catholic Press of Wilmington, Inc.
Wilmington, Delaware

In our opinion, the accompanying balance sheets and the related statements of activities and changes in net assets and cash flows present fairly, in all material respects, the financial position of the Catholic Press of Wilmington, Inc. (the Press) at June 30, 2000 and 1999 and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Press' management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of operating expenses for the years ended June 30, 2000 and 1999 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information as of June 30, 2000 and 1999 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP

September 29, 2000

Catholic Press of Wilmington, Inc.
Balance Sheets
As of June 30, 2000 and 1999

Assets	2000	1999
Cash	\$ 51,858	\$ 41,438
Accounts receivable (net of allowance for doubtful accounts of \$12,518 and \$14,012)	61,288	52,923
Prepaid expenses	3,204	1,038
Computer equipment (net of accumulated depreciation of \$34,436 and \$27,431)	584	7,588
Total assets	<u>\$ 116,934</u>	<u>\$ 102,987</u>
Liabilities and Net Assets		
Accounts payable and accrued expenses	76,313	65,207
Commissions payable	2,427	2,768
Advance subscriptions and prepaid advertising	14,253	13,689
Total liabilities	92,993	81,664
Total unrestricted net assets	<u>23,941</u>	<u>21,323</u>
Total liabilities and net assets	<u>\$ 116,934</u>	<u>\$ 102,987</u>

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

Catholic Press of Wilmington, Inc.
Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2000 and 1999

	2000	1999
Revenue and other support:		
Advertising	\$ 608,875	\$ 557,854
Catholic Diocese of Wilmington	420,617	390,276
Directory sales	37,936	38,635
Interest	1,834	2,643
	<u>1,069,262</u>	<u>989,408</u>
Total revenue and other support		
Expenses:		
Publication expenses	481,613	442,546
Directory expense	10,281	10,281
Wages, commissions, and related costs	297,630	241,253
Administrative expenses	250,121	237,053
Management fees and professional expense	26,999	67,342
	<u>1,066,644</u>	<u>998,475</u>
Total expenses		
Changes in net assets	2,618	(9,067)
Net assets at beginning of year	<u>21,323</u>	<u>30,390</u>
Net assets at end of year	<u>\$ 23,941</u>	<u>\$ 21,323</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, 2000 and 1999

	2000	1999
Cash flows from operating activities:		
Changes in net assets	\$ 2,618	\$ (9,067)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	7,004	7,003
Bad debt expense	18,455	9,220
Changes in assets and liabilities:		
Accounts receivable	(26,820)	(18,986)
Prepaid expenses	(2,166)	4,459
Accounts payable and accrued expenses	11,106	27,015
Commissions payable	(341)	(5,761)
Deferred revenue	564	1,861
Net cash provided by operating activities	<u>10,420</u>	<u>15,744</u>
Net increase in cash	10,420	15,744
Cash at beginning of year	<u>41,438</u>	<u>25,694</u>
Cash at end of year	<u>\$51,858</u>	<u>\$41,438</u>

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

Catholic Press of Wilmington, Inc.
Notes to Financial Statements
June 30, 2000 and 1999

1. Summary of Significant Accounting Policies

Nature of Operations

Catholic Press of Wilmington, Inc. (the Press) is an affiliate corporation of the Catholic Diocese of Wilmington, Inc. (the Diocese). The Press publishes The Dialog, a Catholic information newspaper circulated to parishioners of churches in Delaware and the eastern shore of Maryland, and a Catholic Directory. A significant portion of its funding is derived from the Diocese.

Basis of Reporting

The Press reports using the accrual basis of accounting. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation

The financial statements have been prepared in accordance with Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations." Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. A description of the three net asset categories follows:

Unrestricted Net Assets include those assets that are available for the support of operations and whose use is not externally restricted, although their use may be limited by other factors such as by contract or board designation.

Temporarily Restricted Net Assets include gifts for which donor imposed restrictions have not been met and pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted.

Permanently Restricted Net Assets include gifts, trusts, and pledges which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions.

All net assets of the Press are unrestricted as of June 30, 2000 and 1999.

Management Agreement

The Press had an agreement with the Cathedral Foundation/Baltimore Review for the management of the Press. The management fee for the year ended June 30, 1999 was approximately \$38,000. This agreement terminated July 1, 1999.

Revenue Recognition

Advertising revenue is recognized when the papers and directories are distributed.

Catholic Press of Wilmington, Inc.
Notes to Financial Statements
June 30, 2000 and 1999

Computer Equipment

Computer equipment is recorded at cost. The Press records depreciation using the straight-line method. Computer equipment is depreciated over an estimated useful life of five years.

2. Pension Plan

The Diocese sponsors a noncontributory defined benefit pension plan covering all full-time lay employees of the Diocese, including the Press. The plan calls for benefits to be paid to eligible employees at retirement based on compensation, as defined in the Plan documents. Contributions to the plan for the Press' proportionate cost, which amounted to approximately \$13,800 and \$10,850 for the years ended June 30, 2000 and 1999, respectively, were provided entirely by the Diocese. No expenses related to this plan have been reflected in the financial statements of the Press since the amounts are not significant.

3. Related Party Transactions

Certain members of the Press' board are also board members of the Diocese, a related entity.

For the years ended June 30, 2000 and 1999, the Diocese provided funding in the amount of \$420,617 and \$390,276, respectively, to support the operations of the Press.

The Press reimburses the Diocese for wages, payroll taxes, health benefits, and expenses the Diocese disburses on behalf of the Press. For the years ended June 30, 2000 and 1999, these expenses totaled \$297,630 and \$241,253, respectively. Of these balances, unpaid amounts of approximately \$47,000 and \$49,000, respectively, are included in accounts payable and accrued expenses as of the years ended June 30, 2000 and 1999.

The Diocese provides an office area for the Press. Rent expense charged for the years ended June 30, 2000 and 1999 was \$20,988 and \$21,866, respectively, which is included in operating expenses on the statements of activities.

The Diocese pays, on behalf of the Press, the group term life insurance, long-term disability and pension benefits for all full time employees of the Press. The Diocese also provides administrative services for the Press. These expenses are not reimbursed or reflected on the financial statements of the Press since the amounts are not significant.

4. Income Taxes

The Press is a not-for-profit corporation which has been granted exempt status from federal taxation under Section 501(c)(3) for the Internal Revenue Code.

Supplemental Schedule

Catholic Press of Wilmington, Inc.
Supplemental Schedule of Operating Expenses
For the Years Ended June 30, 2000 and 1999

	2000	1999
Advertising	\$ 300	\$ 6,400
Bad debt expense	18,455	9,220
Commissions	131,674	105,706
Computer expense	12,402	12,805
Copy and duplication	294	561
Depreciation	7,004	7,003
Dues and subscriptions	4,183	4,222
Office supplies	11,641	11,080
Photography	5,424	4,815
Postage	8,563	9,535
Promotion	10,058	13,478
Rent	20,988	21,866
Telephone	6,366	5,111
Travel	5,095	7,897
Miscellaneous expense	7,674	17,354
	<u>\$250,121</u>	<u>\$237,053</u>
Total expenses		

**CATHOLIC PRESS
OF WILMINGTON, INC.**

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULE
for the year ended June 30, 1998**

CATHOLIC PRESS OF WILMINGTON, INC.

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Report of Independent Accountants

To the Board of Directors
Catholic Press of Wilmington, Inc.
Wilmington, Delaware

In our opinion, the accompanying balance sheet and the related statements of activities and cash flows present fairly, in all material respects, the financial position of the Catholic Press of Wilmington, Inc. (the Press) at June 30, 1998 and the changes in its net assets and its cash flows for the year then ended. These financial statements are the responsibility of the Press's management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the opinion expressed above.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of operating expenses for the year ended June 30, 1998 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information for the year ended June 30, 1998 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP

September 21, 1998

CATHOLIC PRESS OF WILMINGTON, INC.

Balance Sheet
as of June 30, 1998

ASSETS

Cash	\$	25,694
Accounts receivable (net of allowance for doubtful accounts of \$11,188)		43,157
Prepaid expenses		5,497
Computer equipment (net of accumulated depreciation of \$20,428)		<u>14,591</u>
Total assets	\$	<u>88,939</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses		38,192
Commissions payable		8,529
Advance subscriptions and prepaid advertising		<u>11,828</u>
Total liabilities		58,549
Total unrestricted net assets		<u>30,390</u>
Total liabilities and net assets	\$	<u>88,939</u>

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

CATHOLIC PRESS OF WILMINGTON, INC.

Statement of Activities for the year ended June 30, 1998

Revenue and other support:		\$	503,328
Advertising			375,692
Catholic Diocese of Wilmington			31,190
Directory			2,112
Interest			<u> </u>
Total revenue and other support			<u>912,322</u>
Expenses:			
Publication expenses			414,866
Wages, commissions, and related costs			215,621
Operating expenses			192,657
Management fees and professional expense			59,527
Directory expense			<u>8,990</u>
Total expenses			<u>891,661</u>
Change in net assets			20,661
Net assets at beginning of year			<u>9,729</u>
Net assets at end of year		\$	<u><u>30,390</u></u>

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

CATHOLIC PRESS OF WILMINGTON, INC.

Statement of Cash Flows for the year ended June 30, 1998

Cash flows from operating activities:	\$ 20,661
Change in net assets	
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	7,004
Bad debt expense	3,596
Decrease in accounts receivable	15,931
Decrease in prepaid expenses	5,348
Decrease in accounts payable and accrued expenses	(35,032)
Increase in commissions payable	376
Increase in deferred revenue	2,113
	<hr/>
Net cash provided by operating activities	19,997
	<hr/>
Net increase in cash	19,997
Cash at beginning of year	5,697
	<hr/>
Cash at end of year	\$ 25,694

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

CATHOLIC PRESS OF WILMINGTON, INC.

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Nature of Operations:

Catholic Press of Wilmington, Inc. (the Press) is an affiliate corporation of the Catholic Diocese of Wilmington, Inc. (the Diocese). The Press publishes The Dialog, a Catholic information newspaper circulated to parishioners of churches in Delaware and the eastern shore of Maryland. A significant portion of its funding is derived from the Diocese.

Basis of Reporting:

The Press reports using the accrual basis of accounting. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation:

The financial statements have been prepared in accordance with Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations." Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. A description of the three net asset categories follows:

- **Unrestricted Net Assets** include those assets that are available for the support of operations and whose use is not externally restricted, although their use may be limited by other factors such as by contract or board designation.
- **Temporarily Restricted Net Assets** include gifts for which donor imposed restrictions have not been met and pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted.
- **Permanently Restricted Net Assets** include gifts, trusts, and pledges which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions.

All net assets of the Press are unrestricted as of June 30, 1998

Notes to Financial Statements, Continued

1. Summary of Significant Accounting Policies, continued:

Management Agreement:

The Press has entered into an agreement with the Cathedral Foundation/Baltimore Review for the management of the Press. The management fee for the year ended June 30, 1998 was \$35,000.

Computer Equipment:

Computer equipment is recorded at cost. The Press records depreciation using the straight-line method. Computer equipment is depreciated over an estimated useful life of five years.

2. Pension Plan:

The Diocese sponsors a noncontributory defined benefit pension plan covering all full-time lay employees of the Diocese, including the Press. The plan calls for benefits to be paid to eligible employees at retirement based on compensation, as defined. Contributions to the plan for the Press' proportionate cost, which amounted to approximately \$8,700 for the year ended June 30, 1998, were provided entirely by the Diocese. No expenses related to this plan have been reflected in the financial statements of the Press since the amounts are not significant.

3. Related Party Transactions:

Certain members of the Press' board are also board members of the Diocese, a related entity.

The Press reimburses the Diocese for wages, payroll taxes, health benefits, and expenses the Diocese disburses on behalf of the Press. For the year ended June 30, 1998, these expenses totaled \$215,621.

The Diocese provides an office area for the Press. The entire rent expense charged for the current period was \$19,224, which is included in operating expenses on the statement of activities.

The Diocese pays, on behalf of the Press, the group term life insurance, long-term disability and pension benefits for all full time employees of the Press. The Diocese also provides administrative services for the Press. These expenses are not reimbursed or reflected on the financial statements of the Press since the amounts are not significant.

Notes to Financial Statements, Continued

4. **Income Taxes:**

The Press is a not-for-profit corporation which has been granted exempt status from federal taxation under Section 501(c)(3) for the Internal Revenue Code.

SUPPLEMENTAL SCHEDULE

CATHOLIC PRESS OF WILMINGTON, INC.

Supplemental Schedule of Operating Expenses
for the year ended June 30, 1998

Advertising	\$ 4,937
Bad debt expense	3,596
Commissions	100,806
Computer expense	8,353
Copy and duplication	656
Depreciation	7,004
Dues and subscriptions	1,274
Office supplies	3,165
Photography	3,266
Postage	7,430
Promotion	8,766
Rent	19,224
Telephone	4,406
Travel	6,663
Miscellaneous expense	<u>13,111</u>
Total expenses	\$ <u>192,657</u>

Catholic Press of Wilmington, Inc.

2003 BUDGET

4TH VERSION

Codes	Description	2003 Budget	2002 9 Mths Ended Projection	03/31/2002	2002 Budget	Projected vs 02 Budget	03 Budget vs Projected	2003 Budget Basis / Comments
Income								
3010.04	Diocesan subscription	485,730.00	467,701.00	350,775.81	467,701.00	0.00	(18,029.00)	3.9%
3210.04	Individual subscriptions	3,000.00	3,200.00	3,170.00	495.00	(2,705.00)	200.00	same as prior
3211.01	Advertising sales - display	388,450.00	388,335.00	301,737.31	397,843.00	9,508.00	(115.00)	No "Food for Poor"
3222.01	Advertising sales - tabloids	164,130.00	173,255.00	131,352.67	189,670.00	16,415.00	9,125.00	4pg orph / No 7/12&6/27 sec.
3223.01	Advertising sales - classified	33,475.00	33,020.00	25,766.28	23,187.00	(9,833.00)	(455.00)	Production Schedule
3224.04	Advertising sales - inserts	9,995.00	19,445.00	19,445.67	10,855.00	(8,590.00)	9,450.00	No "F f P" plus 1 timers
3225.01	Advertising sales -promo/trade	5,625.00	5,325.00	4,537.50	5,625.00	300.00	(300.00)	Production Schedule
3310.06	Directory copy sales	17,000.00	16,600.00	16,529.85	15,200.00	(1,400.00)	(400.00)	850 books
3320.06	Directory advertising sales	27,100.00	27,130.00	27,130.00	25,800.00	(1,330.00)	30.00	same rates as prior
3510.05	Interest income	0.00	35.00	35.02	1,000.00	965.00	35.00	no interest - Mellon
3990.05	Miscellaneous income	500.00	1,525.00	1,509.52	1,000.00	(525.00)	1,025.00	no drexel, no neuman
3980.05	Photo Reproduction	450.00	450.00	405.00	425.00	(25.00)	0.00	same as prior
		1,135,455.00	1,136,021.00	882,394.63	1,138,801.00	2,780.00	566.00	
Expenses								
5000.02	Salaries	38,255.00	36,608.00	27,455.76	36,615.00	7.00	(1,647.00)	Payroll Schedule
5000.03	Salaries	212,955.00	204,767.00	153,575.28	205,135.00	368.00	(8,188.00)	Payroll Schedule
5000.05	Salaries	35,600.00	34,235.00	25,675.92	35,070.00	835.00	(1,365.00)	Payroll Schedule
5110.02	FICA expense	2,207.00	2,269.00	1,702.39	2,162.00	(107.00)	62.00	Payroll Schedule
5110.03	FICA expense	13,203.00	12,372.00	9,281.02	12,229.00	(143.00)	(831.00)	Payroll Schedule
5110.05	FICA expense	2,372.00	2,122.00	1,591.91	2,091.00	(31.00)	(250.00)	Payroll Schedule
5120.02	Medicare expense	516.00	530.00	398.13	506.00	(24.00)	14.00	Payroll Schedule
5120.03	Medicare expense	3,089.00	3,136.00	2,413.30	2,860.00	(276.00)	47.00	Payroll Schedule
5120.05	Medicare expense	555.00	496.00	372.30	489.00	(7.00)	(59.00)	Payroll Schedule
5130.03	Workers compensation	2,868.00	788.00	788.43	532.00	(256.00)	(2,080.00)	Payroll Schedule
5210.03	Health insurance	33,780.00	30,902.00	23,115.87	31,152.00	250.00	(2,878.00)	Payroll Schedule
5210.05	Health insurance	4,260.00	4,080.00	3,060.00	4,080.00	0.00	(180.00)	Payroll Schedule
5310.01	Outside rep commissions	145,000.00	150,170.00	111,168.25	156,300.00	6,130.00	5,170.00	Payroll Schedule
5320.01	Agency commissions/adjstmnts	15,000.00	14,000.00	11,456.32	10,000.00	(4,000.00)	(1,000.00)	up by 1,000
6010.05	Computer supplies and repair	6,000.00	4,025.00	3,008.56	6,000.00	1,975.00	(1,975.00)	same as budget 02
	Computers	7,000.00	0.00	0.00	0.00	0.00	(7,000.00)	2 new Mac computers
6020.03	Conferences, training attended	1,000.00	1,000.00	358.00	1,000.00	0.00	0.00	same as budget 02
6040.05	Membership dues and fees	2,600.00	2,600.00	2,099.00	2,610.00	10.00	0.00	same as budget 02
6045.05	Newspapers, books, & subs	800.00	806.00	805.99	800.00	(6.00)	6.00	same as budget 02

Catholic Press of Wilmington, Inc.

2003 BUDGET

4TH VERSION

Codes	Description	2003 Budget	2002 Projection	9 Mths Ended 03/31/2002	2002 Budget	Projected vs 02 Budget	2003 Budget vs Projected	2003 Budget Basis / Comments
6050.05	Office supplies	4,500.00	5,000.00	3,291.33	5,000.00	0.00	500.00	less in copier (Deve Office)
6055.03	Photo supplies	4,000.00	5,900.00	4,401.85	7,000.00	1,100.00	1,900.00	digital camera
6060.05	Postage - regular	10,640.00	10,000.00	7,369.37	10,600.00	600.00	(640.00)	USPS rate increase
6065.05	Printing & duplicating	500.00	575.00	574.47	0.00	(575.00)	75.00	same as actual
6070.04	Promotion expense	1,000.00	1,000.00	956.69	1,500.00	500.00	0.00	same as actual
6110.03	Train, mileage, toll, parking	6,000.00	6,025.00	4,517.76	5,000.00	(1,025.00)	25.00	same as actual
6220.05	Rent to Diocese	23,620.00	22,932.00	17,199.00	22,930.00	(2.00)	(688.00)	3% increase
6230.05	Telephone	6,000.00	5,500.00	3,910.47	6,015.00	515.00	(500.00)	up by 500
6340.01	Promo/trade advertising	5,625.00	5,325.00	4,537.50	5,625.00	300.00	(300.00)	Production Schedule
6410.01	Bad debt expense	7,500.00	7,000.00	6,434.98	10,500.00	3,500.00	(500.00)	up 500 on projection
6610.05	Audit Fee	6,000.00	5,250.00	0.00	5,250.00	0.00	(750.00)	up by 750
6630.03	Catholic News Service	26,600.00	25,800.00	19,334.32	27,000.00	1,200.00	(800.00)	3.1% increase
6640.03	Correspondents/features	10,000.00	6,850.00	5,132.00	8,000.00	1,150.00	(3,150.00)	up by 3,300 new cooresp
6641.03	Correspondents/photo	1,000.00	375.00	335.00	1,000.00	625.00	(625.00)	same as budget 02
6660.04	Publishers Info Center (PIC)	15,000.00	16,950.00	12,703.19	17,000.00	50.00	1,950.00	5,000 lower - AFL vs PIC
6810.05	Bank services charges	3,000.00	2,900.00	2,174.77	1,200.00	(1,700.00)	(100.00)	up by 100 (VISA driven)
6990.05	Other expenses	500.00	375.00	324.95	500.00	125.00	(125.00)	same as budget 02
7010.02	Dialog printing	167,295.00	212,544.00	157,687.25	232,892.00	20,348.00	45,249.00	25% price break from AFL
7110.02	Dialog postage	265,765.00	238,482.00	176,707.65	232,220.00	(6,262.00)	(27,283.00)	USPS rate increase
7210.02	Dialog label and mail	32,850.00	33,965.00	26,224.29	19,438.00	(14,527.00)	1,115.00	Production Schedule
8010.06	Directory production	11,000.00	11,280.84	11,280.84	10,500.00	(780.84)	280.84	Smalls vs Catholic Reww
		<u>1,135,455.00</u>	<u>1,128,934.84</u>	<u>843,424.11</u>	<u>1,138,801.00</u>	<u>9,866.16</u>	<u>(6,520.16)</u>	
		0.00	7,086.16	38,970.52	0.00			

Catholic Diocese of Wilmington
XXIII. FINANCIAL STATE OF THE DIOCESE
Statistical Index

Entity: Children's Home, Inc.

