Financial Statements and Report of
Independent Certified Public Accountants

Archdiocese of Philadelphia -
Office for Financial Services

June 30, 2014 and 2013

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Report of Independent Certified Public Accountants

To the Archbishop of Philadelphia
Archdiocese of Philadelphia

Report on the financial statements
We have audited the accompanying financial statements of the Archdiocese of Philadelphia - Office for Financial Services ("OFS"), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

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

Auditor's responsibility
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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to OFS' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of OFS' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Archdiocese of Philadelphia - Office for Financial Services as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of matter
We draw attention to Note A to the financial statements, which describes the legal structure of OFS within the Archdiocese of Philadelphia. Our opinion is not modified with respect to this matter.

Supplementary information
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information contained in the combining statement of financial position and combining statement of activities and changes in net assets as of and for the year ended June 30, 2014 is presented for purposes of additional analysis and is not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Grant Thornton LLP

Philadelphia, Pennsylvania

October 23, 2014

STATEMENTS OF FINANCIAL POSITION

June 30,

ASSETS	2014	2013
Cash and cash equivalents	$ 68,493,134	$ 57,532,927
Due from Archdiocesan entities, net (Note C)		
Assessments and other amounts due, less allowance for doubtful accounts of $37,872,018 and $37,732,367 at June 30, 2014 and 2013, respectively	7,913,838	7,091,513
Loans receivable, less allowance for doubtful accounts of $13,236,696 and $12,868,140 at June 30, 2014 and 2013, respectively	52,230,904	58,659,545
Notes receivable from related parties	3,982,263	4,051,030
Interest receivable from related parties	823,187	929,612
Other related party receivables	1,053,383	1,097,814
Prepaid expenses	2,354,522	1,811,436
Real estate and physical plant held for sale (Note B)	7,633,965	9,375,799
Investment in the Trustee Account of the Archdiocese of Philadelphia for Estates and Trusts and other investments (Note D)	42,117,816	35,477,400
Beneficial interest in supporting charitable trusts (Note B)	2,292,618	2,062,546
Real estate and physical plant, less accumulated depreciation of $27,115,785 and $25,479,295 at June 30, 2014 and 2013, respectively (Note B)	17,552,324	17,722,290
Total assets	$ 206,447,954	$ 195,811,912
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	$ 6,278,555	$ 7,881,559
Accrued expenses and other payables (Note F)	57,495,269	50,932,421
Deferred premium income and other deferred amounts	65,368	-
Deposits - parishes, institutions and related organizations (Note K)	121,036,706	159,015,074
Note payable to related party (Note G)	-	9,200,000
Total liabilities	184,875,898	227,029,054
Net assets		
Unrestricted	(17,175,904)	(67,275,590)
Temporarily restricted	17,157,093	16,943,444
Permanently restricted	21,590,867	19,115,004
Total net assets	21,572,056	(31,217,142)
Total liabilities and net assets	$ 206,447,954	$ 195,811,912

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

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended June 30, 2014

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues, gains, losses and other support				
Parish assessments	$ 18,081,632	$ -	$ -	$ 18,081,632
Contributions from related parties (Note K)	419,495	-	-	419,495
Collections, bequests and donations	1,349,751	848,018	-	2,197,769
Tuition income	49,587	-	-	49,587
Investment income	83,242	232,482	372,912	688,636
Interest income	2,022,155	37,907	-	2,060,062
Fees for services	2,241,710	-	-	2,241,710
Intradiocesan income	1,508,444	-	-	1,508,444
Other income (Note M)	5,120,504	-	-	5,120,504
Archdiocesan collections	487,109	10,000	-	497,109
Net gain on sale of real estate and physical plant	1,192,341	-	-	1,192,341
Net assets released from restrictions (Note O)	3,228,724	(2,606,345)	(622,379)	-
Net realized and unrealized appreciation on investments and beneficial interest in supporting charitable trusts	530,050	1,691,587	2,725,330	4,946,967
Premium income from insurance programs	97,625,496	-	-	97,625,496
Total revenues, gains, losses and other support	133,940,240	213,649	2,475,863	136,629,752
Expenses				
Subsidies	226,268	-	-	226,268
Salaries and wages	9,445,009	-	-	9,445,009
Payroll taxes and fringe benefits	5,740,544	-	-	5,740,544
Purchased services	11,528,271	-	-	11,528,271
Intradiocesan expenses	22,285	-	-	22,285
Support expense	6,384,560	-	-	6,384,560
Interparochial assistance (Note K)	899,819	-	-	899,819
Depreciation expense	1,636,490	-	-	1,636,490
Interest expense (Note K)	2,064,718	-	-	2,064,718
Withdrawals expense	71,882	-	-	71,882
Insurance program expenses	96,664,376	-	-	96,664,376
Total expenses	134,684,222	-	-	134,684,222
Change in net assets before other items	(743,982)	213,649	2,475,863	1,945,530
Other items				
Forgiveness of note payable to related party	9,200,000	-	-	9,200,000
Contribution from related party (Note B)	41,643,668	-	-	41,643,668
Change in net assets	50,099,686	213,649	2,475,863	52,789,198
Net assets				
Beginning of year	(67,275,590)	16,943,444	19,115,004	(31,217,142)
End of year	$ (17,175,904)	$ 17,157,093	$ 21,590,867	$ 21,572,056

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

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended June 30, 2013

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues, gains, losses and other support				
Parish assessments	$ 18,519,683	$ -	$ -	$ 18,519,683
Contributions from related parties (Note K)	316,552	-	-	316,552
Collections, bequests and donations	2,143,569	188,076	-	2,331,645
Tuition income	228,558	-	-	228,558
Investment income	162,724	180,690	465,851	809,265
Interest income	2,516,194	-	-	2,516,194
Fees for services	6,044,358	-	-	6,044,358
Intradiocesan income	1,505,637	-	-	1,505,637
Other income (Note M)	6,978,109	133,322	-	7,111,431
Net gain on sale of real estate and physical plant	10,256,271	4,229,588	-	14,485,859
Net assets released from restrictions (Note O)	4,049,289	(3,540,872)	(508,417)	-
Net realized and unrealized appreciation on investments and beneficial interest in supporting charitable trusts	492,709	1,063,777	1,767,791	3,324,277
Premium income from insurance programs	42,224,324	-	-	42,224,324
Total revenues, gains, losses and other support	95,437,977	2,254,581	1,725,225	99,417,783
Expenses				
Subsidies	253,510	-	-	253,510
Salaries and wages	10,513,383	-	-	10,513,383
Payroll taxes and fringe benefits	8,636,086	-	-	8,636,086
Purchased services	14,442,269	-	-	14,442,269
Intradiocesan expenses	115,626	-	-	115,626
Support expense	11,911,457	-	-	11,911,457
Interparochial assistance (Note K)	1,704,220	-	-	1,704,220
Depreciation expense	1,529,412	-	-	1,529,412
Interest expense (Note K)	2,507,836	-	-	2,507,836
Insurance program expenses	39,942,981	-	-	39,942,981
Total expenses	91,556,780	-	-	91,556,780
Change in net assets before other items	3,881,197	2,254,581	1,725,225	7,861,003
Other expenses	(146,687)	-	-	(146,687)
Transfer of Villa St. Joseph's net assets to the Office for Financial Services, net of cash received (Note B)	1,508,169	-	-	1,508,169
Change in net assets	5,242,679	2,254,581	1,725,225	9,222,485
Net assets				
Beginning of year	(72,518,269)	14,688,863	17,389,779	(40,439,627)
End of year	$ (67,275,590)	$ 16,943,444	$ 19,115,004	$ (31,217,142)

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

STATEMENTS OF CASH FLOWS

Year ended June 30,

	2014	2013
Cash flows from operating activities		
Change in net assets	$ 52,789,198	$ 9,222,485
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net gain on sale of real estate and physical plant	(1,192,341)	(14,485,859)
Depreciation expense	1,636,490	1,529,412
Transfer of Villa St. Joseph's net assets to the Office for Financial Services, net of cash received	-	(416,349)
Bad debt expense	388,049	2,995,437
Net unrealized gains on investments	(2,377,366)	(2,314,784)
Net realized gains on investments	(3,135,029)	(1,579,781)
Net appreciation in beneficial interest in supporting charitable trusts	(230,072)	(132,522)
Forgiveness of note payable to related party	(9,200,000)	-
Changes in assets and liabilities		
Due from Archdiocesan entities	(903,720)	10,555,779
Prepaid expenses	(543,086)	(592,401)
Accounts payable	(1,603,004)	(1,893,397)
Accrued expenses and other payables	6,562,848	3,603,677
Deferred premium income and other deferred amounts	65,368	-
Net cash provided by operating activities	42,257,335	6,491,697
Cash flows from investing activities		
Capital expenditures	(614,356)	(1,129,029)
Proceeds from sales of real estate and physical plant	2,082,007	15,032,328
Purchase of investments in the Trustee Account of the Archdiocese of Philadelphia for Estates and Trusts and other investments	(7,075,967)	(10,243,610)
Proceeds from sale of investments in the Trustee Account of the Archdiocese of Philadelphia for Estates and Trusts and other investments	5,947,946	8,574,271
Change in deposits - parishes, institutions and related organizations	(37,978,368)	(279,549)
Loans made to parishes	(7,628,669)	(8,363,484)
Repayment of loans by parishes	13,901,512	6,936,247
Net cash (used in) provided by investing activities	(31,365,895)	10,527,174
Cash flows from financing activities		
Payments received on note receivable from Office of Catholic Education	68,767	39,647
Net cash provided by financing activities	68,767	39,647
Net increase in cash and cash equivalents	10,960,207	17,058,518
Cash and cash equivalents		
Beginning of year	57,532,927	40,474,409
End of year	$ 68,493,134	$ 57,532,927

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

NOTE A - ORGANIZATION

The Archdiocese of Philadelphia (the "Archdiocese") was proclaimed a Catholic diocese in 1808 and raised to an Archdiocese in 1875. The Archdiocese oversees the activities of the Roman Catholic Church (the "Church") for the five counties of Philadelphia, Bucks, Chester, Delaware and Montgomery in the southeastern part of the Commonwealth of Pennsylvania and is operated in accordance with the provisions of the 1983 Code of Canon Law, as amended, of the Church. The Archdiocese of Philadelphia - Office for Financial Services ("OFS") provides programs and services to the parishes, schools and other related ecclesiastical entities in the territory of the Archdiocese. OFS is considered to be a component of the Archdiocese of Philadelphia and not a separate legal entity.

The accompanying financial statements include the following funds which operate under the auspices of OFS:

General Fund - Includes the accounts of separate ministry departments of the Archdiocese. The fund also includes all the OFS unrestricted and donor-restricted resources available for support of the Archdiocesan operations including:

- Resources invested in plant facilities (land, property and equipment).
- Interparochial Cooperation Commission ("IPCC") to provide support for the benefit of financially struggling parishes.
- Assisted living support for retired priests residing in the Villa St. Joseph and Regina Coeli residences.