Enclosures:

- Audited Financial Statements for the years ended June 30, 2002 and 2001 are combined with statements of Catholic Charities, Inc., Seton Villa, Inc., and Siena Hall, Inc., and are contained in Tab #7.
- Audited Financial Statements for the years ended June 30, 2000 and 1999 are combined with statements of Catholic Charities, Inc., Seton Villa, Inc., and Siena Hall, Inc., and are contained in Tab #7.
- Audited Financial Statements for the years ended June 30, 1998 and 1997
- Budget summary for the year ending June 30, 2003

CHILDREN'S HOME, INC.
REPORT ON AUDITS OF
FINANCIAL STATEMENTS
for the years ended June 30, 1998 and 1997

CHILDREN'S HOME, INC.

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Report of Independent Accountants

To the Board of Trustees and Board of Directors
Children's Home, Inc.
Wilmington, Delaware

In our opinion, the accompanying balance sheets and the related statements of revenue and functional expenses and of cash flows present fairly, in all material respects, the financial position of Children's Home, Inc. at June 30, 1998 and 1997, and the changes in its net assets and its cash flows for each of the two years in the period ended June 30, 1998, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Children's Home, Inc.'s management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP

September 18, 1998

CHILDREN'S HOME, INC.

Balance Sheets as of June 30, 1998 and 1997

ASSETS	<u>Current Operations</u>	<u>Land, Building, and Equipment</u>	<u>Invested Reserves</u>	<u>Total All Funds</u>	
				<u>1998</u>	<u>1997</u>
Cash and cash equivalents	\$ 11,673			\$ 11,673	\$ 15,671
Accounts receivable	31,841			31,841	53,398
Pledges receivable	-			-	250,000
Prepaid expenses	8,368			8,368	10,011
Due from related organizations	11,230	\$ 3,673		14,903	20,967
Land, building and equipment, net	-	878,978		878,978	584,594
Pooled investments	-		\$ 4,299,918	4,299,918	3,865,086
Total assets	<u>\$ 63,112</u>	<u>\$ 882,651</u>	<u>\$ 4,299,918</u>	<u>\$ 5,245,681</u>	<u>\$ 4,799,727</u>
LIABILITIES AND NET ASSETS					
Accounts payable	6,451	-	-	6,451	8,295
Accrued expenses	24,422	-	-	24,422	37,387
Due to related organizations	-	-	-	-	260
Total liabilities	<u>30,873</u>	<u>-</u>	<u>-</u>	<u>30,873</u>	<u>45,942</u>
Net assets:					
Unrestricted	22,758	878,978	4,299,918	5,201,654	4,473,337
Temporarily restricted	9,481	3,673		13,154	280,448
Total net assets	<u>32,239</u>	<u>882,651</u>	<u>4,299,918</u>	<u>5,214,808</u>	<u>4,753,785</u>
Total liabilities and net assets	<u>\$ 63,112</u>	<u>\$ 882,651</u>	<u>\$ 4,299,918</u>	<u>\$ 5,245,681</u>	<u>\$ 4,799,727</u>

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

CHILDREN'S HOME, INC.

Statements of Revenue and Functional Expenses
for the years ended June 30, 1998 and 1997

	Current Operations	Land, Building, and Equipment	Invested Reserves	Total All Funds	
				1998	1997
Unrestricted:					
Revenue and other support:					
Contributions	\$ 21,146	-	-	\$ 21,146	\$ 22,758
Bequests	-	-	-	-	62,608
United Ways	29,925	-	-	29,925	16,494
Government grants and contracts	543,239	-	-	543,239	572,907
Pooled investment income	148,389	\$ 86,696	\$ 434,832	669,917	685,959
Other investment income	1,102	-	-	1,102	1,363
Fundraising	17,203	-	-	17,203	14,880
Total revenue and other support	761,004	86,696	434,832	1,282,532	1,376,969
Expenses:					
Program expenses:					
Salaries	397,378	-	-	397,378	399,580
Employee benefits	67,045	-	-	67,045	64,499
Payroll taxes	29,630	-	-	29,630	30,568
Salaries and related expenses	494,053	-	-	494,053	494,647
Program costs	58,567	-	-	58,567	54,693
Professional fees	1,987	-	-	1,987	2,380
Housing and occupancy costs	56,615	19,342	-	75,957	63,882
Office and administrative expense	24,964	-	-	24,964	19,490
Auditing	8,250	-	-	8,250	14,900
Transportation	21,015	-	-	21,015	15,185
Conferences and meetings	5,997	-	-	5,997	6,574
Depreciation	-	74,975	-	74,975	56,295
Miscellaneous	2,771	-	-	2,771	4,608
Total program expenses	674,219	94,317	-	768,536	732,654
Supporting services:					
Management and general	80,436	-	-	80,436	76,608
Fundraising expense	7,248	-	-	7,248	4,109
Total supporting services	87,684	-	-	87,684	80,717
Total expenses	761,903	94,317	-	856,220	813,371
Excess/(deficiency) of revenue over expenses	(899)	(7,621)	434,832	426,312	563,598
Net assets released from restrictions used for capital renovations	-	302,500	-	302,500	297,276
Increase (decrease) in unrestricted net assets	(899)	294,879	434,832	728,812	860,874
Temporarily restricted:					
Temporarily restricted contributions	-	34,711	-	34,711	5,000
Net assets released from restrictions	-	(302,500)	-	(302,500)	(297,276)
Decrease in temporarily restricted net assets	-	(267,789)	-	(267,789)	(292,276)
Changes in net assets	(899)	27,090	434,832	461,023	568,598
Net assets at beginning of year	33,138	855,561	3,865,086	4,753,785	4,185,187
Net assets at end of year	\$ 32,239	\$ 882,651	\$ 4,299,918	\$ 5,214,808	\$ 4,753,785

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

CHILDREN'S HOME, 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:		
Changes in net assets	\$ 461,023	\$ 568,598
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net appreciation on pooled investments	(558,993)	(572,370)
Depreciation	74,975	56,295
Decrease in accounts receivable	21,557	14,213
Decrease in pledges receivable	250,000	118,770
Decrease (increase) in prepaid expenses	1,643	(7,945)
Decrease in due from related organization	6,064	213,868
Decrease in accounts payable	(1,844)	(19,755)
Decrease in accrued expenses	(12,965)	(13,427)
Decrease in due to related organization	(260)	(66,898)
Contributions restricted for acquiring land, building and equipment	<u>(34,711)</u>	<u>-</u>
Net cash provided by operating activities	<u>206,489</u>	<u>291,349</u>
Cash flows from investing activities:		
Purchase of land, building, and equipment	(369,359)	(332,572)
Amounts drawn from pooled investments for operations	148,389	135,506
Amounts drawn from pooled investments for purchases of land, building, and equipment	86,696	38,400
Reinvestment of interest and dividends into pooled investments	(110,924)	(113,589)
Deposits into pooled investments	-	(62,608)
Contributions restricted for acquiring land, building and equipment	<u>34,711</u>	<u>-</u>
Net cash used in investing activities	<u>(210,487)</u>	<u>(334,863)</u>
Net decrease in cash and cash equivalents	(3,998)	(43,514)
Cash and cash equivalents at beginning of year	<u>15,671</u>	<u>59,185</u>
Cash and cash equivalents at end of year	<u>\$ 11,673</u>	<u>\$ 15,671</u>

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

CHILDREN'S HOME, INC.

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Nature of Operations:

Children's Home, Inc. (Children's Home), located in Wilmington, Delaware, is a not-for-profit organization providing residential group care for school-aged children offering intensive treatment and supervision in a family-like atmosphere. Children's Home is the recipient of numerous government contracts and grants which are used to support its operations.

Basis of Reporting:

Children's Home reports using the accrual basis of accounting. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation:

The financial statements have been prepared in accordance with Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations". Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. A description of the three net asset categories follows:

- **Unrestricted Net Assets** are those assets that are available for the support of operations and whose use is not externally restricted, although their use may be limited by other factors such as by contract or board designation.
- **Temporarily Restricted Net Assets** include gifts whose use has been limited by donors to a specific time period and purpose and whose restrictions have not been met.
- **Permanently Restricted Net Assets** include gifts, trusts, and pledges which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions.

All net assets of Children's Home are either unrestricted or temporarily restricted as of June 30, 1998 and 1997.

Notes to Financial Statements, Continued

1. Summary of Significant Accounting Policies, continued:

Contributions:

Contributions are recognized as revenue in accordance with Statement of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made". Noncash contributions are recorded at fair value on the date of donation. Contributions of cash and other non-capital assets are reported as temporarily restricted operating revenue if the contributions are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose for the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions which are received and expended within the same fiscal year are reported as unrestricted revenues.

Cash and Cash Equivalents:

Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less.

Pooled Investments:

Pooled investments are stated at fair value. Pooled investment income on the statement of revenue and functional expenses includes interest, dividends, and net appreciation. Net appreciation includes realized and unrealized gains and losses, net of consulting and custodial costs.

Children's Home participates with the Catholic Diocese of Wilmington, Inc. (the Diocese) and other affiliated organizations in an investment pool which is held in a custody account at Delaware Trust Capital Management. The pool is invested in a combination of fixed income and equity securities and mutual funds.

Children's Home utilizes a total return policy to determine the level of support for operations and capital expenditures from pooled investments. The level of support is determined annually.

The investment pool is exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the market value of investments, it is at least reasonably possible that changes in risks in the near term could materially affect the amounts reported in the financial statements.

Vacation:

Children's Home recognizes the cost of vested vacation pay as earned by employees.

Notes to Financial Statements, Continued

1. Summary of Significant Accounting Policies, continued:

Contributed Services:

Children's Home receives services from non-specialized volunteers, which amounts are not recorded in these financial statements.

Children's Home records in revenues and expenses, the difference between the estimated fair value of donated facilities usage costs and amounts expended for their use.

2. Pledges Receivable:

At June 30, 1997, pledges receivable of \$250,000 were substantially due within one year and entirely consist of unconditional promises to give. The pledges receivable are restricted to paying for capital additions and improvements and are included in temporarily restricted net assets. Unconditional promises to give are reported at fair values as pledges receivable and contributions in the period the promise is received. Children's Home is not the recipient of any conditional pledges.

3. Pooled Investments:

Children's Home invests in a combination of fixed income and equity securities and mutual funds. The composition of pooled investments as of June 30, 1998 and 1997 was as follows:

	<u>1998</u>	<u>1997</u>
Cash and cash equivalents	\$ (32,818)	\$ 35,846
Fixed income	1,209,250	1,145,975
Domestic equity	2,800,658	2,397,271
International equity	<u>322,828</u>	<u>285,994</u>
Total	<u>\$ 4,299,918</u>	<u>\$ 3,865,086</u>

The fair value of investments was determined based on quoted market prices at June 30, 1998 and 1997.

Pooled investment income for the years ended June 30, 1998 and 1997 was comprised of the following:

	<u>1998</u>	<u>1997</u>
Interest and dividends	\$ 110,924	\$ 113,589
Net appreciation	<u>558,993</u>	<u>572,370</u>
Pooled investment income	<u>\$ 669,917</u>	<u>\$ 685,959</u>

The pooled investment income was net of custodial and advisory fees in the amount of \$27,027 and \$25,237 for the years ended June 30, 1998 and 1997, respectively.

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	\$ 7,169	\$ 7,169
Building and improvements	1,464,992	1,185,303
Furniture and equipment	201,136	127,452
Vehicles	<u>105,649</u>	<u>95,170</u>
	1,778,946	1,415,094
Accumulated depreciation	<u>(899,968)</u>	<u>(830,500)</u>
	<u>\$ 878,978</u>	<u>\$ 584,594</u>

5. Pension Plan:

Children's Home participates in a noncontributory benefit pension plan with Catholic Charities, Inc. The plan covers substantially all employees of Children's Home who qualify as to length of employment. The plan benefits are based on 1¼% of the final average earnings multiplied by the total years of eligible participation as defined in the plan document. Contributions to the plan are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future.

The following represents the status and activity for Children's Home's portion of the plan:

	<u>1998</u>	<u>1997</u>
Prepaid pension cost	\$ 7,169	\$ 10,011
Net periodic pension cost	7,240	5,621

For the years ended June 30, 1998 and 1997, Children's Home contributed \$0 and \$13,930, respectively, to the plan.

Notes to Financial Statements, Continued

6. Related Party Transactions:

Certain members of the Board of Trustees of Children's Home are also members of the Boards of Catholic Charities, Inc., Siena Hall, Inc., and Seton Villa, Inc. Additionally, certain officers of the Diocese serve as members of Children's Home's Board.

Children's Home reimburses Catholic Charities, Inc. and Siena Hall, Inc. for various administration and support activities. Reimbursements are reflected in management and general expenses in the statement of revenue and functional expenses.

7. Income Taxes:

Children's Home is a not-for-profit corporation which has been granted exempt status from federal taxation under Section 501(c)(3) of the Internal Revenue Code.

Catholic Diocese of Wilmington, Inc.
Fiscal Year 2003 Budget
July 1, 2002 through June 30, 2003

Office Name/Code: Catholic Charities
Office Name/Code: Children's Home

7/10/02

Based on 9.05 DFS Children in Care
 Based on .30 Private/YRS/CMH Children in Care
 Total 9.35 Children in Care

FY 03 Budgeted Net Expense:

\$90,749

Acct #	Account name	Total FY 02 Budget	FY 02 thru Feb 02 Actual	Total FY 02 Estimated	Jul 2002 Budget	Aug 2002 Budget	Sep 2002 Budget	Oct 2002 Budget	Nov 2002 Budget	Dec 2002 Budget	Jan 2003 Budget	Feb 2003 Budget	Mar 2003 Budget	Apr 2003 Budget	May 2003 Budget	Jun 2003 Budget	Total FY 03 Budget
	INCOME																
	Donations/grants	16,500	11,539	12,538	0	5,750	125	0	3,775	11,702	2,188	4,435	675	0	0	100	28,750
	Diocese of Wilmington	0	2,808	2,808													
	Client Fees - Private, YRS, CMH	16,425	35,803	35,803	1,470	1,470	1,469	1,470	1,470	1,469	1,470	1,470	1,469	1,470	1,470	1,469	17,636
	Purchase of care fees (DFS)	499,703	266,366	419,731	39,975	44,059	44,302	41,470	53,090	45,826	44,714	53,134	55,624	41,437	56,264	50,632	570,207
	U.S. govt food reimbursement	5,700	4,483	5,043	475	475	475	475	475	475	475	475	475	475	475	475	5,700
	Miscellaneous Income	0	28	28	0	0	0	0	0	0	0	0	0	0	0	0	0
	CMH Aide/Treatment Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Grant-in-Aid	66,228	49,083	66,228	16,361	0	0	16,361	0	0	16,361	0	0	16,361	0	0	65,444
	United Way	15,000	9,546	13,749	625	625	625	625	625	625	625	625	625	625	625	625	7,500
	Fundraiser	20,000	20,153	20,153	2,395	12,394	12,395	0	0	0	0	0	0	0	0	2,816	30,000
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	TOTAL INCOME	639,556	399,809	576,081	60,301	64,773	60,071	60,401	59,435	60,097	65,833	60,139	58,868	60,368	58,834	56,117	725,237
	EXPENSES																
	PERSONNEL EXPENSE																
	Salaries: administrative	50,912	35,200	52,800	4,069	4,069	4,069	4,069	4,069	4,069	4,069	4,069	4,069	4,069	4,069	4,068	48,827
	Salaries: professional	242,405	129,984	194,976	20,314	20,315	20,315	20,314	20,314	20,315	20,314	20,314	20,315	20,314	20,314	20,315	243,773
	Salaries: maintenance	41,252	20,793	28,965	3,301	3,301	3,301	3,301	3,301	3,301	3,301	3,301	3,301	3,301	3,301	3,301	39,612
	Salaries: domestic	24,521	16,498	24,521	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,701	1,700	1,700	1,701	20,402
	Salaries: office	74,045	49,977	74,965	5,934	5,934	5,934	5,934	5,934	5,934	5,934	5,934	5,933	5,934	5,934	5,933	71,206
	Salaries: Stipend	8,007	5,400	8,100	709	709	709	709	709	708	709	709	708	709	709	708	8,505
	Outside Services	2,520	9,428	12,268	210	210	210	210	210	210	210	210	210	210	210	210	2,520
	Total salaries	443,662	267,280	396,595	36,237	36,238	36,238	36,237	36,237	36,237	36,237	36,237	36,237	36,237	36,237	36,236	434,845
	Health insurance	78,368	47,628	71,442	6,778	6,777	6,778	6,777	6,778	6,777	6,778	6,777	6,778	6,777	6,778	6,778	81,331
	Retirement	0	0	0	685	685	684	685	685	684	685	685	684	685	685	684	8,216
	Group Life/Group Disability	7,527	2,162	3,243	210	210	209	209	210	209	209	210	209	209	210	209	2,513
	Workers' compensation	10,628	989	1,485	692	692	692	692	692	692	692	692	692	692	692	692	8,301
	Social security	24,677	15,501	24,428	2,190	2,190	2,190	2,190	2,190	2,190	2,190	2,190	2,190	2,190	2,190	2,190	26,277
	Medicare	9,071	3,639	5,912	512	512	512	512	512	512	512	512	512	512	512	512	6,145
	Unemployment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Living Allowance	1,100	720	1,100	100	100	100	100	100	100	100	100	100	100	100	100	1,200
	TOTAL PERSONNEL EXPENSE	575,033	337,919	504,205	47,404	47,404	47,403	47,402	47,404	47,401	47,403	47,403	47,402	47,402	47,404	47,401	568,828

FY02= \$4,037,296 - \$0 = \$4,037,296 x .07344% = \$2,965

(\$0 Capital Request and \$2,965 Investment Income Request Equals .07344% of \$4,037,296)

Office Name/Code: Children's Home

Acct #	Account name	Total FY 02 Budget	FY 02 thru Feb 02 Actual	Total FY 02 Estimated	Jul 2002 Budget	Aug 2002 Budget	Sep 2002 Budget	Oct 2002 Budget	Nov 2002 Budget	Dec 2002 Budget	Jan 2003 Budget	Feb 2003 Budget	Mar 2003 Budget	Apr 2003 Budget	May 2003 Budget	Jun 2003 Budget	Total FY 03 Budget
	OPERATING EXPENSE																
	Professional fees	2,850	1,360	2,040	238	238	237	238	238	237	238	237	237	238	237	237	2,850
	Office supplies	4,000	883	1,325	250	250	250	250	250	250	250	250	250	250	250	250	3,000
	Telephone	11,900	6,538	9,810	958	958	959	958	958	959	958	958	959	958	958	959	11,500
	Postage	1,000	350	525	83	83	84	83	83	84	83	83	84	83	83	84	1,000
	Equipment purchase	2,000	0	500	125	125	125	125	125	125	125	125	125	125	125	125	1,500
	Equipment maintenance	5,000	2,710	200	263	263	263	263	263	263	263	263	263	263	263	264	3,157
	Housing	64,380	30,309	47,749	5,390	5,390	5,390	5,390	5,390	5,390	5,390	5,390	5,391	5,390	5,390	5,391	64,682
	Personal car allowance	2,500	1,239	1,860	208	208	209	208	208	209	208	208	209	208	208	209	2,500
	Auto expense staff car	17,630	8,170	12,258	1,617	1,617	1,616	1,617	1,617	1,616	1,617	1,617	1,616	1,617	1,617	1,616	19,400
	Memberships	875	604	900	0	0	0	100	600	25	33	67	33	17	0	0	875
	Travel & meeting expense	2,000	258	425	425	0	0	425	0	0	425	0	0	475	0	0	1,750
	Publicity	2,655	43	245	221	221	221	221	221	222	221	221	222	221	221	222	2,655
	Publications	780	336	504	65	65	65	65	65	65	65	65	65	65	65	65	780
	Auditing	6,600	5,250	5,250	0	0	0	0	0	0	5,500	0	0	0	0	0	5,500
	Other program costs	54,495	30,598	45,871	4,288	4,288	4,288	4,288	4,288	4,288	4,288	4,288	4,288	4,288	4,288	4,289	51,457
	Management and general	57,232	38,154	57,232	4,683	4,684	4,683	4,684	4,683	4,684	4,683	4,684	4,683	4,684	4,683	4,684	56,202
	Fundraiser	9,900	7,783	7,783	1,237	5,937	1,237	1,238	0	1,238	1,237	1,238	0	1,238	0	250	14,850
	Staff Development	3,800	1,397	1,888	292	292	291	292	292	291	292	292	291	292	292	291	3,500
	Miscellaneous	0	368	368	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	TOTAL OPERATING EXPENSE	249,597	136,350	196,733	20,343	24,619	19,918	20,445	19,281	19,946	25,876	19,986	18,716	20,412	18,680	18,936	247,158
	TOTAL EXPENSE	824,630	474,269	700,938	67,747	72,023	67,321	67,847	66,685	67,347	73,279	67,389	66,118	67,814	66,084	66,337	815,986
	NET EXPENSE																
	Investments/Savings	185,074	113,136	185,074	196	0	0	196	0	0	196	0	0	196	0	2,965	3,749
	Orphans Collecton	0	(38,676)	(60,217)	7,248	7,250	7,250	7,250	7,250	7,250	7,250	7,250	7,250	7,250	7,250	7,255	87,000

Prepared by: _____ date _____

Approved by: _____ date _____

Comparison of Net Expense	\$ Inc (Dec)		% Inc (Dec)
	\$ Amount	vs. Prior Yr	
FY 01 funded by endowment fund	175,115	25,366	16.90%
FY 02 funded by endowment fund	185,074	9,959	5.69%
FY 03 funded by endowment fund	3,749	(181,325)	-97.97%

Investments/savings	185,074	113,136	185,074	0	0	0	0	0	0	0	0	0	0	0	0	2,965	2,965
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Catholic Diocese of Wilmington
XXI. FINANCIAL STATE OF THE DIOCESE
Statistical Index

Entity: Seton Villa, Inc.