Custodian Fund - Includes funds received, via special collections, and held by the Archdiocese for the beneficiaries of those special collections. All collected funds received are remitted to the beneficiary or used solely to support the individual mandate of the specific special collection.

Archdiocese of Philadelphia Risk Insurance Trust ("Risk Insurance Trust") - Represents the risk management program of the Archdiocese, including property, general liability, workers' compensation and auto insurance policies covering substantially all participating Archdiocesan entities, as well as the management and administration of the program and all related claims. This trust replaced the existing Insurance Fund as of July 1, 2013, at which time the June 30, 2013 assets and liabilities of the Insurance Fund were assigned to and assumed by the Risk Insurance Trust.

Archdiocese of Philadelphia Welfare Benefits Trust ("Welfare Benefits Trust") - Represents the medical benefits program of the Archdiocese, including health, dental prescription and vision insurance coverages for substantially all participating Archdiocesan entities, as well as the management and administration of the program.

Trust and Loan Fund - Represents a cooperative deposit and lending program established primarily for the benefit of the parishes.

(Continued)

NOTE A - ORGANIZATION - Continued

The accompanying financial statements do not include the assets, liabilities or activities of the more than 200 parishes located in the territory of the Archdiocese, except for parish deposits maintained in the Trust and Loan Fund and other receivables set forth in the accompanying financial statements. The parishes are separate canonical operating entities distinct from the offices and funds included herein. The parishes maintain separate accounts and their respective assets in their own names, and carry out their own programs. Other ecclesiastical entities and organizations, which are related to, but operated separately and distinctly from OFS, are also not included in the accompanying financial statements.

The excluded financial reporting entities include, but are not limited to, the following:

- Archdiocese of Philadelphia Office of Catholic Education - Diocesan High Schools ("OCE")
- Archdiocese of Philadelphia Office of Catholic Education - Administration Account ("OCE")
- Archdiocese of Philadelphia Office of Catholic Education - Schools of Special Education ("SPED")
- The Philadelphia Theological Seminary of St. Charles Borromeo (a Pennsylvania civil corporation; a.k.a. St. Charles Borromeo Seminary)
- Catholic Health Care Services of the Archdiocese of Philadelphia (a Pennsylvania civil corporation; "CHCS")
- Catholic Social Services (a Pennsylvania civil corporation) and affiliated nonprofit organizations
- Catholic Charities of the Archdiocese of Philadelphia (a Pennsylvania civil corporation; a.k.a. Catholic Charities Appeal of the Archdiocese of Philadelphia)
- Heritage of Faith - Vision of Hope (a Pennsylvania civil corporation; "HOF~VOH")
- The Archdiocese of Philadelphia Catholic Cemeteries Office ("Cemeteries Office")

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

2. Financial Statement Presentation

Information regarding the financial position and activities of OFS is reported according to three classes of net assets based on the existence or absence of donor-imposed restrictions as follows: unrestricted, temporarily restricted and permanently restricted net assets.

Unrestricted net assets are free of donor-imposed restrictions.

(Continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Temporarily restricted net assets include gifts, pledges, trusts, remainder interests, income and appreciation, for which donor imposed restrictions have not been met. Such restrictions include purpose restrictions where donors have specified the purpose for which the net assets are to be spent, and/or time restrictions imposed by donors or implied by the nature of the gift.

Permanently restricted net assets include gifts, pledges, trusts, and remainder interests, 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.

3. Cash and Cash Equivalents

OFS considers all unrestricted highly liquid investments with an original maturity of three months or less, and which are not held as components of its respective investment portfolio, to be cash equivalents. At June 30, 2014, OFS has cash balances on deposit with financial institutions that exceeded the balance insured by the Federal Deposit Insurance Corporation ("FDIC") of $250,000. OFS has not experienced any losses in such accounts.

4. Due from/to Archdiocesan Entities

Assessments and other amounts due:
The balance includes outstanding amounts due from Archdiocesan entities (parishes and other related ecclesiastical entities) related to:

- Parish Assessments: An assessment is levied on parishes and certain other Archdiocesan entities to: fund the work of the Archbishop and the operations and support functions of the pastoral center; subsidize the IPCC parishes; and maintain the apostolic ministries and programs shared by the whole local Church.

- Risk Insurance: Risk insurance billings for property, general liability, workers' compensation, auto and disability insurance coverage provided to parishes and other Archdiocesan entities by the Risk Insurance Trust.

- Medical Benefits: Billings for health, dental, prescription and vision provided to parishes and other Archdiocesan entities by the Welfare Benefits Trust.

Loans Receivable:
Loans are made to parishes and other Archdiocesan entities through the Trust and Loan Fund. Loans are due in varying amounts over terms not more than 25 years. The loans to parishes bear interest using the simple interest rate method on principal amounts outstanding. Except in arrangements which have been specifically negotiated, at June 30, 2014, the variable interest rate on outstanding loans is 4.5%.

(Continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Notes Receivable from Related Parties:
The notes receivable balance is comprised of notes due from OCE and St. John Neumann Place, L.P., ("SJNPLP"). The note due from OCE relates to funds loaned by OFS in connection with the payoff of the Series 2001 and 2008 Revenue Bonds in June 2012. The OCE note was restructured in June 2014. The note due from SJNPLP represents a second mortgage due to OFS for property acquired by SJNPLP, used to create affordable housing which qualifies for federal low-income housing tax credits. The 30-year mortgage bears interest at 6.25% compounded annually through December 2036.

Interest Receivable from Related Parties:
The interest receivable balance consists of interest accrued on notes receivable, as well as loans receivable due from parishes and other Archdiocesan entities as part of the Trust and Loan Fund.