Enclosures:

- Audited Financial Statements for the years ended June 30, 2002 and 2001 are combined with statements of Catholic Charities, Inc., Children's Home, Inc., and Siena Hall, Inc., and are contained in Tab #7.
- Audited Financial Statements for the years ended June 30, 2000 and 1999 are combined with statements of Catholic Charities, Inc., Children's Home, Inc., and Siena Hall, Inc., and are contained in Tab #7.
- Audited Financial Statements for the years ended June 30, 1998 and 1997
- Budget summary for the year ending June 30, 2003

Catholic Diocese of Wilmington, Inc.
Fiscal Year 2003 Budget
July 1, 2002 through June 30, 2003

7/10/02

Department: Catholic Charities
Office Name/Code: Seton Villa

Based on 9.05 DFS Children in Care

Based on .30 Private/YRS/CMH Children in Care

FY 03 Budgeted Net Expense:

\$198,665

Total 9.35 Children in Care

Acct #	Account Name	Total FY 02 Budget	FY 02 thru Feb 02 Actual	Total FY 02 Estimated	Jul 2002 Budget	Aug 2002 Budget	Sep 2002 Budget	Oct 2002 Budget	Nov 2002 Budget	Dec 2002 Budget	Jan 2003 Budget	Feb 2003 Budget	Mar 2003 Budget	Apr 2003 Budget	May 2003 Budget	Jun 2003 Budget	Total FY 03 Budget
	INCOME																
	Donations/grants	26,500	24,551	25,051	3,290	0	0	0	0	22,471	11,489	1,500	0	0	0	0	38,750
	Private, YRS, CMH	16,425	23,475	23,475	1,543	1,543	1,543	1,543	1,543	1,543	1,543	1,543	1,543	1,543	1,543	1,542	18,515
	Purchase of care fees	524,589	316,933	501,112	47,649	47,649	47,650	47,649	47,650	47,650	47,649	47,649	47,650	47,649	47,649	47,650	571,793
	U.S. govt food reimbursement	4,450	2,864	4,296	370	371	-371	370	371	371	371	371	371	371	371	371	4,450
	CMH Aide/Treatment Services	2,362	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Fundraiser	20,000	20,153	20,153	13,856	11,400	2,100	0	0	0	0	0	750	0	0	1,894	30,000
	United Way of Delaware	0	583	583	0	0	0	0	0	0	0	0	0	0	0	0	0
	Miscellaneous Income	0	37	37	0	0	0	0	0	0	0	0	0	0	0	0	0
	Diocese of Wilmington	0	2,673	2,673	0	0	0	0	0	0	0	0	0	0	0	0	0
	TOTAL INCOME	594,326	391,269	577,380	66,708	60,963	51,664	49,562	49,564	72,035	61,052	51,063	50,314	49,563	49,563	51,457	663,508
	EXPENSES																
	PERSONNEL EXPENSE																
	Salaries: administrative	66,035	44,442	66,035	4,883	4,883	4,883	4,883	4,883	4,883	4,883	4,883	4,884	4,883	4,883	4,884	58,598
	Salaries: professional	266,547	148,317	224,241	23,430	23,430	23,430	23,430	23,430	23,429	23,430	23,430	23,429	23,430	23,430	23,429	281,157
	Salaries: maintenance	40,409	19,908	29,282	3,224	3,224	3,224	3,224	3,224	3,225	3,224	3,224	3,225	3,224	3,224	3,225	38,691
	Salaries: domestic	24,128	13,562	24,128	2,091	2,091	2,091	2,091	2,091	2,091	2,091	2,091	2,091	2,091	2,091	2,092	25,093
	Salaries: office	72,601	43,564	67,916	5,848	5,848	5,848	5,848	5,848	5,848	5,848	5,848	5,848	5,848	5,848	5,848	70,176
	Salaries: stipend	8,007	5,400	8,100	709	709	708	709	709	708	709	709	708	709	709	709	8,505
	Outside Services	2,271	7,759	12,066	189	189	189	189	189	190	189	189	190	189	189	190	2,271
	Total salaries	479,998	282,952	431,768	40,374	40,374	40,373	40,374	40,374	40,374	40,374	40,374	40,375	40,374	40,374	40,377	484,491
	Health insurance	75,516	47,379	71,070	7,888	7,888	7,888	7,888	7,888	7,889	7,888	7,888	7,889	7,888	7,888	7,889	94,659
	Retirement	0	0	0	845	846	846	846	845	846	846	845	846	846	845	846	10,148
	Group Life/Group Disability	9,443	3,142	4,715	228	228	228	228	228	228	228	228	229	228	228	229	2,738
	Workers' compensation	11,328	1,718	4,880	772	772	772	772	772	772	772	772	772	772	772	772	9,259
	Social security	29,619	16,657	26,022	2,448	2,448	2,447	2,448	2,448	2,447	2,448	2,448	2,448	2,448	2,448	2,448	29,370
	Medicare	6,927	3,591	6,086	572	572	572	572	572	572	572	572	572	572	572	572	6,869
	Living Allowance	1,100	720	1,100	100	100	100	100	100	100	100	100	100	100	100	100	1,200
	Unemployment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	TOTAL PERSONNEL EXPENSE	613,931	356,159	545,640	53,226	53,227	53,226	53,228	53,226	53,228	53,228	53,226	53,230	53,228	53,227	53,233	638,734

FY03 = \$3,849,866 - \$20,000 Roof - \$7,500 Balance Heating System, \$7,500 Waterproofing, \$8,000 Replace Shower Stalls = \$3,806,866 x 2.93325 = \$111,665
 (The \$43,000 Capital Request and \$111,665 Investment Income Request Combined Equals 4.01741% of \$3,849,866)

Form A-1

Office Name/Code: Seton Villa

Acct #	Account name	Total FY 02 Budget	FY 02 thru Feb 02 Actual	Total FY 02 Estimated	Jul 2002 Budget	Aug 2002 Budget	Sep 2002 Budget	Oct 2002 Budget	Nov 2002 Budget	Dec 2002 Budget	Jan 2003 Budget	Feb 2003 Budget	Mar 2003 Budget	Apr 2003 Budget	May 2003 Budget	Jun 2003 Budget	Total FY 03 Budget
	OPERATING EXPENSE																
	Professional fees	2,100	850	1,275	167	167	166	167	167	166	167	167	166	167	167	166	2,000
	Office supplies	3,880	2,131	3,200	321	321	321	321	321	321	321	321	320	321	321	320	3,850
	Telephone	7,500	5,179	7,647	656	656	656	656	656	657	656	656	657	656	656	657	7,875
	Postage	1,000	160	250	62	63	62	63	62	63	62	63	62	63	62	63	750
	Equipment purchase	1,500	523	825	125	125	125	125	125	125	125	125	125	125	125	125	1,500
	Equipment maintenance	5,700	3,798	2,167	250	250	250	250	250	250	250	250	250	250	250	250	3,000
	Housing	43,665	28,729	43,644	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	48,120
	Personel car allowance	2,950	1,723	2,585	246	246	246	246	246	246	246	246	245	246	246	245	2,950
	Auto expense staff car	13,025	6,581	9,292	1,226	1,226	1,226	1,226	1,226	1,226	1,226	1,226	1,225	1,226	1,226	1,225	14,710
	Memberships	280	139	190	27	0	0	92	0	0	33	0	100	0	0	28	280
	Travel & meeting expense	2,000	1,292	1,500	250	0	0	500	0	0	500	0	0	500	0	0	1,750
	Publicity	1,500	1,300	1,500	129	129	129	129	129	129	129	129	130	129	129	130	1,550
	Publications	699	955	1,155	60	60	60	60	60	60	60	60	60	60	60	60	720
	Auditing	6,600	5,250	6,600	0	0	0	0	0	5,500	0	0	0	0	0	0	5,500
	Other program costs	47,296	30,245	43,709	3,987	3,987	3,987	3,987	3,987	3,987	3,987	3,987	3,987	3,987	3,987	3,988	47,845
	Management and general	61,920	41,280	61,920	5,224	5,224	5,224	5,224	5,224	5,224	5,224	5,224	5,224	5,224	5,224	5,225	62,689
	Fundraiser	9,900	7,784	7,784	1,237	1,238	1,237	1,238	1,237	1,238	1,237	1,238	1,237	1,238	1,237	1,238	14,850
	Staff Development	3,500	1,580	2,370	292	292	291	292	292	291	292	292	291	292	292	291	3,500
	Miscellaneous	0	100	100	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	TOTAL OPERATING EXPENSE	215,015	139,599	197,713	18,269	17,994	17,990	18,506	17,992	23,493	18,525	17,994	18,089	18,494	17,992	18,021	223,439
	TOTAL EXPENSE	828,946	495,758	743,353	71,495	71,221	71,216	71,814	71,218	76,721	71,753	71,220	71,319	71,722	71,219	71,254	862,173
	NET EXPENSE																
	Investments/Savings	147,620	87,006	147,620	(2,463)	3,008	12,302	15,002	14,404	(2,564)	3,451	12,907	13,755	14,909	14,406	12,547	111,665
	Orphans Collection	87,000	58,000	87,000	7,250	7,250	7,250	7,250	7,250	7,250	7,250	7,250	7,250	7,250	7,250	7,250	87,000

Comparison of Net Expense

Prepared by: _____ date _____
 Approved by: _____ date _____

	\$ Inc (Dec)	% Inc (Dec)
	\$ Amount	vs. Prior Yr
FY 01 funded by endowment fund	209,243	878 0.40%
FY 02 funded by endowment fund	234,620	25,377 12.13%
FY 03 funded by endowment fund	198,665	(35,955) -15.32%

Investments/savings	147,620	87,006	147,620	470	5,940	15,236	17,934	17,338	369	6,384	15,839	16,689	17,841	17,338	15,480	0
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Catholic Diocese of Wilmington
XXIII. FINANCIAL STATE OF THE DIOCESE
Statistical Index

Entity: Seton Villa, Inc.

Enclosures:

- Audited Financial Statements for the years ended June 30, 2002 and 2001 are combined with statements of Catholic Charities, Inc., Children's Home, Inc., and Siena Hall, Inc., and are contained in Tab #7.
- Audited Financial Statements for the years ended June 30, 2000 and 1999 are combined with statements of Catholic Charities, Inc., Children's Home, Inc., and Siena Hall, Inc., and are contained in Tab #7.
- Audited Financial Statements for the years ended June 30, 1998 and 1997
- Budget summary for the year ending June 30, 2003

SETON VILLA, INC.
REPORT ON AUDITS OF
FINANCIAL STATEMENTS
for the years ended June 30, 1998 and 1997

SETON VILLA, INC.

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Balance Sheets as of June 30, 1998 and 1997	2
Statements of Revenue and Functional Expenses for the years ended June 30, 1998 and 1997	3
Statements of Cash Flows for the years ended June 30, 1998 and 1997	4
Notes to Financial Statements	5-9

Report of Independent Accountants

To the Board of Trustees and Board of Directors
Seton Villa, Inc.
Wilmington, Delaware

In our opinion, the accompanying balance sheets and the related statements of revenue and functional expenses and of cash flows present fairly, in all material respects, the financial position of Seton Villa, Inc. at June 30, 1998 and 1997, and the changes in its net assets and its cash flows for each of the two years in the period ended June 30, 1998, in conformity with generally accepted accounting principles. These financial statements are the responsibility of Seton Villa, Inc.'s management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP

September 18, 1998

SETON VILLA, INC.

Balance Sheets as of June 30, 1998 and 1997

ASSETS	Current Operations	Land, Building, and Equipment	Invested Reserves	Total All Funds	
				1998	1997
Cash and cash equivalents	\$ 11,024			\$ 11,024	\$ 17,772
Accounts receivable	32,071			32,071	28,092
Prepaid expenses	17,639			17,639	21,852
Due from related organizations	995			995	164
Land, building and equipment, net		\$ 395,193		395,193	409,112
Pooled investments			\$ 3,975,239	3,975,239	3,495,303
Other investments	-	-	-	-	1,312
Assets whose use is limited	14,127			14,127	14,127
Total assets	<u>\$ 75,856</u>	<u>\$ 395,193</u>	<u>\$ 3,975,239</u>	<u>\$ 4,446,288</u>	<u>\$ 3,987,734</u>
LIABILITIES AND NET ASSETS					
Accounts payable	3,723			3,723	3,963
Accrued expenses	26,297			26,297	25,588
Total liabilities	<u>30,020</u>			<u>30,020</u>	<u>29,551</u>
Net assets:					
Unrestricted	31,709	395,193	3,975,239	4,402,141	3,944,056
Temporarily restricted	14,127			14,127	14,127
Total net assets	<u>45,836</u>	<u>395,193</u>	<u>3,975,239</u>	<u>4,416,268</u>	<u>3,958,183</u>
Total liabilities and net assets	<u>\$ 75,856</u>	<u>\$ 395,193</u>	<u>\$ 3,975,239</u>	<u>\$ 4,446,288</u>	<u>\$ 3,987,734</u>

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

SETON VILLA, INC.

Statements of Revenue and Functional Expenses
for the years ended June 30, 1998 and 1997

	Current Operations	Land, Building, and Equipment	Invested Reserves	Total All Funds	
				1998	1997
Unrestricted:					
Revenue and other support:					
Contributions	\$ 105,787	-	-	\$ 105,787	\$ 114,573
Government contracts	354,180	-	-	354,180	356,937
Pooled investment income	131,503	\$ 16,277	\$ 481,124	628,904	623,549
Other investment income	680	-	-	680	1,076
Fundraising	17,201	-	-	17,201	14,256
Total revenue and other support	609,351	16,277	481,124	1,106,752	1,110,391
Expenses:					
Program expenses:					
Salaries	371,733	-	-	371,733	361,922
Employee benefits	65,322	-	-	65,322	67,128
Payroll taxes	27,976	-	-	27,976	27,057
Salaries and related expenses	465,031	-	-	465,031	456,107
Program costs	39,074	-	-	39,074	43,410
Professional fees	3,060	-	-	3,060	1,214
Housing and occupancy costs	31,945	-	-	31,945	32,681
Office and administrative expense	13,566	-	-	13,566	13,325
Auditing	8,250	-	-	8,250	14,900
Transportation	12,192	-	-	12,192	10,761
Conferences and meetings	4,281	-	-	4,281	4,890
Depreciation	-	30,196	-	30,196	32,310
Miscellaneous	4,928	-	2,500	7,428	3,596
Total program expenses	582,327	30,196	2,500	615,023	613,194
Supporting services:					
Management and general	26,548	-	-	26,548	25,284
Fundraising	7,096	-	-	7,096	4,440
Total supporting services	33,644	-	-	33,644	29,724
Total expenses	615,971	30,196	2,500	648,667	642,918
Excess/(deficiency) of revenue over expenses	(6,620)	(13,919)	478,624	458,085	467,473
Transfers	(1,312)	-	1,312	-	-
Increase (decrease) in unrestricted net assets	(7,932)	(13,919)	479,936	458,085	467,473
Temporarily restricted:					
Interest income on assets whose use is limited	-	-	-	-	731
Increase in temporarily restricted net assets	-	-	-	-	731
Changes in net assets	(7,932)	(13,919)	479,936	458,085	468,204
Net assets at beginning of year	53,768	409,112	3,495,303	3,958,183	3,489,979
Net assets at end of year	\$ 45,836	\$ 395,193	\$ 3,975,239	\$ 4,416,268	\$ 3,958,183

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

SETON VILLA, 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:		
Change in net assets	\$ 458,085	\$ 468,204
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net appreciation on pooled investments	(527,586)	(522,838)
Depreciation	30,196	32,310
Decrease (increase) in accounts receivable	(3,979)	14,914
Decrease (increase) in prepaid expenses	4,213	(10,646)
Decrease (increase) in due from related organization	(831)	2,700
Decrease in other investments	1,312	-
Increase in assets whose use is limited	-	(731)
Decrease in accounts payable	(240)	(501)
Increase in accrued expenses	709	9,968
	<u>(38,121)</u>	<u>(6,620)</u>
Net cash used in operating activities		
Cash flows from investing activities:		
Purchase of land, building, and equipment	(16,277)	(18,684)
Amounts drawn from pooled investments for operations	132,691	113,766
Amounts drawn from pooled investments for purchases of land, building, and equipment	16,277	16,962
Reinvestment of interest and dividends into pooled investments	(101,318)	(100,711)
Deposits into pooled investments	-	-
	<u>31,373</u>	<u>11,333</u>
Net cash provided by investing activities		
Net (decrease) increase in cash and cash equivalents	(6,748)	4,713
Cash and cash equivalents at beginning of year	<u>17,772</u>	<u>13,059</u>
Cash and cash equivalents at end of year	<u>\$ 11,024</u>	<u>\$ 17,772</u>

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

SETON VILLA, INC.

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Nature of Operations:

Seton Villa, Inc. (Seton Villa), located in Wilmington, Delaware, is a not-for-profit organization providing residential group care for school-aged children offering intensive treatment and supervision in a family-like atmosphere. Seton Villa is the recipient of numerous government contracts which are used to support its operations.

Basis of Reporting:

Seton Villa reports using the accrual basis of accounting. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation:

The financial statements have been prepared in accordance with Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations". Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. A description of the three net asset categories follows:

- **Unrestricted Net Assets** are those assets that are available for the support of operations and whose use is not externally restricted, although their use may be limited by other factors such as by contract or board designation.
- **Temporarily Restricted Net Assets** include gifts whose use has been limited by donors to a specific time period and purpose and whose restrictions have not been met.
- **Permanently Restricted Net Assets** include gifts, trusts, and pledges which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions.

All net assets are either unrestricted or temporarily restricted as of June 30, 1998 and 1997.

Notes to Financial Statements, Continued

1. Summary of Significant Accounting Policies, continued:

Contributions:

Contributions are recognized as revenue in accordance with Statement of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made". Noncash contributions are recorded at fair value on the date of donation. Contributions of cash and other non-capital assets are reported as temporarily restricted operating revenue if the contributions are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose for the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions which are received and expended within the same fiscal year are reported as unrestricted revenues.

Cash and Cash Equivalents:

Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less.

Assets Whose Use is Limited:

Assets whose use is limited includes a certificate of deposit purchased with a donor contribution. Donor restrictions require that the contribution and related earnings be used to support a wide range of services directly related to the education of girls at Seton Villa. This amount is included in temporarily restricted net assets at June 30, 1998 and 1997.

Pooled Investments:

Pooled investments are stated at fair value. Pooled investment income on the statement of revenue and functional expenses includes interest, dividends, and net appreciation. Net appreciation includes realized and unrealized gains and losses, net of consulting and custodial costs.

Seton Villa participates with the Catholic Diocese of Wilmington, Inc. (the Diocese) and other affiliated organizations in an investment pool which is held in a custody account at Delaware Trust Capital Management. The pool is invested in a combination of fixed income and equity securities and mutual funds.

Seton Villa utilizes a total return policy to determine the level of support for operations and capital expenditures from pooled investments. The level of support is determined annually.

Notes to Financial Statements, Continued

1. Summary of Significant Accounting Policies, continued:

Pooled Investments, continued:

The investment pool is exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the market value of investments, it is at least reasonably possible that changes in risks in the near term could materially affect the amounts reported in the financial statements.

Vacation:

Seton Villa recognizes the cost of vested vacation pay as earned by employees.

Contributed Services:

Seton Villa receives services from non-specialized volunteers, which amounts are not recorded in these financial statements.

Seton Villa records in revenues and expenses, the difference between the estimated fair value of donated facilities usage costs and amounts expended for their use.

2. Pooled Investments:

Seton Villa invests in a combination of fixed income and equity securities and mutual funds. The composition of pooled investments as of June 30, 1998 and 1997 was as follows:

	<u>1998</u>	<u>1997</u>
Cash and cash equivalents	\$ 46,096	\$ 54,790
Fixed income	1,091,330	1,023,050
Domestic equity	2,506,834	2,126,895
International equity	<u>330,979</u>	<u>290,568</u>
Total	<u>\$ 3,975,239</u>	<u>\$ 3,495,303</u>

The fair value of investments was determined based on quoted market prices at June 30, 1998 and 1997.

Notes to Financial Statements, Continued

2. Pooled Investments, continued:

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	\$ 101,318	\$ 100,711
Net appreciation	<u>527,586</u>	<u>522,838</u>
Pooled investment income	<u>\$ 628,904</u>	<u>\$ 623,549</u>

The pooled investment income was net of custodial and advisory fees in the amount of \$24,403 and \$22,590 for the years ended June 30, 1998 and 1997, respectively.

3. Land, Building, and Equipment and Depreciation:

Land, building and equipment are stated at historical cost or fair value at the date of donation, less accumulated depreciation. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets. Land, building, and equipment and accumulated depreciation as of June 30, 1998 and 1997 were as follows:

	<u>1998</u>	<u>1997</u>
Land	\$ 31,247	\$ 31,247
Building and improvements	557,625	553,235
Furniture and equipment	116,340	110,876
Vehicles	<u>50,120</u>	<u>50,120</u>
	755,332	745,478
Accumulated depreciation	<u>(360,139)</u>	<u>(336,366)</u>
	<u>\$ 395,193</u>	<u>\$ 409,112</u>

4. Pension Plan:

Seton Villa participates in a noncontributory benefit pension plan with Catholic Charities, Inc. The plan covers substantially all employees of Seton Villa who qualify as to length of employment. The plan benefits are based on 1¼% of the final average earnings multiplied by the total years of eligible participation as defined in the plan document. Contributions to the plan are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future.

Notes to Financial Statements, Continued

4. Pension Plan, continued:

The following represents the status and activity for Seton Villa's portion of the plan:

	<u>1998</u>		<u>1997</u>
Prepaid pension cost	\$ 15,619	\$	21,812
Net periodic pension cost	9,414		7,309

For the years ended June 30, 1998 and 1997, Seton Villa contributed \$0 and \$18,115, respectively, to the plan.

5. Related Party Transactions:

Certain members of the Board of Trustees of Seton Villa are also members of the Boards of Catholic Charities, Inc., Siena Hall, Inc., and Children's Home, Inc. Additionally, certain officers of the Diocese serve as members of Seton Villa's Board.

Seton Villa reimburses Catholic Charities, Inc. for various administration and support activities. These reimbursements are reflected in management and general expenses in the statement of revenue and functional expenses.

6. Income Taxes:

Seton Villa is a not-for-profit corporation which has been granted exempt status from federal taxation under Section 501(c)(3) of the Internal Revenue Code.

Catholic Diocese of Wilmington
XXIII. FINANCIAL STATE OF THE DIOCESE
Statistical Index

Entity: Siena Hall, Inc.

Enclosures:

- Audited Financial Statements for the years ended June 30, 2002 and 2001 are combined with statements of Catholic Charities, Inc., Children's Home, Inc., and Seton Villa, Inc., and are contained in Tab #7.
- Audited Financial Statements for the years ended June 30, 2000 and 1999 are combined with statements of Catholic Charities, Inc., Children's Home, Inc., and Seton Villa, Inc., and are contained in Tab #7.
- Audited Financial Statements for the years ended June 30, 1998 and 1997
- Budget summary for the year ending June 30, 2003

Catholic Diocese of Wilmington, Inc.
 Fiscal Year 2003 Budget
 July 1, 2002 through June 30, 2003

Department: Catholic Charities
 Office Name/Code: Siena Hall Administrative

5/20/02

FY 03 Budgeted Net Expense:

\$192,424

Based on 0 Children In Care

Acct #	Account name	Total FY 02 Budget	FY 02 hru Feb 02 Actual	Total FY 02 Estimated	Jul 2002 Budget	Aug 2002 Budget	Sep 2002 Budget	Oct 2002 Budget	Nov 2002 Budget	Dec 2002 Budget	Jan 2003 Budget	Feb 2003 Budget	Mar 2003 Budget	Apr 2003 Budget	May 2003 Budget	Jun 2003 Budget	Total FY 03 Budget
	INCOME																
	Donations/grants	24,500	27,106	27,306	0	0	0	0	0	0	0	0	0	0	0	0	0
	Client Fees - Private, YRS, CMH	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Purchase of care fees	578,836	286,816	426,804	0	0	0	0	0	0	0	0	0	0	0	0	0
	U.S. govt food reimbursement	2,280	927	1,390	0	0	0	0	0	0	0	0	0	0	0	0	0
	Miscellaneous Income	0	77	77	0	0	0	0	0	0	0	0	0	0	0	0	0
	Residential Treatment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Special Events - Fundraiser	20,000	20,221	20,221	0	0	0	0	0	0	0	0	0	0	0	0	0
	United Way of Delaware	0	1,826	1,826	0	0	0	0	0	0	0	0	0	0	0	0	0
	Other United Ways	0	535	535	0	0	0	0	0	0	0	0	0	0	0	0	0
	Diocese of Wilmington	0	3,687	3,687	0	0	0	0	0	0	0	0	0	0	0	0	0
	Administrative services to CHI 9-12	10,120	5,903	10,120	0	0	0	0	0	0	0	0	0	0	0	0	0
	TOTAL INCOME	635,736	347,098	491,966	0	0	0	0	0	0	0	0	0	0	0	0	0
	EXPENSES																
	PERSONNEL EXPENSE																
	Salaries: administrative	59,298	40,135	59,298	5,898	5,898	5,898	5,898	5,898	5,898	5,898	5,898	5,897	5,898	5,898	5,897	70,774
	Salaries: professional	272,235	178,458	267,687	0	0	0	0	0	0	0	0	0	0	0	0	0
	Salaries: maintenance	12,267	14,563	19,067	791	791	790	791	791	790	791	791	790	791	791	790	9,488
	Salaries: domestic	35,944	24,113	35,944	0	0	0	0	0	0	0	0	0	0	0	0	0
	Salaries: office	22,311	15,492	22,311	1,450	1,450	1,450	1,450	1,450	1,450	1,450	1,450	1,451	1,450	1,450	1,451	17,402
	Salaries: Stipend	8,007	6,042	8,007	0	0	0	0	0	0	0	0	0	0	0	0	0
	Outside Services	2,260	4,715	7,073	189	189	189	189	189	190	189	189	190	189	189	190	2,271
	Total salaries	412,282	283,518	419,327	8,328	8,328	8,327	8,328	8,328	8,328	8,328	8,328	8,328	8,328	8,328	8,328	99,935
	Health insurance	67,696	48,440	72,660	1,211	1,211	1,211	1,211	1,211	1,212	1,211	1,211	1,212	1,211	1,211	1,212	14,535
	Retirement	0	0	0	155	155	155	155	155	155	155	155	155	155	155	154	1,859
	Group Life/Group Disability	8,549	2,367	3,550	50	50	50	50	50	50	50	50	50	50	50	51	601
	Workers' compensation	8,766	2,016	3,023	156	156	156	156	156	156	156	156	156	156	156	156	1,875
	Social security	25,421	16,553	25,559	505	505	505	505	505	505	505	505	505	505	505	505	6,055
	Medicare	5,945	3,583	5,978	118	118	118	118	118	118	118	118	118	118	118	118	1,416
	Living Allowance	1,100	485	1,100	0	0	0	0	0	0	0	0	0	0	0	0	0
	Unemployment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	TOTAL PERSONNEL EXPENSE	529,759	356,961	531,197	10,523	10,523	10,522	10,523	10,523	10,524	10,523	10,523	10,524	10,523	10,523	10,524	126,276

FY03 = \$3,459,683 - \$18,000 Roof Replacement = \$3,411,010 x 5.64126 = \$192,424
 (The \$18,000 Capital Request and \$192,424 Investment Income Request Combined Equals 6.08217% of \$3,459,683)

Form A-1

Office Name/Code: Sena Hall Administrative

Acct #	Account name	Total FY 02 Budget	FY 02 thru Feb 02 Actual	Total FY 02 Estimated	Jul 2002 Budget	Aug 2002 Budget	Sep 2002 Budget	Oct 2002 Budget	Nov 2002 Budget	Dec 2002 Budget	Jan 2003 Budget	Feb 2003 Budget	Mar 2003 Budget	Apr 2003 Budget	May 2003 Budget	Jun 2003 Budget	Total FY 03 Budget
	OPERATING EXPENSE																
	Professional fees	2,040	2,168	2,338	0	0	0	0	0	0	0	0	0	0	0	0	0
	Office supplies	5,000	1,523	2,285	125	125	125	125	125	125	125	125	125	125	125	125	1,500
	Telephone	8,860	4,815	7,225	470	470	470	470	470	470	470	470	470	470	470	470	5,640
	Postage	1,700	650	975	50	50	50	50	50	50	50	50	50	50	50	50	600
	Equipment purchase	3,000	283	425	0	0	0	0	0	0	0	0	0	0	0	0	0
	Equipment maintenance	7,700	5,302	450	83	83	84	83	83	84	83	83	84	83	83	84	1,000
	Housing	60,200	22,875	41,326	2,461	2,461	2,461	2,462	2,461	2,461	2,462	2,462	2,462	2,461	2,462	2,462	29,538
	Personal car allowance	3,000	1,249	1,875	83	83	84	83	83	84	83	83	84	83	83	84	1,000
	Auto expense staff car	14,105	9,142	12,939	358	358	359	358	358	359	358	358	359	358	358	359	4,300
	Memberships	400	166	249	0	0	0	0	0	0	0	0	0	0	0	0	0
	Travel & meeting expense	2,000	334	435	0	500	0	0	0	0	0	0	0	0	0	0	500
	Publicity	2,060	(816)	(566)	0	0	0	0	0	0	0	0	0	0	0	0	0
	Publications	750	479	720	21	21	21	21	21	21	21	21	20	21	21	20	250
	Auditing	6,600	5,250	5,250	0	0	0	0	0	0	5,500	0	0	0	0	0	5,500
	Other program costs	57,442	14,119	22,146	194	194	194	194	194	194	194	194	194	194	194	194	2,328
	Management and general	52,893	35,262	52,893	1,083	1,083	1,082	1,083	1,083	1,082	1,083	1,083	1,082	1,083	1,083	1,082	12,992
	Fundraiser	9,900	7,783	7,783	0	0	0	0	0	0	0	0	0	0	0	0	0
	Staff Development	4,000	1,904	2,856	83	83	84	83	83	84	83	83	84	83	83	84	1,000
	Workshops	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Miscellaneous	0	262	263	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	TOTAL OPERATING EXPENSE	241,650	112,750	161,867	5,011	5,511	5,014	5,012	5,011	5,014	10,512	5,012	5,014	5,011	5,012	5,014	66,148
	TOTAL EXPENSE	771,409	469,711	693,064	15,534	16,034	15,536	15,535	15,534	15,538	21,035	15,535	15,538	15,534	15,535	15,538	192,424
	NET EXPENSE																
	Investments/Savings	48,673	64,613	114,098	15,534	16,034	15,536	15,535	15,534	15,538	21,035	15,535	15,538	15,534	15,535	15,538	192,424
	Orphans Collection	87,000	58,000	87,000	(0)	(0)	0	(0)	(0)	0	(0)	(0)	0	(0)	(0)	0	0

Prepared by: _____ date _____
 Approved by: _____ date _____

Comparison of Net Expense

	\$ Amount	% Inc (Dec) vs. Prior Yr	% Inc (Dec) vs. Prior Yr
FY 01 funded by endowment fund	209,243	878	0.40%
FY 02 funded by endowment fund	135,673	(23,922)	-11.43%
FY 03 funded by endowment fund	192,424	(73,570)	-54.23%

Investments/savings	122,243	26,999	106,686	15,534	16,034	15,536	15,535	15,534	15,538	21,035	15,535	15,538	15,534	15,535	15,538	192,424
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SIENA HALL, INC.

**REPORT ON AUDITS OF
FINANCIAL STATEMENTS**
for the years ended June 30, 1998 and 1997

SIENA HALL, INC.

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Statements of Cash Flows for the years ended June 30, 1998 and 1997	4
Notes to Financial Statements	5-9

Report of Independent Accountants

To the Board of Trustees and Board of Directors
Siena Hall, Inc.
Wilmington, Delaware

In our opinion, the accompanying balance sheets and the related statements of revenue and functional expenses and of cash flows present fairly, in all material respects, the financial position of Siena Hall, Inc. at June 30, 1998 and 1997, and the changes in its net assets and its cash flows for each of the two years in the period ended June 30, 1998, in conformity with generally accepted accounting principles. These financial statements are the responsibility of Siena Hall, Inc.'s management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP

September 18, 1998

SIENA HALL, INC.

Balance Sheets as of June 30, 1998 and 1997

ASSETS	Current Operations	Land, Building, and Equipment	Invested Reserves	Total All Funds	
				1998	1997
Cash and cash equivalents	\$ 11,305	-	-	\$ 11,305	\$ 7,580
Accounts receivable	30,075	-	-	30,075	45,972
Prepaid expenses	41,217	-	-	41,217	53,769
Land, building, and equipment, net	-	\$ 287,012	-	287,012	310,991
Pooled investments	-	-	\$ 3,529,433	3,529,433	3,102,823
Other investments	-	-	-	-	1,312
	\$ 82,597	\$ 287,012	\$ 3,529,433	\$ 3,899,042	\$ 3,522,447
LIABILITIES AND NET ASSETS					
Unearned revenue	15,050	-	-	15,050	14,250
Accounts payable	9,806	-	-	9,806	4,366
Accrued expenses	31,812	-	-	31,812	33,868
Due to related organizations	18,508	-	-	18,508	31,794
	75,176	-	-	75,176	84,278
Total unrestricted net assets	7,421	287,012	3,529,433	3,823,866	3,438,169
Total liabilities and net assets	\$ 82,597	\$ 287,012	\$ 3,529,433	\$ 3,899,042	\$ 3,522,447

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

SIENA HALL, INC.

Statements of Revenue and Functional Expenses
for the years ended June 30, 1998 and 1997

	Current Operations	Land, Building, and Equipment	Invested Reserves	Total All Funds	
				1998	1997
Revenue and other support:					
Contributions	\$ 108,759	-	-	\$ 108,759	\$ 116,268
Program fees	-	-	-	-	7,680
Government contracts	416,610	-	-	416,610	380,103
Pooled investment income	116,929	\$ 13,057	\$ 427,798	557,784	551,672
Other investment income	439	-	-	439	743
Fundraising	16,358	-	-	16,358	20,560
Total revenue and other support	659,095	13,057	427,798	1,099,950	1,077,026
Expenses:					
Program expenses:					
Salaries	430,915	-	-	430,915	422,266
Employee benefits	77,774	-	-	77,774	72,900
Payroll taxes	32,787	-	-	32,787	30,904
Salaries and related expenses	541,476	-	-	541,476	526,070
Program costs	41,558	-	-	41,558	37,256
Professional fees	2,210	-	-	2,210	6,265
Housing and occupancy costs	40,449	-	-	40,449	32,511
Office and administrative expense	18,932	-	-	18,932	18,025
Auditing	8,250	-	-	8,250	14,900
Transportation	8,156	-	-	8,156	9,452
Conferences and meetings	3,595	-	-	3,595	5,092
Depreciation	-	44,358	-	44,358	44,897
Miscellaneous	2,841	-	2,500	5,341	1,960
Reimbursement from related organization	(38,329)	-	-	(38,329)	(36,504)
Total program expenses	629,138	44,358	2,500	675,996	659,924
Supporting services:					
Management and general	30,912	-	-	30,912	29,440
Fundraising	7,345	-	-	7,345	9,427
Total supporting services	38,257	-	-	38,257	38,867
Total expenses	667,395	44,358	2,500	714,253	698,791
(Deficiency)/excess of revenue over expenses	(8,300)	(31,301)	425,298	385,697	378,235
Transfers	(8,634)	7,322	1,312	-	-
Changes in net assets	(16,934)	(23,979)	426,610	385,697	378,235
Net assets at beginning of year	24,355	310,991	3,102,823	3,438,169	3,059,934
Net assets at end of year	\$ 7,421	\$ 287,012	\$ 3,529,433	\$ 3,823,866	\$ 3,438,169

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

SIENA HALL, 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:		
Changes in net assets	\$ 385,697	\$ 378,235
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net appreciation on pooled investments	(466,736)	(461,333)
Depreciation	44,358	44,897
Decrease (increase) in accounts receivable	15,897	(6,770)
Decrease (increase) in prepaid expenses	12,552	(14,020)
Decrease in other investments	1,312	-
Increase in unearned revenue	800	14,250
(Decrease) increase in accounts payable	5,440	(93)
(Decrease) increase in accrued expenses	(2,056)	24,678
(Decrease) increase in due to related organizations	(13,286)	15,653
Net cash used in operating activities	<u>(16,022)</u>	<u>(4,503)</u>
Cash flows from investing activities:		
Purchase of land, building, and equipment	(20,379)	(23,592)
Amounts drawn from pooled investments for current operations	118,117	101,734
Amounts drawn from pooled investments for purchases of land, building, and equipment	13,057	22,912
Reinvestment of interest and dividends into pooled investments	(91,048)	(90,339)
Net cash provided by investing activities	<u>19,747</u>	<u>10,715</u>
Net increase in cash and cash equivalents	3,725	6,212
Cash and cash equivalents at beginning of year	<u>7,580</u>	<u>1,368</u>
Cash and cash equivalents at end of year	<u>\$ 11,305</u>	<u>\$ 7,580</u>

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

SIENA HALL, INC.

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Nature of Operations:

Siena Hall, Inc. (Siena Hall), located in Wilmington, Delaware, is a not-for-profit organization providing residential group care for school-aged children offering intensive treatment and supervision in a family-like atmosphere. Siena Hall is the recipient of numerous government contracts which are used to support its operations.

Basis of Reporting:

Siena Hall reports using the accrual basis of accounting. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation:

The financial statements have been prepared in accordance with Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations". Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. A description of the three net asset categories follows:

- **Unrestricted Net Assets** are those assets that are available for the support of operations and whose use is not externally restricted, although their use may be limited by other factors such as by contract or board designation.
- **Temporarily Restricted Net Assets** include gifts whose use has been limited by donors to a specific time period and purpose and whose restrictions have not been met.
- **Permanently Restricted Net Assets** include gifts, trusts, and pledges which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions.

All net assets are unrestricted as of June 30, 1998 and 1997.

Notes to Financial Statements, Continued

1. Summary of Significant Accounting Policies, continued:

Contributions:

Contributions are recognized as revenue in accordance with Statement of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made". Noncash contributions are recorded at fair value on the date of donation. Contributions of cash and other non-capital assets are reported as temporarily restricted operating revenue if the contributions are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose for the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions which are received and expended within the same fiscal year are reported as unrestricted revenues.

Cash and Cash Equivalents:

Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less.

Pooled Investments:

Pooled investments are stated at fair value. Pooled investment income on the statement of revenue and functional expenses includes interest, dividends, and net appreciation. Net appreciation includes realized and unrealized gains and losses, net of consulting and custodial costs.

Siena Hall participates with the Catholic Diocese of Wilmington, Inc. (the Diocese) and other affiliated organizations in an investment pool which is held in a custody account at Delaware Trust Capital Management. The pool is invested in a combination of fixed income and equity securities and mutual funds.

Siena Hall utilizes a total return policy to determine the level of support for operations and capital expenditures from pooled investments. The level of support is determined annually.

The investment pool is exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the market value of investments, it is at least reasonably possible that changes in risks in the near term could materially affect the amounts reported in the financial statements.

Vacation:

Siena Hall recognizes the cost of vested vacation pay as earned by employees.

Notes to Financial Statements, Continued

1. Summary of Significant Accounting Policies, continued:

Contributed Services:

Siena Hall receives services from non-specialized volunteers, which amounts are not recorded in these financial statements.

Siena Hall records in revenues and expenses, the difference between the estimated fair value of donated facilities usage costs and amounts expended for their use.

2. Pooled Investments:

Siena Hall invests in a combination of fixed income and equity securities and mutual funds. The composition of pooled investments as of June 30, 1998 and 1997 was as follows:

	<u>1998</u>	<u>1997</u>
Cash and cash equivalents	\$ 79,183	\$ 50,918
Fixed income	978,750	926,604
Domestic equity	2,182,601	1,869,219
International equity	<u>288,899</u>	<u>256,082</u>
Total	<u>\$ 3,529,433</u>	<u>\$ 3,102,823</u>

The fair value of investments was determined based on quoted market prices at June 30, 1998 and 1997.

Pooled investment income for the years ended June 30, 1998 and 1997 was comprised of the following:

	<u>1998</u>	<u>1997</u>
Interest and dividends	\$ 91,048	\$ 90,339
Net appreciation	<u>466,736</u>	<u>461,333</u>
Pooled investment income	<u>\$ 557,784</u>	<u>\$ 551,672</u>

The pooled investment income was net of custodial and advisory fees in the amount of \$21,531 and \$20,073 for the years ended June 30, 1998 and 1997, respectively.