Other Related Party Receivables:
Other related party receivables consist of amounts due to OFS from parishes and other related ecclesiastical entities for inter-diocesan charges due for rent, utilities and various other items that have been paid by OFS on behalf of a separate Archdiocesan entity.

5. Allowance for Doubtful Accounts

OFS provides for an allowance for doubtful accounts when information available indicates that it is probable that a receivable has been impaired. The allowance for doubtful accounts is provided based upon management's judgments including such factors as prior collection history and type of receivables. The amount of expected impairment is based on management's best estimate.

6. Prepaid Expenses

The Risk Insurance Trust pays the risk insurance premiums for coverage obtained on behalf of parishes and other Archdiocesan entities at the beginning of the respective policy periods. This cost is amortized over the respective policy period.

7. Investment in the Trustee Account of the Archdiocese of Philadelphia for Estates and Trusts and Other Investments

The investment in the Trustee Account and other investments are reported at fair value. The investment in the Trustee Account and other investments held by OFS do not have a readily determinable fair value, and as such, have elected to use the net asset value (the "NAV") per share as calculated on the reporting entity's measurement date as the fair value of the investment, based on the NAV of the investment as a practical expedient.

Realized gains and losses at the manager level are spread to the participant accounts monthly. Gains and losses created at the participant level due to unit sales are recorded in the specific participant accounts. Unrealized gains and losses are included in the statement of activities and changes in net assets as net appreciation or depreciation in the fair value of investments.

(Continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

8. Charitable Gift Annuities

The Archdiocese enters into charitable gift annuity arrangements, whereby the Archdiocese of Philadelphia Non-Pension Assets Portfolio ("NPAP") receives assets which are recorded at fair value when received. The assets are included in the investments in the Archdiocese portfolio as of June 30, 2014 and 2013. Periodic annuity payments are made to the donor or their beneficiaries until death. Upon receipt of the assets, a liability is recorded at the present value of the estimated future payments to be distributed over the donor's and/or other beneficiaries' expected life, based on the GAM-2000 Mortality Tables and discount rates set when the annuity agreement is established, which range between 3.08% and 6.17%. The liability at June 30, 2014 and 2013 was $740,622 and $770,804, respectively, and is classified in accrued expenses and other payables on the statements of financial position.

9. Beneficial Interest in Supporting Charitable Trusts

The Archdiocese is the sole beneficiary of the income of individual trusts established by Anthony P. Falcone, held in perpetuity by a third party, and William P. Mulvihill, also held in perpetuity by a third party. The supporting charitable trusts require the income to be paid to the Archdiocese. The beneficial interest in the supporting charitable trusts is recorded at the fair value of the assets.

At June 30, 2014 and 2013, the allocable fair value of the net assets of the trusts was as follows:

	2014	2013
Anthony P. Falcone	$ 1,332,467	$ 1,192,898
William P. Mulvihill	960,151	869,648
	$ 2,292,618	$ 2,062,546

The underlying investments of the beneficial interest in the supporting charitable trusts consist of government obligations, corporate obligations, mutual funds, and equity securities. OFS receives statements from each of the trustees, which detail the fair value of each investment in the supporting charitable trusts.

10. Real Estate and Physical Plant

Land, buildings, building improvements and equipment are capitalized at cost, or their fair market value if donated. Depreciation for fixed assets is computed on a straight-line basis over the estimated useful lives, which are as follows:

Buildings	30 years
Building improvements	15 - 20 years
Equipment	3 - 15 years

(Continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The legal title of certain real estate and improvements is held in the name of the Archdiocese in trust for the exclusive benefit and charitable use of parishes or related ecclesiastical entities within the territory of the Archdiocese. The Archdiocese has legal title, but does not have any proprietary, equitable or beneficial interest in any such real property and improvements. Each parish or related ecclesiastical entity is a separate juridical person and is the owner and holder of the proprietary, beneficial and equitable interest in its personal and real property and related improvements which, in all events, is subject to the provisions of canon law. Accordingly, such real property and improvements and any other assets and associated liabilities of the parishes within the territory of the Archdiocese are not included in the accompanying financial statements.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the expected future cash flows from the use of the asset and its eventual disposition are less than the carrying amount of the asset, an impairment loss is recognized and measured using the asset's fair value. No impairment losses were recognized for the years ended June 30, 2014 and 2013.

Real estate and physical plant and accumulated depreciation at June 30, 2014 and 2013 consist of:

	2014	2013
Land	$ 974,938	$ 152,753
Buildings	34,913,568	34,882,400
Building improvements	6,666,379	6,089,014
Equipment	2,113,224	2,077,418
	44,668,109	43,201,585
Accumulated depreciation	(27,115,785)	(25,479,295)
Real estate and physical plant, net	$ 17,552,324	$ 17,722,290

Depreciation expense of $1,636,490 and $1,529,412 was incurred for the years ended June 30, 2014 and 2013, respectively.

11. Real Estate and Physical Plant Held for Sale

OFS has certain buildings and properties no longer in use which are being marketed for sale as of June 30, 2014 and 2013. The carrying value of assets held for sale previously classified under real estate and physical plant, net, consists of the following at June 30, 2014 and 2013:

	2014	2013
Land	$ 1,724,483	$ 4,072,988
Buildings	5,909,482	5,263,046
Building improvements	-	39,765
Real estate and physical plant held for sale	$ 7,633,965	$ 9,375,799

(Continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

12. Conditional Asset Retirement Obligation

OFS has recognized the cost associated with the eventual remediation and abatement of asbestos and other regulated substances located within the construction of OFS' real estate and physical plant. The estimated cost of the abatement was determined by a third-party firm that conducted a survey for asbestos identification and prepared contractor estimates for the cost of potential remediation consistent with management's future remediation plans. As of June 30, 2014 and 2013, the conditional asset retirement liability is $2,290,770 and $2,202,664, respectively. Included in the balance at June 30, 2014 and 2013 is $88,107 and $84,718, respectively, for the accretion of interest and $-0- of new liabilities related to conditional asset retirement obligations recognized during each of the years ended June 30, 2014 and 2013.