Notes to Financial Statements, Continued

3. Land, Building, and Equipment and Depreciation:

Land, building and equipment are stated at historical cost or fair value at the date of donation, less accumulated depreciation. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets. Land, building, and equipment and accumulated depreciation as of June 30, 1998 and 1997 were as follows:

	<u>1998</u>	<u>1997</u>
Land	\$ 20,000	\$ 20,000
Building and improvements	670,127	672,850
Furniture and equipment	179,247	160,440
Vehicles	<u>57,722</u>	<u>57,722</u>
	927,096	911,012
Accumulated depreciation	<u>(640,084)</u>	<u>(600,021)</u>
	<u>\$ 287,012</u>	<u>\$ 310,991</u>

4. Pension Plan:

Siena Hall participates in a noncontributory benefit pension plan with Catholic Charities, Inc. The plan covers substantially all employees of Siena Hall who qualify as to length of employment. The plan benefits are based on 1¼% of the final average earnings multiplied by the total years of eligible participation as defined in the plan document. Contributions to the plan are intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future.

The following represents the status and activity for Siena Hall's portion of the plan:

	<u>1998</u>	<u>1997</u>
Prepaid pension cost	\$ 37,622	\$ 52,539
Net periodic pension cost	11,430	8,875

For the years ended June 30, 1998 and 1997, Siena Hall contributed \$0 and \$21,995, respectively, to the plan.

Notes to Financial Statements, Continued

5. Related Party Transactions:

Certain members of the Board of Trustees of Siena Hall are also members of the Boards of Catholic Charities, Inc., Seton Villa, Inc., and Children's Home, Inc. Additionally, certain officers of the Diocese serve as members of Siena Hall's Board.

Siena Hall reimburses Catholic Charities, Inc. for various administration and support activities. These reimbursements are reflected in management and general expenses in the statement of revenue and functional expenses.

Siena Hall is reimbursed by Children's Home, Inc. for various administration and support activities. These reimbursements are reflected as a reduction of program expenses in the statement of revenue and functional expenses.

6. Income Taxes:

Siena Hall is a not-for-profit corporation which has been granted exempt status from federal taxation under Section 501(c)(3) of the Internal Revenue Code.

Catholic Diocese of Wilmington
XXIII. FINANCIAL STATE OF THE DIOCESE
Statistical Index

Entity: St. Thomas More Academy

Enclosures:

- Audited Financial Statements for the years ended June 30, 2002 and 2001
- Audited Financial Statements for the years ended June 30, 2000 and 1999
- Audited Financial Statements for the years ended June 30, 1998 and 1997
- Budget summary for the year ending June 30, 2003

St. Thomas More Academy

**Financial Statements for the Years Ended
June 30, 2002 and 2001**

St. Thomas More Academy
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June 30, 2002 and 2001

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Statements of Activities and Changes in Net Assets	4-5
Statements of Functional Expenses	6-7
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Report of Independent Accountants

To the Board of Directors
Diocese of Wilmington Schools, Inc.
St. Thomas More Academy
Wilmington, Delaware

We have audited the accompanying balance sheets of the St. Thomas More Academy (St. Thomas) as of June 30, 2002 and 2001 and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of St. Thomas' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

St. Thomas has not adopted Statement of Financial Accounting Standards No. 93 (SFAS 93), "Recognition of Depreciation by Not-for-Profit Organizations," which requires not-for-profit organizations to recognize depreciation as a cost of using up the future economic benefits of their long-lived tangible assets. Also, certain equipment is expensed at the time of purchase that, in our opinion, should be capitalized in order to conform to accounting principles generally accepted in the United States of America. If buildings and building improvements were depreciated and certain equipment were capitalized, land, buildings and building improvements and net assets would be decreased by approximately \$181,000 and \$284,000 at June 30, 2002 and 2001, respectively. Additionally, changes in net assets would decrease by approximately \$103,000 and \$26,000 for the years ended June 30, 2002 and 2001, respectively.

In our opinion, except for the effect of not recognizing depreciation expense of long-lived tangible assets and of not capitalizing equipment as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of St. Thomas as of June 30, 2002 and 2001 and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

September 20, 2002

St. Thomas More Academy
Balance Sheet
As of June 30, 2002

Assets	Unrestricted	Temporarily Restricted	Total
Cash	\$ 147,358	\$ -	\$ 147,358
Tuition receivable, net	1,629	-	1,629
Pledges receivable, net	30,525	-	30,525
Land, buildings, and improvements	3,433,979	-	3,433,979
Investments	-	116,873	116,873
St. John's Parish scholarship investment	-	7,493	7,493
Due from affiliates	-	-	-
Total assets	<u>\$3,613,491</u>	<u>\$ 124,366</u>	<u>\$3,737,857</u>
Liabilities and Net Assets			
Accounts payable and accrued liabilities	102,107	-	102,107
Deferred income	53,596	-	53,596
Total liabilities	<u>155,703</u>	<u>-</u>	<u>155,703</u>
Net assets:			
Unrestricted	3,457,788	-	3,457,788
Temporarily restricted	-	124,366	124,366
Total net assets	<u>3,457,788</u>	<u>124,366</u>	<u>3,582,154</u>
Total liabilities and net assets	<u>\$3,613,491</u>	<u>\$ 124,366</u>	<u>\$3,737,857</u>

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

St. Thomas More Academy
Balance Sheet
As of June 30, 2001

Assets	Unrestricted	Temporarily Restricted	Total
Cash	\$ 89,834	\$ -	\$ 89,834
Tuition receivable, net	1,367	-	1,367
Pledges receivable, net	74,358	-	74,358
Land, buildings, and improvements	3,433,979	-	3,433,979
Other assets	250	-	250
Investments	-	84,159	84,159
St. John's Parish scholarship investment	-	8,482	8,482
Due from affiliates	9,729	-	9,729
Total assets	<u>\$ 3,609,517</u>	<u>\$ 92,641</u>	<u>\$ 3,702,158</u>
Liabilities and Net Assets			
Accounts payable and accrued liabilities	85,533	-	85,533
Deferred income	29,329	-	29,329
Total liabilities	<u>114,862</u>	<u>-</u>	<u>114,862</u>
Net assets:			
Unrestricted	3,494,655	-	3,494,655
Temporarily restricted	-	92,641	92,641
Total net assets	<u>3,494,655</u>	<u>92,641</u>	<u>3,587,296</u>
Total liabilities and net assets	<u>\$ 3,609,517</u>	<u>\$ 92,641</u>	<u>\$ 3,702,158</u>

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

St. Thomas More Academy
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2002

	Unrestricted	Temporarily Restricted	Total
Revenue and support:			
Public support:			
Diocesan contributions	\$ 508,270	\$ -	\$ 508,270
Other contributions	400	29,071	29,471
Total public support	<u>508,670</u>	<u>29,071</u>	<u>537,741</u>
Other revenue:			
Tuition and fees	897,780	-	897,780
Student activities	51,929	-	51,929
Interest income	31	(7,370)	(7,339)
Other	23,621	24,881	48,502
Total other revenue	<u>973,361</u>	<u>17,511</u>	<u>990,872</u>
Net assets released from restrictions:			
Other	8,350	(8,350)	-
	<u>8,350</u>	<u>(8,350)</u>	<u>-</u>
Total revenue and support	<u>1,490,381</u>	<u>38,232</u>	<u>1,528,613</u>
Expenses:			
Academic programs	794,062	-	794,062
Student activities	120,746	-	120,746
General and administrative	407,759	-	407,759
Development	65,641	6,507	72,148
Capital expenditures	139,040	-	139,040
Total expenses	<u>1,527,248</u>	<u>6,507</u>	<u>1,533,755</u>
Changes in net assets	(36,867)	31,725	(5,142)
Net assets at beginning of year	<u>3,494,655</u>	<u>92,641</u>	<u>3,587,296</u>
Net assets at end of year	<u>\$3,457,788</u>	<u>\$124,366</u>	<u>\$3,582,154</u>

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

St. Thomas More Academy
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2001

	Unrestricted	Temporarily Restricted	Total
Revenue and support:			
Public support:			
Diocesan contributions	\$ 466,880	\$ -	\$ 466,880
Other contributions	122,100	30,000	152,100
Total public support	<u>588,980</u>	<u>30,000</u>	<u>618,980</u>
Other revenue:			
Tuition and fees	715,061	-	715,061
Student activities	38,727	-	38,727
Interest income	2,922	836	3,758
Other	15,113	27,838	42,951
Total other revenue	<u>771,823</u>	<u>28,674</u>	<u>800,497</u>
Net assets released from restrictions:			
Transportation program	9,729	(9,729)	-
Other	3,264	(3,264)	-
	<u>12,993</u>	<u>(12,993)</u>	<u>-</u>
Total revenue and support	<u>1,373,796</u>	<u>45,681</u>	<u>1,419,477</u>
Expenses:			
Academic programs	617,067	-	617,067
Student activities	82,421	-	82,421
General and administrative	455,805	-	455,805
Development	69,230	-	69,230
Capital expenditures	80,437	-	80,437
Total expenses	<u>1,304,960</u>	<u>-</u>	<u>1,304,960</u>
Changes in net assets	68,836	45,681	114,517
Net assets at beginning of year	<u>3,425,819</u>	<u>46,960</u>	<u>3,472,779</u>
Net assets at end of year	<u>\$3,494,655</u>	<u>\$92,641</u>	<u>\$3,587,296</u>

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

St. Thomas More Academy
Statement of Functional Expenses
For the Year Ended June 30, 2002

	Academic Programs	Student Activities	General and Administrative	Maintenance and Utilities	Development	Capital Expenditures	Total
Payroll and related expenses	\$ 637,877	\$ -	\$ 219,281	\$ -	\$ 50,175	\$ -	\$ 907,333
Other expenses:							
Capital expenses – Annex	-	-	-	-	-	40,570	40,570
Advertising	-	-	2,275	-	11,763	-	14,038
Athletic equipment, uniforms and supplies	-	15,880	-	-	-	-	15,880
Athletic officials fees and transportation	-	21,200	-	-	-	-	21,200
Audit and accounting services	-	-	7,752	-	-	-	7,752
Banquet expense	-	-	-	-	6,507	-	6,507
Books and printed material	56,216	-	-	-	-	-	56,216
Bus expense	-	-	68,390	-	-	-	68,390
Computers	8,967	-	14,463	-	-	-	23,430
Conferences and continuing education	3,485	-	-	-	-	-	3,485
Dues and subscriptions	2,428	-	-	-	-	-	2,428
Equipment maintenance	-	-	989	-	-	-	989
Insurance	-	-	8,886	-	-	-	8,886
Occupancy	-	-	-	60,541	-	-	60,541
Other	-	-	4,003	-	-	-	4,003
Postage and shipping	-	-	6,780	-	-	-	6,780
Professional services	149	23,400	24,549	-	-	-	48,098
Repairs and maintenance	-	-	-	-	-	98,470	98,470
Student activities events	19,614	33,070	-	-	-	-	52,684
Supplies and operating expenses	18,432	-	21,927	1,186	-	-	41,545
Telephone	-	-	5,625	-	-	-	5,625
Uncollectible	16,030	-	-	-	-	-	16,030
Yearbook	-	22,875	-	-	-	-	22,875
Total other expenses	<u>125,321</u>	<u>116,425</u>	<u>165,639</u>	<u>61,727</u>	<u>18,270</u>	<u>139,040</u>	<u>626,422</u>
Total	<u>763,198</u>	<u>116,425</u>	<u>384,920</u>	<u>61,727</u>	<u>68,445</u>	<u>139,040</u>	<u>1,533,755</u>
Allocation of maintenance expenses	<u>30,864</u>	<u>4,321</u>	<u>22,839</u>	<u>(61,727)</u>	<u>3,703</u>	-	-
Total expenses	<u>\$ 794,062</u>	<u>120,746</u>	<u>407,759</u>	<u>-</u>	<u>72,148</u>	<u>139,040</u>	<u>\$ 1,533,755</u>

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

St. Thomas More Academy
Statement of Functional Expenses
For the Year Ended June 30, 2001

	Academic Programs	Student Activities	General and Administrative	Maintenance and Utilities	Development	Capital Expenditures	Total
Payroll and related expenses	\$ 490,315	\$ -	\$ 263,881	\$ -	\$ 47,951	\$ -	\$ 802,147
Other expenses:							
Capital expenses – Academic	-	-	-	-	-	\$ 6,702	6,702
Capital expenses – Administrative	-	-	-	-	-	9,480	9,480
Capital expenses – Annex	-	-	-	-	-	64,255	64,255
Advertising	-	-	3,033	-	10,299	-	13,332
Athletic equipment, uniforms and supplies	-	\$ 21,076	-	-	-	-	21,076
Athletic officials fees and transportation	-	6,891	-	-	-	-	6,891
Audit and accounting services	-	-	7,885	-	-	-	7,885
Books and printed material	42,561	-	1,123	-	-	-	43,684
Bus expense	-	-	69,034	-	-	-	69,034
Computers	875	-	7,064	-	-	-	7,939
Conferences and continuing education	-	-	6,333	-	-	-	6,333
Dues and subscriptions	2,528	-	-	-	-	-	2,528
Equipment maintenance	-	-	-	\$ 3,777	-	-	3,777
Insurance	-	-	-	7,957	-	-	7,957
Occupancy	-	-	-	71,247	-	-	71,247
Other	6,096	-	5,301	869	987	-	13,253
Postage and shipping	-	-	6,504	-	-	-	6,504
Professional services	-	16,800	17,779	-	3,264	-	37,843
Repairs and maintenance	-	-	-	29,166	-	-	29,166
Student activities events	-	12,326	-	-	-	-	12,326
Supplies and operating expenses	14,711	-	11,551	-	-	-	26,262
Telephone	-	-	-	6,012	-	-	6,012
Uncollectible	-	-	12,011	-	-	-	12,011
Yearbook	-	17,316	-	-	-	-	17,316
Total other expenses	<u>66,771</u>	<u>74,409</u>	<u>147,618</u>	<u>119,028</u>	<u>14,550</u>	<u>80,437</u>	<u>502,813</u>
Total	<u>557,086</u>	<u>74,409</u>	<u>411,499</u>	<u>119,028</u>	<u>62,501</u>	<u>80,437</u>	<u>1,304,960</u>
Allocation of maintenance expenses	<u>59,981</u>	<u>8,012</u>	<u>44,306</u>	<u>(119,028)</u>	<u>6,729</u>	<u>-</u>	<u>-</u>
Total expenses	<u>\$ 617,067</u>	<u>\$ 82,421</u>	<u>\$ 455,805</u>	<u>-</u>	<u>\$ 69,230</u>	<u>\$ 80,437</u>	<u>\$ 1,304,960</u>

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

St. Thomas More Academy
Statements of Cash Flows
For the Years Ended June 30, 2002 and 2001

	2002	2001
Cash flows from operating activities:		
Changes in net assets	\$ (5,142)	\$ 114,517
Net depreciation on investments	9,068	684
Bad debt expense	16,030	12,011
Capital expenditures	98,470	170,011
Land included in Diocesan contributions	-	(122,100)
Changes in assets and liabilities:		
Tuition receivable	(3,785)	291
Pledges receivable	31,326	35,843
Other assets	250	30,750
Accounts payable and accrued liabilities	16,574	(1,414)
Deferred income	24,267	(9,914)
Net cash provided by operating activities	<u>187,058</u>	<u>230,679</u>
Cash flows from investing activities:		
Deposits into investments	(47,446)	(44,845)
Reinvestment of interest and dividends	(1,697)	(1,520)
Capital expenditures	(98,470)	(170,011)
Amounts drawn from investments	8,350	-
Net cash used in investing activities	<u>(139,263)</u>	<u>(216,376)</u>
Cash flows from financing activities:		
Due from Diocese	9,729	253,771
Bank overdraft	-	(199,307)
Net cash provided by financing activities	<u>9,729</u>	<u>54,464</u>
Net increase in cash and cash equivalents	57,524	68,767
Cash at beginning of year	89,834	21,067
Cash at end of year	<u>\$ 147,358</u>	<u>\$ 89,834</u>

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

St. Thomas More Academy
Notes to Financial Statements
June 30, 2002 and 2001

1. Summary of Significant Accounting Policies

St. Thomas More Academy (St. Thomas) fosters Catholic education, which is a creative and living process which seeks to develop the individual wholly and fully. St. Thomas is committed to creating the finest Catholic and Christian leaders by cultivating each student spiritually, socially, intellectually, and physically. Based upon the principles and values of the Gospels and traditions of Catholic doctrine, St. Thomas offers opportunities for religious formation and practice, with a curriculum of academic excellence and a variety of extra- and co-curricular activities. On October 16, 1997, pursuant to an Agreement of Merger between St. Thomas and the Diocese of Wilmington Schools, Inc. (Schools), Schools acquired all assets and assumed all liabilities of St. Thomas and became responsible for St. Thomas' Board of Directors and management of its daily activities. It is expected that the first several school years at St. Thomas will result in losses from operations because enrollment levels and corresponding tuition revenue is not expected to cover operating expenses and planned capital expenditures. It is estimated that approximately \$3.5 million to \$4.5 million of support will be required for the years 1998 through 2004. As a result, the Catholic Diocese of Wilmington, Inc. (the Diocese) has agreed to support the operations of St. Thomas during that time by providing the necessary capital requirements through loans and/or contributions.

These statements present the operating results of St. Thomas, which is an operating segment of the Diocese of Wilmington Schools, Inc.

Basis of Reporting

St. Thomas reports using the accrual basis of accounting. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation

Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. A description of the three net asset classifications follows:

- *Unrestricted Net Assets* include those assets that are available for the support of operations and whose use is not externally restricted, although their use may be limited by other factors such as by contract or board designation.
- *Temporarily Restricted Net Assets* include gifts for which donor imposed restrictions have not been met and pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted.
- *Permanently Restricted Net Assets* include gifts, trusts, and pledges which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions. All net assets of St. Thomas are either unrestricted or temporarily restricted as of June 30, 2002 and 2001.

St. Thomas More Academy
Notes to Financial Statements
June 30, 2002 and 2001

Contributions

Noncash contributions are recorded at fair value on the date of donation. Contributions of cash and other non-capital assets are reported as temporarily restricted operating revenue if the contributions are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose for the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions which are received and expended within the same fiscal year are reported as unrestricted revenues.

Pledges Receivable

Unconditional promises to give cash and other assets are reported at fair value as pledges receivable and contributions in the period the promise is received. Conditional promises are not included as support until the conditions are substantially met (see Note 9).

Land, Building, and Improvements

Land, buildings, and certain land and building improvements are capitalized based on historical cost. All other long-lived assets are expensed at the time of purchase.

Deferred Income

Deferred income of St. Thomas represents tuition and program fees received in advance for the upcoming school years.

Pooled Investments

Pooled investments are stated at fair value. Pooled investment income on the statements of activities includes interest, dividends, and realized and unrealized gains and losses, net of consulting and custodial costs.

St. Thomas participates with the Diocese and other affiliated organizations in an investment pool which is held in a custody account at Mellon Trust. The pool is invested in a combination of fixed income and equity securities and mutual funds.

The investment pool is exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the market value of investments, it is at least reasonably possible that changes in risks in the near term could materially affect the amounts reported in the financial statements.

Contributed Services

St. Thomas receives services from unpaid volunteers in organizing activities for students and various school programs. The value of these contributed services is not reflected in the accompanying financial statements since the services provided by the volunteers do not require specialized skills and would not be purchased by St. Thomas if the volunteer services were not available.

Description of Program and Supporting Services

The following program and supporting services are included in the accompanying financial statements.

Academic programs - Provide quality secondary education based on a curriculum which enables students to recognize and challenge their individual abilities; foster knowledge; stimulate interest; facilitate a dynamic, creative curriculum that motivates students to think critically, analyze data and draw

St. Thomas More Academy
Notes to Financial Statements
June 30, 2002 and 2001

conclusions; provide pastoral care program and religious education as an integral part of student's education; instill a distinctive Catholic atmosphere of lived Gospel values and principles and the traditions of Catholicism; include facilities, classrooms, and laboratories with the technology and equipment needed to educate for future learning and life.

Student activities - Includes all extracurricular activities such as proms, dances, athletic contests, theater productions, and retreat expenses.