OFS considers a conditional asset retirement an obligation that includes a legal obligation associated with the retirement of a tangible long-lived asset in which the timing and/or method of settling the obligation is conditional on a future event that may or may not be within the control of OFS. Recognition of a liability is required for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated, even if conditional on a future event. The Archdiocese records the fair value of a liability for a legal obligation associated with an asset retirement in the period in which the obligation is incurred. When the liability is initially recorded, the cost of the asset retirement obligation is capitalized.

13. Self-Insurance Reserves

Risk Insurance Trust

The statements of financial position include liabilities with respect to self-insured workers' compensation, general liability, property liability and auto liability claims as of June 30, 2014 and 2013. These obligations represent an estimate of the expected ultimate cost for these claims, less amounts paid to date. The Risk Insurance Trust estimates the required reserves for such claims on a non-discounted basis utilizing an actuarial method that is based upon various assumptions which include, but are not limited to, historical loss experience and projected loss development factors. The required liability is also subject to adjustment in the future based upon the changes in claims experience, including changes in the number of incidents and changes in the ultimate cost per incidents. Actual amounts ultimately paid could differ from these estimates. Self-insurance reserves are included in the accrued expenses and other payables caption on the statements of financial position.

Welfare Benefits Trust

The statement of financial position includes self-insurance liabilities with respect to the medical insurance program as of June 30, 2014. These obligations represent an estimate of the expected ultimate cost for claims incurred but not paid ("IBNP"). The Welfare Benefits Trust estimates the required reserves for such claims on a non-discounted basis utilizing a Development Method which assumes that the progression of claim payment follows runoff patterns that are assumed to remain stable over time. The results, produced by the Development Method, were adjusted for months where the data were deemed noncredible. These adjustments were made using the Projection Method which is based on the change in costs per exposure unit over time. The medical estimate is based on historical incurred and paid claims data for the 48-month period ended June 30, 2014. Self-insurance reserves are included in the accrued expenses and other payables caption on the statement of financial position.

(Continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

14. Deferred Revenue

The Welfare Benefits Trust bills plan participants monthly in advance. This deferred revenue is recorded for these billings in the period billed and is recognized on the subsequent period. Deferred revenue associated with the Welfare Benefits Trust totaled $39,140 at June 30, 2014.

15. Revenue, Gains, Losses and Other Support

Parish Assessments
Parishes within the territory of the Archdiocese are assessed a fee to help support the mission of the Church in Philadelphia and the four surrounding counties as permitted by canon law. The annual parish assessment represents 10.5% of the three-year average of the parishes' offertory income. Parish assessments are recognized as revenue in the year to which they relate.

Pledges/Contributions
Unconditional promises to give (i.e., pledges) are recorded as receivables and revenues at fair value at the date the promise is received within the appropriate net asset category. Donor-restricted gifts that are received and either spent or deemed spent within the same year are reported as unrestricted revenues. Gifts of long-lived assets received without donor restrictions are reported at fair value as unrestricted revenue. Gifts specified for the acquisition or construction of long-lived assets are reported as unrestricted net assets when the assets are placed in service.

Classification of Gifts
OFS reports gifts of cash and other assets as restricted revenue if they 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 purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Premium Income from Archdiocesan Insurance Program
The Risk Insurance Trust acts on behalf of participating Archdiocesan entities and parishes to procure adequate insurance coverage. The costs of the premiums and related expenses are billed to the participating entities. Unpaid insurance billings are included in amounts due from Archdiocesan entities.

16. Transfer of Villa St. Joseph's Net Assets to the Office for Financial Services, Net of Cash Received

In 2013, the net assets of Villa St. Joseph were included in the net assets of OFS. The Archdiocese determined that Villa St. Joseph's mission was consistent with the other net assets included within OFS.

(Continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

17. Income Tax Status

The Archdiocese is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code through its inclusion in the United States Conference of Catholic Bishops ("USCCB") group ruling and listing in the Official Catholic Directory.

The Archdiocese follows the accounting guidance for uncertainties in income tax positions which requires that a tax position be recognized or not recognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The Archdiocese does not believe its financial statements include any material uncertain tax positions. Any interest and penalties, if applicable, would be recorded in support expenses. The Archdiocese is no longer subject to U.S. federal and state tax examinations for years prior to the year ended June 30, 2011.

18. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make significant estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

19. Liquidity

Management believes that the existing liquidity position is adequate to meet current needs. To address long-term liquidity needs, management has taken steps to reduce OFS costs including a reduction in workforce in June 2012 and other related actions aimed at reducing the core operating deficit. Further actions, including asset sales, have been and will continue to be undertaken to further strengthen liquidity and the statement of financial position.

20. Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. The reclassifications had no impact on total assets, total liabilities, total net assets or change in net assets.

21. Contribution from Related Party

On May 28, 2014, the Archdiocese finalized a management agreement and lease agreement with affiliates of StoneMor Partners, L.P. ("StoneMor") of Levittown, Pennsylvania. In addition, the Waverly Rode property was sold to StoneMor. As a result of these transactions, OFS received a contribution from the Cemeteries Office totaling $41,643,668, which was used to make a $30,000,000 payment on the Trust and Loan Fund promissory note (see Note C) and $11,643,668 as funding for the Risk Insurance Trust.

(Continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

22. Subsequent Events

OFS has evaluated, through October 23, 2014, the date the financial statements were available to be issued, all subsequent events or transactions that may require recognition in the financial statements.

The Archdiocese froze the Lay Employees Retirement Plan of the Archdiocese of Philadelphia ("LERP") effective June 30, 2014. All current employees will retain benefits they have earned through the effective date of the freeze. After the date of the freeze, accrued pension benefits under the LERP will not increase for current employees with additional service or increases in pay after the freeze date. Effective July 1, 2014, the Archdiocese established a 403(b) defined contribution plan for all eligible employees.

On September 10, 2014, the Archdiocese sold a parcel of land located at the Saint John Vianney Center site, realizing net proceeds of $3,661,244. The net proceeds were allocated to priest pension and retirement obligations.

On September 2, 2014, the Archdiocese entered into an agreement of sale with Cardinal Crossing Realty Associates for the 200+ acre Sproul Road site. The sale price was $47 million, and closing is expected in 2016. This property is pledged as part of the Trust and Loan Fund promissory note described in Note C.

On September 19, 2014, the Archdiocese entered into an agreement of sale for the Mary Immaculate Center located in Allentown, Pennsylvania. The sale price was $5.5 million, and closing is expected in the first calendar quarter of 2015. This property is pledged as part of the Trust and Loan Fund promissory note described in Note C.

NOTE C - DUE FROM ARCHDIOCESAN ENTITIES, NET

A summary of the various receivable balances held by OFS due from Archdiocesan entities at June 30, 2014 and 2013 is presented as follows:

(a) Assessments and other amounts due:

	2014	2013
Assessments due from parishes	$ 21,622,756	$ 21,669,907
Risk and medical insurance premiums due from Archdiocesan entities and parishes	22,700,319	22,899,528
OFS rent receivable from Archdiocesan entities	482,781	145,909
Miscellaneous receivables	980,000	108,536
	45,785,856	44,823,880
Allowance for doubtful accounts	(37,872,018)	(37,732,367)
Assessments and other amounts due, less allowance for doubtful accounts	$ 7,913,838	$ 7,091,513

(Continued)

NOTE C - DUE FROM ARCHDIOCESAN ENTITIES, NET - Continued

(b) Loans receivable:

The Archdiocese maintains a centralized lending program through its Trust and Loan Fund. The loans receivable consist of loans made by the Trust and Loan Fund to parishes and other Archdiocesan entities (see Note B). The amount due from parishes and other Archdiocesan entities at June 30, 2014 and 2013 is as follows:

	2014	2013
Loans receivable, principally due from parishes	$ 65,467,600	$ 71,527,685
Less: allowance for doubtful accounts	(13,236,696)	(12,868,140)
Loans receivable, net of allowance for doubtful accounts	$ 52,230,904	$ 58,659,545

Credit quality of loans receivable:

OFS receives loan requests from parishes and other Archdiocesan entities. These loans, when approved, are made through the Trust and Loan Fund. All loan requests are subject to a due diligence review of the requesting parish's ability to support future loan payments. This review is performed by the Office of Parish Service and Support. Upon completion of this due diligence, the loan request is presented to the College of Counselors, for approval.

Allowances for doubtful accounts are established for all loans to parishes and other Archdiocesan entities based upon prior collection experience and current factors specific to each entity that, in management's opinion, may influence the entities' ability to repay the loan. All loan balances deemed to be impaired are adjusted to the net realizable value at the time this determination is established.

	2014	2013
Gross loans receivable	$ 65,467,600	$ 71,527,685
Less: allowance for doubtful accounts:		
Beginning of year	(12,868,140)	(11,007,033)
Increases to allowance	(368,556)	(1,861,107)
End of year	(13,236,696)	(12,868,140)
Loans receivable, net	$ 52,230,904	$ 58,659,545

(Continued)

NOTE C - DUE FROM ARCHDIOCESAN ENTITIES, NET - Continued

(c) Notes receivable from related parties:

	June 30, 2014	June 30, 2013
Note receivable due from OCE	$ 2,887,263	$ 2,956,030
SJNPLP, bears interest at 6.25%, due in 2036	2,860,000	2,860,000
	5,747,263	5,816,030
Allowance for doubtful accounts	(1,765,000)	(1,765,000)
Notes receivable from related parties, net of allowance for doubtful accounts	$ 3,982,263	$ 4,051,030

Note receivable due from OCE

In June 2012, OCE entered into a term note agreement totaling $3,000,000 with OFS. OFS has the right to secure this loan with a lien against the assets of OCE that are in possession of the Archdiocese. The term note carries a fixed interest rate of 4% per annum and is amortized over 30 years commencing on June 1, 2012. In June 2014, the term note agreement was amended to extend the maturity date until June 1, 2042.

The future principal payments relating to the note receivable outstanding at June 30, 2014 are as follows:

2015	$ 57,248
2016	59,572
2017	61,991
2018	64,508
2019	67,125
Thereafter	2,576,819
Total	$ 2,887,263

On May 31, 2012, the Archdiocese of Philadelphia created a promissory note to the Trust and Loan Fund of the Archdiocese. On May 20, 2013, the promissory note was amended to increase the note to $82,000,000 and to add two additional properties to the list of pledged properties. The balance of this promissory note at June 30, 2014 and 2013 was $52,000,000 and $82,000,000, respectively. The promissory note is collateralized by specific pledged real estate assets documented in the May 31, 2012 promissory note, as amended. As pledged assets are sold or monetized, net proceeds from the transactions will be used to fulfill the obligation acknowledged via the promissory note. If a transaction for any of the pledged properties results in net proceeds in excess of $20 million, the Archdiocese has discretion to use the excess for another purpose so long as the value for remaining pledged properties is at least equal to the remaining obligation. On May 30, 2014, the Archdiocese used $30,000,000 of the proceeds from the cemeteries transaction with StoneMor to pay down this promissory note. The promissory note is recorded as an asset and liability on the general ledgers of the Trust and Loan and General Funds, respectively, and is eliminated within the OFS statements of financial position at June 30, 2014 and 2013.