Expense Allocation

The cost of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

2. Pledges Receivable

At June 30, 2002 and 2001, pledges receivable consisted of the following unconditional promises to give:

	2002	2001
Initial campaign	\$ 16,453	\$ 17,443
Gymnasium campaign	37,900	68,236
Less: Allowance for uncollectibles	<u>(23,828)</u>	<u>(11,321)</u>
	<u>\$ 30,525</u>	<u>\$ 74,358</u>
Amount due in:		
Less than one year	46,553	62,149
One to five years	<u>7,800</u>	<u>23,530</u>
Total	<u>\$ 54,353</u>	<u>\$ 85,679</u>

3. Pooled Investments

The composition of pooled investments as of June 30, 2002 and 2001 was as follows:

	2002	2001
Cash and cash equivalents	\$ 22,609	\$ 277
Fixed income	31,117	26,768
Domestic equity	54,616	52,441
International equity	<u>16,024</u>	<u>13,155</u>
Total pooled investments	<u>\$124,366</u>	<u>\$92,641</u>

St. Thomas More Academy
Notes to Financial Statements
June 30, 2002 and 2001

The fair value of these investments was determined based on quoted market prices at June 30, 2002. Pooled investment income for the years ended June 30, 2002 and 2001 consisted of the following:

	2002	2001
Interest and dividends	\$ 1,698	\$ 1,520
Net appreciation	<u>(9,068)</u>	<u>(684)</u>
Total pooled investments	<u>\$ (7,370)</u>	<u>\$ 836</u>

The pooled investment income is net of custodial and advisory fees in the amount of \$650 and \$349 for the years ended June 30, 2002 and 2001, respectively.

These investments are temporarily restricted for the following purposes:

	2002	2001
Scholarships	\$ 87,373	\$ 65,105
Tuition assistance - ongoing	29,500	24,335
Tuition assistance	<u>-</u>	<u>3,201</u>
Total pooled investments	<u>\$ 116,873</u>	<u>\$ 92,641</u>

4. Land, Buildings, and Improvements

St. Thomas' building and the land upon which it sits are owned by the Diocese of Wilmington Schools, Inc., of which St. Thomas is an operating segment. In lieu of rental expenses, St. Thomas is responsible for all annual repairs, maintenance and capital expenditures.

At June 30, 2002 and 2001 land, buildings, and improvements consisted of the following:

	2002	2001
Land	\$ 567,100	\$ 567,100
Building and improvements	<u>2,866,879</u>	<u>2,866,879</u>
	<u>\$3,433,979</u>	<u>\$3,433,979</u>

During the year ended June 30, 2001, Diocese of Wilmington Schools, Inc., on behalf of St. Thomas, acquired land adjacent to the current St. Thomas property for cash payment of \$122,100 and forgiveness of a note receivable to St. Thomas of \$31,000.

St. Thomas More Academy
Notes to Financial Statements
June 30, 2002 and 2001

5. Deferred Income

At June 30, 2002 and 2001, deferred income consisted of the following:

	2002	2001
Tuition, fees and bus	\$ 53,596	\$ 20,929
Brick program	<u>8,400</u>	<u>8,400</u>
	<u>\$ 61,996</u>	<u>\$ 29,329</u>

6. Pension Plans

The Diocese sponsors a noncontributory defined benefit pension plan covering all full-time lay employees of the Diocese, including St. Thomas. The Plan calls for benefits to be paid to eligible employees at retirement based on compensation, as defined in the Plan document. Contributions to the Plan for St. Thomas' proportionate cost, which amounted to approximately \$54,000 and \$51,000 for the years ended June 30, 2002 and 2001, respectively, were provided entirely by the Diocese. As a result, no expenses related to this plan have been reflected in the accompanying financial statements of St. Thomas. The impact of not reflecting these amounts in the financial statements of St. Thomas was not significant.

7. Related Party Transactions

St. Thomas receives contributions and grants from the Diocese and the Catholic Diocese Foundation. These entities are related to St. Thomas through common control. A summary of the contributions and grants received from these entities for the years ended June 30, 2002 and 2001 is as follows:

	2002	2001
Revenue and support - Diocesan contributions:		
Catholic Diocese of Wilmington:		
Budget subsidy	\$ 508,270	\$ 466,880

The Diocese provides and absorbs the full cost of accounting services, life insurance, long-term disability, and Blood Bank dues for all full-time employees of St. Thomas. These expenses are not reimbursed or reflected on the financial statements of St. Thomas since the amounts are not significant.

St. Thomas reimburses the Diocese for wages, payroll taxes, health benefits, and other expenses the Diocese disburses on behalf of St. Thomas. For the years ended June 30, 2002 and 2001, these expenses totaled \$907,333 and \$815,939, respectively. Of these balances, unpaid amounts of \$81,054 and \$72,387, respectively, are included in accounts payable and accrued expenses for the years ended June 30, 2002 and 2001, respectively.

A member of the Board of Directors of St. Thomas is related to an entity providing general contracting services during the construction phase of St. Thomas' buildings and improvements.

St. Thomas More Academy
Notes to Financial Statements
June 30, 2002 and 2001

8. Income Taxes

Diocese of Wilmington Schools, Inc., of which St. Thomas is an operating segment, is a not-for-profit corporation which has been granted exempt status from federal taxation under Section 501(c)(3) of the Internal Revenue Code.

9. Promises to Contribute

During 1997, St. Thomas had received a \$200,000 conditional pledge. This contribution will be recorded when the conditions have been substantially met.

**St. Thomas More
Academy**

**Financial Statements
For the Years Ended
June 30, 2000 and 1999**

St. Thomas More Academy
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June 30, 2000 and 1999

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Report of Independent Accountants

To the Board of Directors
Diocese of Wilmington Schools, Inc.
St. Thomas More Academy
Dover, Delaware

We have audited the accompanying balance sheets of St. Thomas More Academy (St. Thomas) as of June 30, 2000 and 1999, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of St. Thomas' management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as discussed in the following paragraph, we conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

St. Thomas has not adopted Statement of Financial Accounting Standards No. 93, (SFAS 93), "Recognition of Depreciation by Not-For-Profit Organization," which requires not-for-profit organizations to recognize depreciation as a cost of using up the future economic benefit of their long-lived tangible assets. Also, equipment is expensed at the time of purchase that, in our opinion, should be capitalized in order to conform to accounting principles generally accepted in the United States of America. If buildings and building improvements were depreciated, and equipment were capitalized and depreciated, land, buildings and building improvements and net assets would be increased by approximately \$310,000 and \$353,000 at June 30, 2000 and 1999, respectively. Additionally, changes in net assets would increase by approximately \$43,000 and \$310,000 for the years ended June 30, 2000 and 1999, respectively.

In our opinion, except for the effect of not recording depreciation expense of buildings and building improvements and of not capitalizing and depreciating equipment as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of St. Thomas as of June 30, 2000 and 1999 and the changes in its net assets and its cash flows for the years then ended.

PricewaterhouseCoopers LLP

September 15, 2000

St. Thomas More Academy
Balance Sheets
As of June 30, 2000 and 1999

Assets	Unrestricted	Temporarily Restricted	2000 Total	1999 Total
Cash	\$ 21,067	\$ -	\$ 21,067	\$ 17,658
Tuition receivable, net	13,669	-	13,669	2,208
Pledges receivable, net	11,870	129,331	141,201	239,658
Land, buildings, and improvements	3,280,879	-	3,280,879	3,280,879
Other assets	31,000	-	31,000	31,000
Investments	-	46,960	46,960	-
Due from Diocese	263,500	-	263,500	-
Due to/(from) related net assets	129,331	(129,331)	-	-
Total assets	\$3,751,316	\$ 46,960	\$3,798,276	\$3,571,403
Liabilities and Net Assets				
Accounts payable and accrued liabilities	86,947	-	86,947	160,792
Deferred income	39,243	-	39,243	40,096
Bank overdraft	199,307	-	199,307	-
Note payable	-	-	-	263,500
Total liabilities	325,497	-	325,497	464,388
Net assets:				
Unrestricted	3,425,819	-	3,425,819	3,107,015
Temporarily restricted	-	46,960	46,960	-
Total net assets	3,425,819	46,960	3,472,779	3,107,015
Total liabilities and net assets	\$3,751,316	\$ 46,960	\$3,798,276	\$3,571,403

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

St. Thomas More Academy
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2000

	Unrestricted	Temporarily Restricted	Total
Revenue and support:			
Public support:			
Diocesan contributions	\$ 693,500	\$ -	\$ 693,500
Other contributions	5,319	\$62,176	67,495
Total public support	<u>698,819</u>	<u>62,176</u>	<u>760,995</u>
Other revenue:			
Tuition and fees	512,637	-	512,637
Student activities	33,115	-	33,115
Interest income	2,472	210	2,682
Other	16,288	-	16,288
Total other revenue	<u>564,512</u>	<u>210</u>	<u>564,722</u>
Net assets released from restrictions:			
Transportation program	7,714	(7,714)	-
Tuition assistance	2,382	(2,382)	-
Other	5,330	(5,330)	-
	<u>15,426</u>	<u>(15,426)</u>	<u>-</u>
Total revenue and support	<u>1,278,757</u>	<u>46,960</u>	<u>1,325,717</u>
Expenses:			
Academic programs	473,833	-	473,833
Student activities	61,498	-	61,498
General and administrative	299,035	-	299,035
Development	70,839	-	70,839
Capital expenditures	54,748	-	54,748
Total expenses	<u>959,953</u>	<u>-</u>	<u>959,953</u>
Changes in net assets	318,804	46,960	365,764
Net assets at beginning of year	<u>3,107,015</u>	<u>-</u>	<u>3,107,015</u>
Net assets at end of year	<u>\$3,425,819</u>	<u>\$46,960</u>	<u>\$3,472,779</u>

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

St. Thomas More Academy
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 1999

	Unrestricted	Temporarily Restricted	Total
Revenue and support:			
Public support:			
Diocesan contributions	\$ 797,482	\$ -	\$ 797,482
Other contributions	1,030	188,653	189,683
Total public support	<u>798,512</u>	<u>188,653</u>	<u>987,165</u>
Other revenue:			
Tuition and fees	210,132	-	210,132
Student activities	24,751	-	24,751
Other	8,758	-	8,758
Total other revenue	<u>243,641</u>	<u>-</u>	<u>243,641</u>
Net assets released from restrictions:			
Capital improvements	186,850	(186,850)	-
Transportation program	1,803	(1,803)	-
	<u>188,653</u>	<u>(188,653)</u>	<u>-</u>
Total revenue and support	<u>1,230,806</u>	<u>-</u>	<u>1,230,806</u>
Expenses:			
Academic programs	279,781	-	279,781
Student activities	40,001	-	40,001
General and administrative	266,930	-	266,930
Development	51,692	-	51,692
Capital expenditures	396,936	-	396,936
Total expenses	<u>1,035,340</u>	<u>-</u>	<u>1,035,340</u>
Changes in net assets	195,466	-	195,466
Net assets at beginning of year	<u>2,911,549</u>	<u>-</u>	<u>2,911,549</u>
Net assets at end of year	<u>\$3,107,015</u>	<u>-</u>	<u>\$3,107,015</u>

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

St. Thomas More Academy
Statement of Functional Expenses
For the Year Ended June 30, 2000

	Academic Programs	Student Activities	General and Administrative	Maintenance and Utilities	Development	Capital Expenditures	Total
Payroll and related expenses	\$ 390,992	\$ 12,000	\$ 118,170	\$ -	\$ 50,719	\$ -	\$ 571,881
Other expenses:							
Capital expenses – Academic	-	-	-	-	-	15,140	15,140
Capital expenses – Athletic	-	-	-	-	-	5,036	5,036
Advertising	-	-	2,198	-	7,553	-	9,751
Athletic equipment, uniforms and supplies	-	8,226	-	-	-	-	8,226
Athletic officials fees and transportation	-	6,942	-	-	-	-	6,942
Audit and accounting services	-	-	7,000	-	-	-	7,000
Banquet expense	-	-	-	-	5,330	-	5,330
Books and printed material	24,233	-	-	-	-	-	24,233
Bus expense	-	-	43,181	-	-	-	43,181
Conferences and continuing education	-	-	2,716	-	-	-	2,716
Dues and subscriptions	-	-	10,249	-	-	-	10,249
Equipment maintenance	-	-	12,250	-	-	34,572	46,822
Insurance	-	-	7,857	-	-	-	7,857
Interest expense	-	-	17,984	-	-	-	17,984
Occupancy	-	-	2,228	45,923	-	-	48,151
Other	3,496	9,648	20,267	-	-	-	33,411
Postage and shipping	-	-	1,346	-	-	-	1,346
Professional services	-	-	2,334	19,539	-	-	21,873
Repairs and maintenance	126	-	361	24,018	-	-	24,505
Student activities events	-	8,536	-	-	-	-	8,536
Supplies and operating expenses	8,080	-	14,666	128	225	-	23,099
Telephone	-	-	6,626	-	-	-	6,626
Yearbook	-	10,058	-	-	-	-	10,058
Total other expenses	<u>35,935</u>	<u>43,410</u>	<u>151,263</u>	<u>89,608</u>	<u>13,108</u>	<u>54,748</u>	<u>388,072</u>
Total	<u>426,927</u>	<u>55,410</u>	<u>269,433</u>	<u>89,608</u>	<u>63,827</u>	<u>54,748</u>	<u>959,953</u>
Allocation of maintenance expenses	<u>46,906</u>	<u>6,088</u>	<u>29,602</u>	<u>(89,608)</u>	<u>7,012</u>	<u>-</u>	<u>-</u>
Total expenses	<u>\$ 473,833</u>	<u>\$ 61,498</u>	<u>\$ 299,035</u>	<u>-</u>	<u>\$ 70,839</u>	<u>\$ 54,748</u>	<u>\$ 959,953</u>

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

St. Thomas More Academy
Statement of Functional Expenses
For the Year Ended June 30, 1999

	Academic Programs	Student Activities	General and Administrative	Maintenance and Utilities	Development	Capital Expenditures	Total
Payroll and related expenses	\$ 233,275	\$ -	\$ 102,013	\$ -	\$ 35,047	\$ -	\$ 370,335
Other expenses:							
Capital expenses – Administrative	-	-	-	-	-	24,910	24,910
Capital expenses – Academic	-	-	-	-	-	191,479	191,479
Capital expenses – Athletic	-	-	-	-	-	180,547	180,547
Advertising	-	-	2,678	-	6,525	-	9,203
Athletic equipment, uniforms and supplies	-	5,293	-	-	-	-	5,293
Athletic officials fees and transportation	-	6,691	-	-	-	-	6,691
Audit and accounting services	-	-	6,000	-	-	-	6,000
Books and printed material	3,328	-	-	-	-	-	3,328
Bus expense	-	-	21,233	-	-	-	21,233
Conferences and continuing education	-	-	1,911	-	200	-	2,111
Dues and subscriptions	5,265	-	1,657	-	-	-	6,922
Equipment maintenance	-	-	2,350	-	-	-	2,350
Insurance	-	-	-	4,795	-	-	4,795
Interest expense	-	-	35,539	-	-	-	35,539
Library books and periodicals	1,592	-	-	-	-	-	1,592
Occupancy	-	-	12,981	36,822	-	-	49,803
Opening dedication day	-	-	5,007	-	-	-	5,007
Other	-	571	321	-	-	-	892
Postage and shipping	-	-	2,820	-	1,114	-	3,934
Printing	-	-	1,427	-	65	-	1,492
Professional services	-	-	22,819	17,808	125	-	40,752
Repairs and maintenance	-	-	130	15,364	-	-	15,494
Student activities events	-	2,431	-	-	-	-	2,431
Supplies and operating expenses	3,239	-	11,065	398	1,810	-	16,512
Sweatshirt drive	-	-	-	-	716	-	716
Telephone	-	-	5,400	-	75	-	5,475
Yearbook	-	20,504	-	-	-	-	20,504
Total other expenses	13,424	35,490	133,338	75,187	10,630	396,936	665,005
Total	246,699	35,490	235,351	75,187	45,677	396,936	1,035,340
Allocation of maintenance expenses	33,082	4,511	31,579	(75,187)	6,015	-	-
Total expenses	\$ 279,781	\$ 40,001	\$ 266,930	-	\$ 51,692	\$ 396,936	\$ 1,035,340

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

St. Thomas More Academy
Statements of Cash Flows
For the Years Ended June 30, 2000 and 1999

	2000	1999
Cash flows from operating activities:		
Changes in net assets	\$ 365,764	\$ 195,466
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net depreciation on investments	165	-
Bad debt expense	4,452	-
Capital expenditures	54,748	396,936
Changes in assets and liabilities:		
Tuition receivable	(15,913)	(2,208)
Pledges receivable	98,457	138,079
Other assets	-	60
Accounts payable and accrued liabilities	(73,845)	(96,979)
Deferred income	(853)	40,096
Net cash provided by operating activities	<u>432,975</u>	<u>671,450</u>
Cash flows from investing activities:		
Deposits into investments	(46,750)	-
Reinvestment of interest and dividends	(375)	-
Purchase of building and improvements	-	(393,828)
Capital expenditures	(54,748)	(396,936)
Net cash used in investing activities	<u>(101,873)</u>	<u>(790,764)</u>
Cash flows from financing activities:		
Due from Diocese	(263,500)	-
Bank overdraft	199,307	-
Payment on note payable	(263,500)	(263,500)
Net cash used in financing activities	<u>(327,693)</u>	<u>(263,500)</u>
Net increase/(decrease) in cash and cash equivalents	3,409	(382,814)
Cash at beginning of year	<u>17,658</u>	<u>400,472</u>
Cash at end of year	<u>\$ 21,067</u>	<u>\$ 17,658</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest	<u>\$ 17,984</u>	<u>\$ 35,539</u>

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

St. Thomas More Academy
Notes to Financial Statements
June 30, 2000 and 1999

1. Summary of Significant Accounting Policies

St. Thomas More Academy (St. Thomas) fosters Catholic education, which is a creative and living process which seeks to develop the individual wholly and fully. St. Thomas is committed to creating the finest Catholic and Christian leaders by cultivating each student spiritually, socially, intellectually, and physically. Based upon the principles and values of the Gospels and traditions of Catholic doctrine, St. Thomas offers opportunities for religious formation and practice, with a curriculum of academic excellence and a variety of extra- and co-curricular activities. On October 16, 1997, pursuant to an Agreement of Merger between St. Thomas and the Diocese of Wilmington Schools, Inc. (Schools), Schools acquired all assets and assumed all liabilities of St. Thomas and became responsible for St. Thomas' Board of Directors and management of its daily activities. It is expected that the first several school years at St. Thomas will result in losses from operations because enrollment levels and corresponding tuition revenue is not expected to cover operating expenses and planned capital expenditures. It is estimated that approximately \$3.5 million to \$4.5 million of support will be required for the years 1998 through 2004. As a result, the Catholic Diocese of Wilmington, Inc. (the Diocese) has agreed to support the operations of St. Thomas during that time by providing the necessary capital requirements through loans and/or contributions.

These statements present the operating results of St. Thomas, which is an operating segment of the Diocese of Wilmington Schools, Inc.

Basis of Reporting

St. Thomas reports using the accrual basis of accounting. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation

The financial statements have been prepared in accordance with Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-For-Profit Organizations." Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. A description of the three net asset classifications follows:

- *Unrestricted Net Assets* include those assets that are available for the support of operations and whose use is not externally restricted, although their use may be limited by other factors such as by contract or board designation.
- *Temporarily Restricted Net Assets* include gifts for which donor imposed restrictions have not been met and pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted.
- *Permanently Restricted Net Assets* include gifts, trusts, and pledges which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions. All net assets of St. Thomas are either unrestricted or temporarily restricted as of June 30, 2000 and 1999.

St. Thomas More Academy
Notes to 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 statement of activities as net assets released from restrictions. Donor restricted contributions which are received and expended within the same fiscal year are reported as unrestricted revenues.

Pledges Receivable

Unconditional promises to give cash and other assets are reported at fair value as pledges receivable and contributions in the period the promise is received. Conditional promises are not included as support until the conditions are substantially met (see Note 10).

Land, Building, and Improvements

Land, buildings, and certain land and building improvements are capitalized based on historical cost. All other long-lived assets are expensed at the time of purchase.

Deferred Income

Deferred income of St. Thomas represents tuition and program fees received in advance for the upcoming school years.

Pooled Investments

Pooled investments are stated at fair value. Pooled investment income on the statements of activities includes interest, dividends, and realized and unrealized gains and losses, net of consulting and custodial costs.

St. Thomas participates with the Diocese and other affiliated organizations in an investment pool which is held in a custody account at Mellon Trust. The pool is invested in a combination of fixed income and equity securities and mutual funds.

The investment pool is exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the market value of investments, it is at least reasonably possible that changes in risks in the near term could materially affect the amounts reported in the financial statements.

Contributed Services

St. Thomas receives services from unpaid volunteers in organizing activities for students and various school programs. The value of these contributed services is not reflected in the accompanying financial statements since the services provided by the volunteers do not require specialized skills and would not be purchased by St. Thomas if the volunteer services were not available.

St. Thomas More Academy
Notes to Financial Statements
June 30, 2000 and 1999

Description of Program and Supporting Services

The following program and supporting services are included in the accompanying financial statements.

Academic programs - Provide quality secondary education based on a curriculum which enables students to recognize and challenge their individual abilities; foster knowledge; stimulate interest; facilitate a dynamic, creative curriculum that motivates students to think critically, analyze data and draw conclusions; provide pastoral care program and religious education as an integral part of student's education; instill a distinctive Catholic atmosphere of lived Gospel values and principles and the traditions of Catholicism; include facilities, classrooms, and laboratories with the technology and equipment needed to educate for future learning and life.