(Continued)

NOTE C - DUE FROM ARCHDIOCESAN ENTITIES, NET - Continued

(d) Interest receivable from related parties:

	June 30, 2014	June 30, 2013
Note receivable from OCE	$ -	$ 29,560
Note receivable from SJNPLP	1,676,570	1,409,713
Trust and Loan Fund interest receivable balances	1,911,166	2,095,101
	3,587,736	3,534,374
Allowance for doubtful accounts	(2,764,549)	(2,604,762)
Interest receivable from related parties, net of allowance for doubtful accounts	$ 823,187	$ 929,612

(e) Other related party receivables:

OFS maintains receivable balances due from other related Archdiocesan entities. The balance of other related party receivables at June 30, 2014 and 2013 is comprised of:

	2014	2013
Audit fees paid on behalf of related entities	$ -	$ 670,058
Apostolic Impact Fund	510,000	-
Intradiocesan charges for utilities, payroll processing and other items, net	451,137	427,756
Other	92,246	-
Total other related party receivables	$ 1,053,383	$ 1,097,814

NOTE D - INVESTMENT IN THE TRUSTEE ACCOUNT OF THE ARCHDIOCESE OF PHILADELPHIA FOR ESTATES AND TRUSTS AND OTHER INVESTMENTS

The total investments of OFS at June 30, 2014 and 2013 are detailed as follows:

	2014	2013
Investment in the Trustee Account	$ 40,098,511	$ 33,632,994
Investment in the Trust of Josephine Nalle Unitrust	1,796,809	1,651,342
Mutual funds	222,496	193,064
Total investments	$ 42,117,816	$ 35,477,400

(Continued)

NOTE D - INVESTMENT IN THE TRUSTEE ACCOUNT OF THE ARCHDIOCESE OF PHILADELPHIA FOR ESTATES AND TRUSTS AND OTHER INVESTMENTS - Continued

Investment in the Trustee Account

The investment in the Trustee Account consists of investments in the NPAP and other investment accounts. For administrative and other needs, the Archdiocese formed the NPAP to pool together certain investments in order to more efficiently manage the investments of various entities and related organizations within the Archdiocese of Philadelphia. The investments in the NPAP are held by a custodian and are managed based on sub-accounts as follows:

Equity Sub-Account (or "fund") - Invests in common stocks and is managed by multiple investment managers.

Fixed Income Sub-Account (or "fund") - Invests in mutual funds, corporate obligations, United States Treasury obligations and municipal obligations and is managed by multiple investment managers.

Liquidity Sub-Account (or "fund") - Investments are liquid in nature and are used to buy and sell units of the equity and fixed income funds or for expected short-term needs.

The Trustee Account is unitized on a periodic basis to allow for the investment, at unit value, by entities in the NPAP. OFS' investment in the Trustee Account is stated at unit value.

The Investment Committee of the Archdiocese of Philadelphia ("Investment Committee") has primary responsibility for determining the asset investment allocations to be used. Management is responsible for ensuring that asset investment allocations among the funds are maintained as determined by the Investment Committee.

At June 30, 2014, OFS' investments are summarized and classified as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Investment in the Trustee Account	$ 9,110,430	$ 11,689,832	$ 19,298,249	$ 40,098,511
Investment in the Trust of Josephine Nalle Unitrust	-	1,796,809	-	1,796,809
Mutual funds	-	222,496	-	222,496
	$ 9,110,430	$ 13,709,137	$ 19,298,249	$ 42,117,816

(Continued)

NOTE D - INVESTMENT IN THE TRUSTEE ACCOUNT OF THE ARCHDIOCESE OF PHILADELPHIA FOR ESTATES AND TRUSTS AND OTHER INVESTMENTS - Continued

At June 30, 2013, OFS' investments are summarized and classified as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Investment in the Trustee Account	$ 4,358,242	$ 12,222,294	$ 17,052,458	$ 33,632,994
Investment in the Trust of Josephine Nalle Unitrust	-	1,651,342	-	1,651,342
Mutual funds	-	193,064	-	193,064
	$ 4,358,242	$ 14,066,700	$ 17,052,458	$ 35,477,400

NOTE E - FAIR VALUE MEASUREMENTS

Accounting Standards Codification ("ASC") 820, *Fair Value Measurements and Disclosures*, establishes a single authoritative definition of fair value, sets a framework for measuring fair value, and requires additional disclosures about fair value measurements. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 Quoted prices in active markets for identical assets or liabilities as of the measurement date.

Level 2 Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities.