Student activities - Includes all extracurricular activities such as proms, dances, athletic contests, theater productions, and retreat expenses.

Expense Allocation

The cost of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reclassifications

Certain amounts have in the 1999 statements been reclassified to conform to the 2000 presentation.

2. Pledges Receivable

At June 30, 2000 and 1999, pledges receivable consisted of the following unconditional promises to give:

	2000	1999
Initial campaign	\$ 22,493	\$ 54,843
Gymnasium campaign	129,331	211,516
Less: Allowance for uncollectibles	(10,623)	(26,701)
	<u>\$ 141,201</u>	<u>\$ 239,658</u>
Amount due in:		
Less than one year	107,069	148,246
One to five years	44,755	118,113
	<u>\$ 151,824</u>	<u>\$ 266,359</u>
Total		

St. Thomas More Academy
Notes to Financial Statements
June 30, 2000 and 1999

3. Pooled Investments

St. Thomas invests in a combination of fixed income and equity securities and mutual funds. The composition of pooled investments as of June 30, 2000 was as follows:

Cash and cash equivalents	\$ 7,804
Fixed income	13,444
Domestic equity	19,541
International equity	<u>6,171</u>
Total pooled investments	<u>\$46,960</u>

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

Pooled investment income for the year ended June 30, 2000 consisted of the following:

Interest and dividends	\$ 375
Net appreciation	<u>(165)</u>
Total pooled investments	<u>\$ 210</u>

The pooled investment income is net of custodial and advisory fees in the amount of \$83 for the year ended June 30, 2000.

These investments are temporarily restricted for the following purposes:

Scholarships	\$23,059
Tuition assistance - 2001 school year	16,116
Tuition assistance	<u>7,785</u>
Total pooled investments	<u>\$46,960</u>

4. Land, Buildings, and Improvements

St. Thomas' building and the land upon which it sits are owned by the Diocese of Wilmington Schools, Inc., of which St. Thomas is an operating segment. In lieu of rental expenses, St. Thomas is responsible for all annual repairs, maintenance and capital expenditures.

At June 30, 2000 and 1999 land, buildings, and improvements consisted of the following:

	2000	1999
Land	\$ 414,000	\$ 414,000
Building and improvements	<u>2,866,879</u>	<u>2,866,879</u>
	<u>\$3,280,879</u>	<u>\$3,280,879</u>

St. Thomas More Academy
Notes to Financial Statements
June 30, 2000 and 1999

5. Deferred Income

At June 30, 2000 and 1999, deferred income consisted of the following:

	2000	1999
Tuition, fees and bus	\$ 28,920	\$ 27,506
Grants	1,923	4,190
Brick program	8,400	8,400
	<u>\$ 39,243</u>	<u>\$ 40,096</u>

6. Note Payable

St. Thomas has an uncollateralized term loan with PNC Bank. The loan, which is guaranteed by the Diocese, has repayment terms including quarterly interest payments at a rate of 6.75%, with one-half of the principal, \$263,500, due June 30, 1999 and the remaining balance due on June 30, 2000. The balance as of June 30, 2000 and 1999 was \$0 and \$263,500, respectively.

7. Pension Plans

The Diocese sponsors a noncontributory defined benefit pension plan covering all full-time lay employees of the Diocese, including St. Thomas. The Plan calls for benefits to be paid to eligible employees at retirement based on compensation, as defined in the Plan document. Contributions to the Plan for St. Thomas' proportionate cost, which amounted to approximately \$26,000 and \$24,000 for the years ended June 30, 2000 and 1999, respectively, were provided entirely by the Diocese. As a result, no expenses related to this plan have been reflected in the accompanying financial statements of St. Thomas. The impact of not reflecting these amounts in the financial statements of St. Thomas was not significant.

8. Related Party Transactions

St. Thomas' receives contributions and grants from the Diocese and the Catholic Diocese Foundation. These entities are related to St. Thomas through common control. A summary of the contributions and grants received from these entities for the years ended June 30, 2000 and 1999 is as follows:

	2000	1999
Revenue and support - Diocesan contributions:		
Catholic Diocese of Wilmington:		
Budget subsidy	\$ 430,000	\$ 565,482
Support for note payable	263,500	232,000
	<u>\$ 693,500</u>	<u>\$ 797,482</u>

The Diocese provides and absorbs the full cost of accounting services, life insurance, long-term disability, and Blood Bank dues for all full-time employees of St. Thomas. These expenses are not reimbursed or reflected on the financial statements of St. Thomas since the amounts are not significant.

St. Thomas More Academy
Notes to Financial Statements
June 30, 2000 and 1999

St. Thomas reimburses the Diocese for wages, payroll taxes, health benefits, and other expenses the Diocese disburses on behalf of St. Thomas. For the years ended June 30, 2000 and 1999, these expenses totaled \$571,881 and \$370,335, respectively. Of these balances, unpaid amounts of \$58,651 and \$38,473, respectively, are included in accounts payable and accrued expenses for the years ended June 30, 2000 and 1999, respectively.

A member of the Board of Directors of St. Thomas is related to an entity providing general contracting services during the construction phase of St. Thomas' buildings and improvements.

9. Income Taxes

Diocese of Wilmington Schools, Inc., of which St. Thomas is an operating segment, is a not-for-profit corporation which has been granted exempt status from federal taxation under Section 501(c)(3) of the Internal Revenue Code.

10. Promises to Contribute

During 1997, St. Thomas had received a \$200,000 conditional pledge. This contribution will be recorded when the conditions have been substantially met.

WJH

ST. THOMAS MORE ACADEMY

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS
for the year ended June 30, 1999 and
for the period October 16, 1997
(date of contribution of net assets) to
June 30, 1998**

ST. THOMAS MORE ACADEMY

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Report of Independent Accountants

To the Board of Directors
Diocese of Wilmington Schools, Inc.
St. Thomas More Academy
Dover, Delaware

We have audited the accompanying balance sheets of St. Thomas More Academy (St. Thomas) as of June 30, 1999 and 1998, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year ended June 30, 1999 and for the period October 16, 1997 (date of contribution of net assets) to June 30, 1998. These financial statements are the responsibility of St. Thomas' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

St. Thomas does not record depreciation on buildings and building improvements that, in our opinion, should be recorded in order to conform to generally accepted accounting principles. Also, equipment is expensed at the time of purchase that, in our opinion, should be capitalized in order to conform to generally accepted accounting principles. If buildings and building improvements were depreciated and equipment were capitalized and depreciated, land, buildings and building improvements and net assets would be increased by approximately \$353,000 and \$43,000 at June 30, 1999 and 1998. Additionally, changes in net assets would increase by approximately \$310,000 and \$43,000 for the year end June 30, 1999 and period October 16, 1997 (date of contribution of net assets) to June 30, 1998.

In our opinion, except for the effects of not recording depreciation on buildings and building improvements and not capitalizing and depreciating equipment, the financial statements referred to above present fairly, in all material respects, the financial position of St. Thomas as of June 30, 1999 and 1998, and the changes in its net assets and its cash flows for the year ended June 30, 1999 and period October 16, 1997 (date of contribution of net assets) to June 30, 1998, in conformity with generally accepted accounting principles.

Price waterhouse Coopers LLP

September 30, 1999

ST. THOMAS MORE ACADEMY

Balance Sheets as of June 30, 1999 and 1998

	Unrestricted	Temporarily Restricted	1999 Total	1998 Total
Assets:				
Cash	\$ 17,658		\$ 17,658	\$ 400,472
Tuition receivable, net	2,208		2,208	-
Pledges receivable, net	28,142	\$ 211,516	239,658	377,737
Land, buildings, and improvements	3,280,879		3,280,879	2,887,051
Other assets	31,000		31,000	31,060
Due to/(from) related net assets	211,516	(211,516)	-	-
Total assets	\$ 3,571,403	-	\$ 3,571,403	\$ 3,696,320
 Liabilities and net assets:				
Accounts payable and accrued liabilities	169,192		169,192	257,771
Deferred income	31,696		31,696	-
Note payable	263,500		263,500	527,000
Total liabilities	464,388	-	464,388	784,771
 Net assets:				
Unrestricted	3,107,015	-	3,107,015	2,911,549
Total net assets	3,107,015	-	3,107,015	2,911,549
Total liabilities and net assets	\$ 3,571,403	-	\$ 3,571,403	\$ 3,696,320

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

ST. THOMAS MORE ACADEMY

Statement of Activities and Changes in Net Assets for the year ended June 30, 1999

	Unrestricted	Temporarily Restricted	Total
Revenue and support:			
Public support:			
Diocesan contributions	\$ 797,482		\$ 797,482
Other contributions	1,030	\$ 186,850	187,880
Total public support	798,512	186,850	985,362
Other revenue:			
Tuition and fees	210,132		210,132
Student activities	24,751		24,751
Other	10,561		10,561
Total other revenue	245,444	-	245,444
Total revenue and support	1,043,956	186,850	1,230,806
Expenses:			
Academic programs	279,781		279,781
Student activities	40,001		40,001
General and administrative	266,930		266,930
Development	51,692		51,692
Capital expenditures	396,936		396,936
Total expenses	1,035,340	-	1,035,340
Total revenue and support less total expenses	8,616	186,850	195,466
Net assets released from restrictions:			
Satisfaction of capital improvement restrictions	186,850	(186,850)	-
Changes in net assets	195,466		195,466
Net assets at beginning of year	2,911,549	-	2,911,549
Net asset at end of year	\$ 3,107,015	-	\$ 3,107,015

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

ST. THOMAS MORE ACADEMY

Statement of Activities and Changes in Net Assets for the period October 16, 1997 (date of contribution of net assets) to June 30, 1998

	Unrestricted	Temporarily Restricted	Total
Revenue and support:			
Public support:			
Contribution of net assets	\$ 1,573,209	\$ 400,000	\$ 1,973,209
Diocesan contributions	965,575		965,575
Other contributions	20,893	438,300	459,193
Total public support	2,559,677	838,300	3,397,977
Other revenue:			
Other	5,019		5,019
Total other revenue	5,019	-	5,019
Total revenue and support	2,564,696	838,300	3,402,996
Expenses:			
General and administrative	404,375		404,375
Development	9,251		9,251
Capital expenditures	77,821		77,821
Total expenses	491,447	-	491,447
Total revenue and support less total expenses	2,073,249	838,300	2,911,549
Net assets released from restrictions:			
Satisfaction of capital improvement restrictions	838,300	(838,300)	-
Changes in net assets	2,911,549		2,911,549
Net assets at beginning of period	-	-	-
Net asset at end of period	\$ 2,911,549	-	\$ 2,911,549

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

ST. THOMAS MORE ACADEMY

Statement of Functional Expenses
for the year ended June 30, 1999

	Academic Programs	Student Activities	General and Administrative	Maintenance and Utilities	Development	Capital Expenses	Total
Payroll and related expenses	\$ 233,275		\$ 102,013	\$ 6,213	\$ 35,047		\$ 376,548
Other expenses:							
Capital expenses – Administrative						\$ 24,910	24,910
Capital expenses – Academic						191,479	191,479
Capital expenses – Athletic						180,547	180,547
Advertising			2,678		6,525		9,203
Athletic equipment, uniforms and supplies		\$ 5,293					5,293
Athletic officials fees		6,691					6,691
Audit and accounting services			6,000				6,000
Books and printed material	3,328						3,328
Bus expense			21,233				21,233
Conferences and continuing education			1,911		200		2,111
Dues and subscriptions	5,265		1,657				6,922
Equipment maintenance			2,350				2,350
Insurance				4,795			4,795
Interest expense			35,539				35,539
Library books and periodicals	1,592						1,592
Occupancy			12,981	36,822			49,803
Opening dedication day			5,007				5,007
Other		571	321				892
Postage and shipping			2,820		1,114		3,934
Printing			1,427		85		1,492
Professional services			22,819	17,808	125		40,752
Repairs and maintenance			130	9,151			9,281
Student activities events		2,431					2,431
Supplies and operating expenses	3,239		11,065	398	1,810		16,512
Sweatshirt drive					716		716
Telephone			5,400		75		5,475
Yearbook		20,504					20,504
Total	13,424	35,490	133,338	68,974	10,630	396,936	658,792
Total	246,699	35,490	235,351	75,187	45,677	396,936	1,035,340
Allocation of maintenance expenses	33,082	4,511	31,579	(75,187)	6,015		
Total expenses	\$ 279,781	\$ 40,001	\$ 266,930		\$ 51,692	\$ 396,936	\$ 1,035,340

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

ST. THOMAS MORE ACADEMY

Statement of Functional Expenses for the period October 16, 1997 (date of contribution of net assets) to June 30, 1998

	General & Administrative	Development	Capital Expenses	Total
Payroll and related expenses	\$ 219,461			\$ 219,461
Other expenses:				
Capital expenses – Administrative			\$ 6,670	6,670
Capital expenses - Academic			34,869	34,869
Capital expenses - Athletic			36,282	36,282
Advertising	14,370			14,370
Audit and accounting services	5,000			5,000
Bad debt expense	29,270			29,270
Books and printed material	64			64
Conferences and continuing education	1,417	\$ 887		2,304
Insurance	3,585			3,585
Interest expense	34,283			34,283
Occupancy	12,976			12,976
Office supplies and operating expenses	2,794	94		2,888
Other	13,151			13,151
Postage and shipping	839	151		990
Printing	3,691	6,615		10,306
Professional services	50,220	1,500		51,720
Repairs and maintenance	7,647			7,647
Telephone	3,130	4		3,134
Travel and meetings	2,477			2,477
Total	184,914	9,251	77,821	271,986
Total expenses	\$ 404,375	\$ 9,251	\$ 77,821	\$ 491,447

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

ST. THOMAS MORE ACADEMY

Statement of Cash Flows for the year ended June 30, 1999 and period October 16, 1997 (date of contribution of net assets) to June 30, 1998

	<u>1999</u>	<u>1998</u>
Cash flows from operating activities:		
Change in net assets	\$ 195,466	\$ 2,911,549
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contribution of net assets, net of cash		(1,943,587)
Bad debt expense		29,270
Capital expenditures	396,936	77,821
Increase in tuition receivable	(2,208)	-
Decrease in pledges receivable	138,079	190,986
(Decrease) increase in other assets	60	(18,460)
(Decrease) increase in accounts payable and accrued liabilities	(88,579)	85,444
Increase in deferred income	31,696	-
	671,450	1,333,023
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchase of building and improvements	(393,828)	(854,730)
Capital expenditures	(396,936)	(77,821)
	(790,764)	(932,551)
Net cash used in investing activities		
Cash flows from financing activities:		
Payment on note payable	(263,500)	-
	(263,500)	-
Net cash used in financing activities		
Net decrease increase in cash and cash equivalents	(382,814)	400,472
Cash at beginning of period	400,472	-
	17,658	400,472
Cash at end of period	\$	\$
Supplemental disclosures of cash flow information:		
Assets acquired, net of cash		\$ 2,579,473
Liabilities assumed		635,886
Capital expenses included in accounts payable		63,441
Cash paid for interest	\$ 35,539	34,283

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

ST. THOMAS MORE ACADEMY

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Contribution of Net Assets and Nature of Operations:

On October 16, 1997, pursuant to an Agreement of Merger between St. Thomas More Academy (St. Thomas) and the Diocese of Wilmington Schools, Inc. (Schools), Schools acquired all assets and assumed all liabilities of St. Thomas and became responsible for appointing St. Thomas' Board of Directors and management of its daily activities. St. Thomas' assets acquired by Schools exceeded its liabilities by \$1,973,209. This amount has been reflected as a contribution in the accompanying statement of activities and is comprised of the following:

Assets:	
Cash	\$ 29,622
Pledges receivable, general	197,993
Pledge receivable, Catholic Diocese Foundation	400,000
Other assets	12,600
Land, buildings, and improvements	<u>1,968,880</u>
Total assets acquired	<u>2,609,095</u>
Liabilities:	
Accounts payable and accrued expenses	108,886
Note payable	<u>527,000</u>
Total liabilities assumed	<u>635,886</u>
Net assets contributed	<u>\$ 1,973,209</u>

St. Thomas fosters Catholic education, which is a creative and living process which seeks to develop the individual wholly and fully. St. Thomas is committed to creating the finest Catholic and Christian leaders by cultivating each student spiritually, socially, intellectually, and physically. Based upon the principles and values of the Gospels and traditions of Catholic doctrine, St. Thomas offers opportunities for religious formation and practice, with a curriculum of academic excellence and a variety of extra- and co-curricular activities. As of June 30, 1998, St. Thomas facilities were still in the preparation phase for the 1998-1999 opening school year. Opening school year classes began on September 2, 1998. It is expected that the first several school years at St. Thomas will result in losses from operations because enrollment levels and corresponding tuition revenue is not expected to cover operating expenses and planned capital expenditures. It is estimated that approximately \$3.5 million to \$4.5 million of support will be required for the years 1998 through 2004. As a result, the Catholic Diocese of Wilmington, Inc. (the Diocese) has agreed to support the operations of St. Thomas during that time by providing the necessary capital requirements through loans and/or contributions.

These statements present the operating results of St. Thomas, which is an operating segment of the Diocese of Wilmington Schools, Inc.

Notes to Financial Statements, Continued

1. Summary of Significant Accounting Policies, continued:

Basis of Reporting:

St. Thomas reports using the accrual basis of accounting. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation:

The financial statements have been prepared in accordance with Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-For-Profit Organizations." Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. A description of the three net asset categories follows:

Unrestricted Net Assets include those assets that are available for the support of operations and whose use is not externally restricted, although their use may be limited by other factors such as by contract or board designation.

Temporarily Restricted Net Assets include gifts for which donor imposed restrictions have not been met and pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted. As of June 30, 1999 and 1998 there were no temporarily restricted net assets.

Permanently Restricted Net Assets include gifts, trusts, and pledges which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions. As of June 30, 1999 and 1998 there were no permanently restricted net assets.

Contributions:

Contributions are recognized as revenue in accordance with Statement of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made." Noncash contributions are recorded at fair value on the date of donation. Contributions of cash and other non-capital assets are reported as temporarily restricted operating revenue if the contributions are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose for the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Notes to Financial Statements, Continued

1. Summary of Significant Accounting Policies, continued:

Cash and Cash Equivalents:

Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less. At June 30, 1999 and 1998, St. Thomas' did not have any cash equivalents.

Pledges Receivable:

Unconditional promises to give cash and other assets are reported at fair value as pledges receivable and contributions in the period the promise is received. Unconditional promises that are expected to be collected in future years are recorded at the net present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises are not included as support until the conditions are substantially met.

Land, Building, and Improvements:

Land, buildings, and certain land and building improvements are capitalized based on historical cost. All other long-lived assets are expensed at the time of purchase.

Statement of Financial Accounting Standard No. 93 (SFAS 93), "Recognition of Depreciation by Not-For-Profit Organizations," requires not-for-profit organizations to recognize depreciation as a cost of using up the future benefits of their long-lived tangible assets. St. Thomas has not adopted SFAS 93.

Deferred Income:

Deferred income of St. Thomas represents tuition and fees received in advance for the fiscal 1999-2000 school year.

Contributed Services:

St. Thomas receives services from unpaid volunteers in organizing activities for students and various St. Thomas' programs. The value of these contributed services is not reflected in the accompanying financial statements since the services provided by the volunteers do not require specialized skills and would not be purchased by St. Thomas if the volunteer services were not available.

Notes to Financial Statements, Continued

1. Summary of Significant Accounting Policies, continued:

Description of Program and Supporting Services:

The following program and supporting services are included in the accompanying financial statements.

Academic programs - Provide quality secondary education based on a curriculum which enables students to recognize and challenge their individual abilities; foster knowledge; stimulate interest; facilitate a dynamic, creative curriculum that motivates students to think critically, analyze data and draw conclusions; provide pastoral care program and religious education as an integral part of student's education; instill a distinctive Catholic atmosphere of lived Gospel values and principles and the traditions of Catholicism; include facilities, classrooms, and laboratories with the technology and equipment needed to educate for future learning and life.

Student activities - Includes all extracurricular activities such as proms, dances, athletic contests, theater productions, and retreat expenses.

Expense Allocation:

The cost of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reclassifications:

Certain amounts in the 1998 statements have been reclassified to conform to the 1999 presentation.

2. Concentration of Credit Risk:

The financial instrument that is exposed to concentrations of credit risk consist primarily of cash. The cash is deposited with an institution with high credit ratings. Accordingly, at June 30, 1999 and 1998, St. Thomas had cash of \$300,754 and \$413,536, respectively, deposited with FirstUnion. These amounts exceed federally insured limits.

Notes to Financial Statements, Continued

3. Pledges Receivable:

At June 30, 1999 and 1998, pledges receivable consisted of the following unconditional promises to give:

	<u>1999</u>	<u>1998</u>
Initial campaign	\$ 54,843	\$ 140,152
Gymnasium campaign	211,516	273,305
Less: Allowance for uncollectibles	<u>(26,701)</u>	<u>(35,720)</u>
	<u>\$ 239,658</u>	<u>\$ 377,737</u>
Amount due in:		
Less than one year	148,246	269,773
One to three years	<u>118,113</u>	<u>143,684</u>
Total	<u>\$ 266,359</u>	<u>\$ 413,457</u>

4. Land, Buildings, and Improvements:

St. Thomas' building and the land upon which it sits are owned by the Diocese of Wilmington Schools, Inc., of which St. Thomas is an operating segment. In lieu of rental expenses, St. Thomas is responsible for all annual repairs, maintenance and capital expenditures.

At June 30, 1999 and 1998 land, buildings, and improvements consisted of the following:

	<u>1999</u>	<u>1998</u>
Land	\$ 414,000	\$ 414,000
Garage	3,295	3,295
Building and improvements	<u>2,863,584</u>	<u>2,469,756</u>
	<u>\$ 3,280,879</u>	<u>\$ 2,887,051</u>

Notes to Financial Statements, Continued

5. Deferred Income:

At June 30, 1999 and 1998, deferred income consisted of the following:

	<u>1999</u>	<u>1998</u>
Tuition, fees and bus	\$ 27,506	-
Grants	<u>4,190</u>	<u>-</u>
	<u>\$ 31,696</u>	<u>-</u>

6. Note Payable:

St. Thomas has an agreement with PNC Bank that provided for an uncollateralized construction line of credit up to \$650,000. On February 5, 1998, the amount outstanding, \$527,000, was converted into a term loan. The loan repayment terms are quarterly interest payments at a rate of 6.75%, with one-half of the principal, \$263,500, due June 30, 1999 and the remaining balance maturing on June 30, 2000. The balance as of June 30, 1999 and 1998 was \$263,500 and \$527,000, respectively.

The note is guaranteed by the Diocese.

7. Pension Plans:

The Diocese sponsors a noncontributory defined benefit pension plan covering all full-time lay employees of the Diocese, including St. Thomas. The Plan calls for benefits to be paid to eligible employees at retirement based on compensation, as defined in the Plan document. Contributions to the Plan for St. Thomas proportionate cost are provided entirely by the Diocese. As a result, no expenses related to this plan have been reflected in the accompanying financial statements of St. Thomas. The impact of not reflecting these amounts in the financial statements of St. Thomas was not significant.

Notes to Financial Statements, Continued

8. Related Party Transactions:

St. Thomas' receives contributions and grants from the Diocese and the Catholic Diocese Foundation. These entities are related to St. Thomas through common control. A summary of the contributions and grants received from these entities for the year ended June 30, 1999 and 1998 is as follows:

	<u>1999</u>	<u>1998</u>
Revenue and support – Diocesan contributions:		
Catholic Diocese of Wilmington:		
Start up operations	\$ 565,482	\$ 858,950
Initial campaign	<u>232,000</u>	<u>106,625</u>
	<u>\$ 797,482</u>	<u>\$ 965,575</u>

The Diocese provides and absorbs the full cost of accounting services, life insurance, long-term disability, and Blood Bank dues for all full-time employees of St. Thomas.

A member of the Board of Directors of St. Thomas is related to an entity providing general contracting services during the construction phase of St. Thomas' buildings and improvements.

St. Thomas reimburses the Diocese for wages, payroll taxes, health benefits, and other expenses the Diocese disburses on behalf of St. Thomas. For the years ending June 30, 1999 and 1998, these expenses totaled \$376,548 and \$219,461, respectively. Of these balances, unpaid amounts of \$38,473 and \$0, respectively, are included in accounts payable and accrued expenses for the years ended June 30, 1999 and 1998.

During fiscal 1998, St. Thomas received a cash payment from the Catholic Diocese Foundation on a \$400,000 pledge receivable which was included in the net assets contributed on October 16, 1997 (See Note 1).

9. Income Taxes:

Diocese of Wilmington Schools, Inc., of which St. Thomas is an operating segment, is a not-for-profit corporation which has been granted exempt status from federal taxation under Section 501(c)(3) of the Internal Revenue Code.

10. Promises to Contribute:

During 1997, St. Thomas had received a \$200,000 conditional pledge. This contribution will be recorded when the conditions have been substantially met.

2002-2003 Annual Budget

Diocese of Wilm. Schools Inc.
St. Thomas More Academy

Proposed 10th Draft

	2003 Budget		2002 Projected		9 Mths Ended	2002 Budget	2002 Prjctd	2003 Bdgt	2003 Budget
	165 students		165 students		03/31/2002		VS 2002 Bdgt	VS 2002 Prjctd	Basis/Comments
Income									165 students
Diocesan Support-Operations	\$ 260,000.00	\$ 351,860.00	\$ 236,770.78	\$ 369,000.00	\$ 17,140.00	\$ 91,860.00			plug
Annual Diocesan Appeal	\$ 17,200.00	\$ 17,140.00			(17,140.00)	(60.00)			appeal est.
Diocesan Support-POD II	40,800.00	146,310.00	105,510.00	56,880.00	(89,430.00)	105,510.00			12 x \$3,400
Regular Tuition	989,175.00	900,000.00	655,994.25	899,000.00	(1,000.00)	(89,175.00)			\$5,995
Employee Discount	(8,995.00)	(8,700.00)	(6,326.25)	(5,800.00)	2,900.00	295.00			\$2,998
Pre-payment Discount	(6,885.00)	(6,625.00)	(6,625.00)	(8,175.00)	(1,550.00)	260.00			2002 plus 4%
Financial Aid-Need	(100,000.00)	(92,450.00)	(74,030.50)	(92,450.00)	0.00	7,550.00			round to \$100K
Registration Fee	17,125.00	16,300.00	2,410.00	15,900.00	(400.00)	(825.00)			\$165 /\$65
Bus Fee	35,000.00	29,670.00	28,030.00	35,700.00	6,030.00	(5,330.00)			\$650/\$750 (50rider)
Pre-Payment Discount-Bus	(275.00)	(275.00)	(292.00)	(468.00)	(193.00)	0.00			same as prior
Graduation Fee	4,100.00	2,400.00	2,100.00	1,620.00	(780.00)	(1,700.00)			\$100
Contributions-Restricted	12,000.00	12,000.00	19,780.00	0.00	(12,000.00)	0.00			based on actual
Transportation Reimbursement	0.00	0.00		12,972.00	12,972.00	0.00			method change
Drivers Education	0.00	0.00		0.00	0.00	0.00			paid by State
Nurse Subsidy	0.00	0.00		0.00	0.00	0.00			no money so far
Test Fees (PSAT & AP)	3,430.00	5,300.00	11,565.00	2,339.00	(2,961.00)	1,870.00			\$10 / \$80
Interest-Checking	0.00	30.00	31.06	4,600.00	4,570.00	30.00			no Mellon interst
Interest-Managed Funds	0.00	0.00	(2,275.66)	1,000.00	1,000.00	0.00			no estimate
Student Activity Income	16,500.00	20,000.00	13,727.39	8,500.00	(11,500.00)	3,500.00			separate account
Prom Income	4,100.00	2,000.00	1,785.66	2,000.00	0.00	(2,100.00)			J.G estimate
Summer Programs	3,000.00	3,795.00	3,795.00	0.00	(3,795.00)	795.00			no estimate
Boosters / Parents Club	5,000.00	5,000.00	7,140.25	0.00	(5,000.00)	0.00			new in 2001
Bookstore Receipts	10,000.00	46,400.00	47,808.87	46,500.00	100.00	36,400.00			same as prior
Field Trips	1,000.00	2,000.00	217.05	2,000.00	0.00	1,000.00			same as prior
Retreats	12,900.00	10,075.00	9,555.00	5,750.00	(4,325.00)	(2,825.00)			\$75
Banquet Income	25,000.00	20,000.00	23,456.00	19,000.00	(1,000.00)	(5,000.00)			2 banquets
Yearbook Income	11,000.00	11,500.00	10,193.91	12,000.00	500.00	500.00			J.G estimate
Other Income	4,000.00	9,000.00	14,217.38	1,000.00	(8,000.00)	5,000.00			same as '02 bdgt
Parking Stickers	4,400.00	2,830.00	2,911.25	4,275.00	0.00	0.00			\$80
Facility rental income	2,500.00	700.00	1,402.00	5,000.00	4,300.00	(1,800.00)			fewer rentals
TOTAL Income	1,362,075.00	1,506,260.00	1,108,851.44	1,398,143.00	(109,562.00)	145,755.00			

2002-2003 Annual Budget

Diocese of Wilm. Schools Inc.
St. Thomas More Academy

Proposed 10th Draft

	<u>2003 Budget</u>	<u>2002 Projected</u>	<u>9 Mths Ended 03/31/2002</u>	<u>2002 Budget</u>	<u>2002 Prjctd VS 2002 Bdgt</u>	<u>2003 Bdgt VS 2002 Prjctd</u>	<u>2003 Budget Basis/Comments</u>
Expenses							
Salaries-Salary	217,590.00	146,055.00	120,024.05	193,078.00	47,023.00	(71,535.00)	salary sched
Salaries-Salary	539,875.00	555,455.00	400,821.61	488,360.00	(67,095.00)	15,580.00	salary sched
Salaries-Salary	40,245.00	42,750.00	32,062.50	42,358.00	(392.00)	2,505.00	salary sched
Salaries-Hourly	0.00	25,600.00	23,903.83	0.00	(25,600.00)	25,600.00	salary sched
Salaries-Substitutes	2,000.00	2,000.00	0.00	2,000.00	0.00	0.00	same as '02 bdgt
FICA	13,490.00	10,643.00	8,843.97	11,970.00	1,327.00	(2,847.00)	salary sched
FICA	33,475.00	34,438.00	24,592.73	30,278.00	(4,160.00)	963.00	salary sched
FICA	2,495.00	2,650.00	1,976.94	2,626.00	(24.00)	155.00	salary sched
Medicare	3,155.00	2,489.00	2,068.35	2,800.00	311.00	(666.00)	salary sched
Medicare	7,830.00	8,054.00	5,751.35	7,081.00	(973.00)	224.00	salary sched
Medicare	590.00	620.00	462.35	614.00	(6.00)	30.00	salary sched
Worker's Compensation	3,000.00	2,243.00	1,715.52	3,000.00	757.00	(757.00)	same as prior
Health Insurance-Lay	19,250.00	17,500.00	12,479.60	14,900.00	(2,600.00)	(1,750.00)	up 10% on actual
Health Insurance-Lay	55,600.00	50,550.00	36,964.00	44,594.00	(5,956.00)	(5,050.00)	up 10% on actual
Health Insurance-Lay	4,600.00	4,175.00	3,130.20	4,000.00	(175.00)	(425.00)	up 10% on actual
Advertising	4,000.00	3,900.00	1,539.76	3,900.00	0.00	(100.00)	up \$100
Development-Advertising	10,000.00	19,000.00	8,886.06	19,000.00	0.00	9,000.00	no video, no brochures
Athletic Equipment	1,000.00	1,500.00	3,028.75	4,250.00	2,750.00	500.00	athletic sched
Athletic Supplies	1,000.00	4,540.00	3,964.71	1,900.00	(2,640.00)	3,540.00	athletic sched
Athletic Uniforms	3,500.00	5,900.00	7,534.55	5,900.00	0.00	2,400.00	athletic sched
Athletic-Transport & Misc.	16,100.00	12,600.00	9,699.00	15,400.00	2,800.00	(3,500.00)	athletic sched
Athletic-Officials/Referees	12,690.00	8,000.00	4,545.36	11,990.00	3,990.00	(4,690.00)	athletic sched
Athletic-Tournaments	810.00	1,200.00	747.00	810.00	0.00	0.00	athletic sched
Audit fee	8,000.00	7,500.00	0.00	7,500.00	0.00	(500.00)	up \$500
Bank Fees	200.00	350.00	323.53	200.00	(150.00)	150.00	same as '02 bdgt
Books, subscriptions, etc.	0.00	120.00	18.00	120.00	0.00	120.00	J.G. estimate
Bus Expense	63,000.00	62,786.00	49,952.27	62,000.00	(786.00)	(214.00)	same as projected
Transport Reimbursement Exp.	0.00	0.00	0.00	12,972.00	12,972.00	0.00	method change
Cleaning Service	21,525.00	25,084.80	17,583.72	20,900.00	(4,184.80)	3,559.80	up 3% on '02 bgt
Chapel supplies	200.00	100.00	138.30	200.00	100.00	(100.00)	same as '02 bdgt

2002-2003 Annual Budget

Diocese of Wilm. Schools Inc.
St. Thomas More Academy

Proposed 10th Draft

	<u>2003 Budget</u>	<u>2002 Projected</u>	<u>9 Mths Ended 03/31/2002</u>	<u>2002 Budget</u>	<u>2002 Prjctd VS 2002 Bdgtd</u>	<u>2003 Bdgtd VS 2002 Prjctd</u>	<u>2003 Budget Basis/Comments</u>
Computer Supplies	3,000.00	1,200.00	980.00	6,500.00	5,300.00	(1,800.00)	tech plan
Conferences & Meeting- Gener	2,000.00	5,615.00	2,606.07	5,615.00	0.00	3,615.00	up by \$400
Equipment Maintenance	2,000.00	1,440.00	988.52	5,000.00	3,560.00	(560.00)	actual prior yrend
Legal Fees	0.00	0.00	0.00	0.00	0.00	0.00	
Membership Dues & Fees	2,500.00	5,980.00	2,016.01	5,980.00	0.00	3,480.00	rounded up
Office Supplies	6,000.00	6,480.00	4,672.80	6,700.00	220.00	480.00	up \$500
Xerox & Riso	1,000.00	2,000.00	3,314.75	4,500.00	2,500.00	1,000.00	no new machine
Other Supplies	2,000.00	6,000.00	3,651.96	4,100.00	(1,900.00)	4,000.00	same as projected
Janitorial Supplies	1,000.00	1,100.00	1,146.56	515.00	(585.00)	100.00	same as projected
Postage	5,000.00	5,000.00	3,270.23	5,000.00	0.00	0.00	same as projected
Postage Meter Lease	3,000.00	2,680.32	2,010.24	2,700.00	19.68	(319.68)	GE Cap situation
Vending Machine Expense	0.00	1,400.00	1,178.30	650.00	(750.00)	1,400.00	up \$90 from '02
Professional Fees	0.00	80.00	79.94	3,000.00	2,920.00	80.00	
Property Insurance	9,000.00	8,886.00	8,886.00	10,000.00	1,114.00	(114.00)	rounded projection
Property Taxes	0.00	0.00	0.00	2,000.00	2,000.00	0.00	Mr. Collins working
Maintenance: Mowing	15,000.00	25,000.00	7,740.00	25,000.00	0.00	10,000.00	allow grass to go bad
Repairs & Maintenance Buildin	2,000.00	4,000.00	1,797.53	12,000.00	8,000.00	2,000.00	6/30/01 minus 1 time
Security	250.00	210.00	210.00	250.00	40.00	(40.00)	rounded up
Athletic Coaches Stipends	21,300.00	21,300.00	16,600.00	21,300.00	0.00	0.00	athletic sched
Teachers Stipends	6,000.00	5,665.00	0.00	5,665.00	0.00	(335.00)	rounded up
Teacher Supplies	2,000.00	4,025.00	1,912.15	3,600.00	(425.00)	2,025.00	same as projected
Tee Shirt/Sweatshirt Expense	0.00	150.00	477.20	2,000.00	1,850.00	150.00	moving to boosters
Art Supplies	2,000.00	2,500.00	2,691.87	1,500.00	(1,000.00)	500.00	same as projected
Nurse Supplies	500.00	200.00	200.52	500.00	300.00	(300.00)	same as '02 budgt
Telephone	6,500.00	6,000.00	4,393.52	6,300.00	300.00	(500.00)	up by \$500
Trash	2,120.00	2,020.00	1,509.42	1,500.00	(520.00)	(100.00)	up by \$100
Travel Expense-Employees	1,300.00	750.00	166.75	1,300.00	550.00	(550.00)	same as '02 budgt
Uncollectibe Tuition	12,000.00	10,000.00	17,038.72	25,865.00	15,865.00	(2,000.00)	% of net
Utilities	48,790.00	49,500.00	30,242.44	49,850.00	350.00	710.00	rounded up
Water & Sewer	6,500.00	5,500.00	5,206.48	6,500.00	1,000.00	(1,000.00)	same as '02 budgt
Miscellaneous	1,000.00	1,000.00	3,616.27	1,000.00	0.00	0.00	actual prior yrend
Miscellaneous-Guidance	500.00	1,000.00	326.50	1,000.00	0.00	500.00	actual prior yrend
Miscellaneous-Develop.	0.00	1,000.00	0.00	1,000.00	0.00	1,000.00	actual prior yrend

2002-2003 Annual Budget

Diocese of Wilm. Schools Inc.
St. Thomas More Academy

Proposed 10th Draft

	<u>2003 Budget</u>	<u>2002 Projected</u>	<u>9 Mths Ended 03/31/2002</u>	<u>2002 Budget</u>	<u>2002 Prjctd VS 2002 Bdgt</u>	<u>2003 Bdgt VS 2002 Prjctd</u>	<u>2003 Budget Basis/Comments</u>
Charitable Donations	0.00	0.00	0.00	0.00	0.00	0.00	
Facilities & Equipment	0.00	105,510.00	98,470.14	0.00	(105,510.00)	105,510.00	no projects proposed
Classroom Furniture	0.00	8,000.00	2,522.45	10,000.00	2,000.00	8,000.00	zero
Computer	5,000.00	8,088.00	11,844.00	8,522.00	434.00	3,088.00	tech plan & Bus. Off.
Library Books	0.00	0.00		1,500.00	1,500.00	0.00	same as '02 budgt
Internet	4,695.00	4,500.00	5,636.76	6,630.00	2,130.00	(195.00)	U of D price
Lab Supplies-General	0.00	0.00	0.00	3,000.00	3,000.00	0.00	zero
Textbooks	0.00	56,900.00	56,198.16	49,800.00	(7,100.00)	56,900.00	\$6,000 from inventory
Prom Expenses	3,000.00	3,000.00	1,257.69	2,000.00	(1,000.00)	0.00	J.G. estimate
Summer Program	3,000.00	1,400.00	1,363.00	0.00	(1,400.00)	(1,600.00)	double prior
Graduation Expenses	4,100.00	3,200.00	1,829.59	1,050.00	(2,150.00)	(900.00)	J.G. estimate
Banquet Expenses	5,000.00	5,000.00	5,273.98	0.00	(5,000.00)	0.00	2 banquets
Field Trip	0.00	2,000.00	180.00	2,000.00	0.00	2,000.00	same as projected
National Honor Society	5,250.00	5,100.00	4,448.20	2,500.00	(2,600.00)	(150.00)	same as projected
Plays & Concerts	0.00	1,000.00	315.00	1,000.00	0.00	1,000.00	same as projected
Student Council Expense	7,000.00	6,800.00	3,975.82	2,500.00	(4,300.00)	(200.00)	same as projected
Key Club	2,500.00	2,300.00	2,715.74	2,000.00	(300.00)	(200.00)	same as projected
Boosters Club	2,500.00	2,000.00	2,287.94	0.00	(2,000.00)	(500.00)	new in 2001
Parents Association	2,500.00	1,000.00	1,470.80	0.00	(1,000.00)	(1,500.00)	new in 2001
SAWI	750.00	500.00	472.38	0.00	(500.00)	(250.00)	new in 2001
Yearbook	11,000.00	15,000.00	9,687.21	10,300.00	(4,700.00)	4,000.00	J.G. estimate
Test Expenses	1,500.00	1,500.00	6,915.32	1,500.00	0.00	0.00	up \$500
Retreat Expenses	14,000.00	16,600.00	18,774.00	5,150.00	(11,450.00)	2,600.00	J.G. estimate
Portable Building	40,800.00	40,800.00	30,427.02	45,600.00	4,800.00	0.00	12 x \$3,400
TOTAL Expenses	1,362,075.00	1,535,682.12	1,177,753.96	1,398,143.00	(137,149.12)	173,217.12	
NET OPERATING	0.00	(29,422.12)	(68,902.52)	0.00	27,587.12	(27,462.12)	

Catholic Diocese of Wilmington
XXIII. FINANCIAL STATE OF THE DIOCESE
Statistical Index

Other Data

- Assistance to Other Dioceses:

\$10,000 towards a total grant of \$30,000 was made to the Archdiocese of Baltimore on July 2, 2003 for the renovation of the Basilica of the Assumption. The remaining balance will be paid over a two year period.

- Contributions towards the needs of the Apostolic See:

<u>Year</u>	<u>Amount</u>
2003	\$50,000
2002	\$45,000
2001	\$45,000
2000	\$42,000
1999	\$37,000
1998	\$33,000

- Peter's Pence Offering:

<u>Year</u>	<u>Amount</u>
2003	\$72,285
2002	\$82,033
2001	\$76,254
2000	\$69,292
1999	\$68,802
1998	\$70,904