Level 3 Inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Fair value calculations may not be indicative of net realizable value or reflective of future fair values. Furthermore, although OFS believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

(Continued)

NOTE E - FAIR VALUE MEASUREMENTS - Continued

Fair value measurements of investments in entities that calculate NAV per share or its equivalent as of June 30, 2014 and 2013 are as follows:

Description	Fair value 2014	Fair value 2013	Unfunded commitments	Redemption frequency	Redemption notice period
Investment in the Trustee Account [a]	$ 40,098,511	$ 33,632,994	$ -	daily	1 day
Investment in the Trust of Josephine Nalle Unitrust [b]	1,796,809	1,651,342	-	daily	1 day

[a] The Trustee Account is a pooled investment portfolio comprised of equity and fixed income securities. The primary objective of the Trustee Account is preservation of capital while reducing, to the greatest extent possible, the possibility of loss. The investment strategy and long-term asset allocation for the Trustee Account take into consideration the specific spending requirements and the present and future needs of the Archdiocese and its respective participating Ecclesiastical Organizations. Therefore, the desired minimum rate of return is equal to the Consumer Price Index ("CPI"), plus three percent (3%) on an annualized basis. The fair values are estimated using the NAV per share of the investments.

[b] The Trust of Josephine Nalle Unitrust is comprised of cash, equity and fixed income securities held with Wells Fargo Bank N.A. ("Wells Fargo"). The NAV is derived based on the ending market value of the trust assets as reported by Wells Fargo on June 30, 2014 and 2013. The investment strategy is a balanced appreciation model that focuses on capital growth with income.

The following table presents the fair values of the investments held by OFS by level within the fair value hierarchy, as of June 30, 2014:

	Quoted prices in active markets Level 1	Significant other observable inputs Level 2	Significant inputs supported by little or no market activity Level 3	Total fair value
Assets				
Investments				
Investment in the Trustee Account	$ -	$ 40,098,511	$ -	$ 40,098,511
Investment in the Trust of Josephine Nalle Unitrust	-	1,796,809	-	1,796,809
Mutual funds	222,496	-	-	222,496
Beneficial interest in supporting charitable trusts	-	-	2,292,618	2,292,618
Total assets at June 30, 2014	$ 222,496	$ 41,895,320	$ 2,292,618	$ 44,410,434

(Continued)

NOTE E - FAIR VALUE MEASUREMENTS - Continued

The following table presents the fair values of the investments held by OFS by level within the fair value hierarchy, as of June 30, 2013:

	Quoted prices in active markets Level 1	Significant other observable inputs Level 2	Significant inputs supported by little or no market activity Level 3	Total fair value
Assets				
Investments				
Investment in the Trustee Account	$ -	$ 33,632,994	$ -	$ 33,632,994
Investment in the Trust of Josephine Nalle Unitrust	-	1,651,342	-	1,651,342
Mutual funds	193,064	-	-	193,064
Beneficial interest in supporting charitable trusts	-	-	2,062,546	2,062,546
Total assets at June 30, 2013	$ 193,064	$ 35,284,336	$ 2,062,546	$ 37,539,946

The following table presents assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2014:

Investment type	Beneficial interest in supporting charitable trusts
Balance, June 30, 2012	$ 1,930,024
Change in fair value	132,522
Balance, June 30, 2013	2,062,546
Change in fair value	230,072
Balance, June 30, 2014	$ 2,292,618

NOTE F - ACCRUED EXPENSES AND OTHER PAYABLES

Accrued expenses and other payables are comprised of the following at June 30, 2014 and 2013:

	2014	2013
Self-insurance reserves (see Note H)	$ 50,142,862	$ 46,800,130
IBNP reserve Welfare Benefits Trust	3,038,000	-
Conditional asset retirement obligation	2,290,770	2,202,664
Charitable gift annuities	740,622	770,804
Accrued legal and accounting fees	918,042	467,103
Other	364,973	691,720
	$ 57,495,269	$ 50,932,421

NOTE G - NOTE PAYABLE TO RELATED PARTY

On June 30, 2003, OFS entered into a loan agreement with the Cemeteries Office. The note payable resulting from this agreement carried a fixed interest rate of 1.75% per annum. At June 30, 2013, the outstanding balance on this note was $9,200,000. On June 30, 2014, the $9,200,000 outstanding on this note was forgiven.

NOTE H - COMMITMENTS AND CONTINGENCIES

1. Claims

Presently, the Archdiocese is a party to certain lawsuits, seeking compensatory damages and other types of relief.

Lawsuits and Grand Jury Report - Historically, a number of lawsuits have been brought against the Archdiocese relating to alleged sexual abuse by clergy, most of which have been dismissed by Pennsylvania courts as being beyond the applicable statute of limitations. Nine civil cases alleging sexual abuse by clergy were filed in the Philadelphia Court of Common Pleas in 2011 shortly after the issuance of a February 2011 grand jury report issued by the Philadelphia District Attorney's Office. One plaintiff voluntarily dismissed his case. On September 24, 2014, the court entered summary judgment in favor of the Archdiocese in two of the cases. The Archdiocese does not have a statute of limitations defense in three of the 2011 cases. The court has set trial dates in January and March for the first two cases, and the third will likely be scheduled for trial in May or June 2015.

Eight additional cases were filed in Philadelphia in September 2012. One of the cases filed in September 2012 involves claims by two separate plaintiffs. The Archdiocese plans to take limited discovery in those cases and then move for summary judgment based upon the statute of limitations.

(Continued)

NOTE H - COMMITMENTS AND CONTINGENCIES - Continued

In 2013, the Archdiocese received an allegation of sexual abuse by a priest that was within the criminal and civil statutes of limitations. Charges were filed against the priest by the District Attorney's Office but then dismissed when the individual died before testifying at a preliminary hearing. The parents later sued the Archdiocese on behalf of the man's estate. One additional case was filed against multiple defendants, including the Archdiocese, in April 2013, alleging a sexual assault by a priest of the Pauline Order against an adult woman. Two additional cases were filed in 2013 alleging that two students were abused by a high school baseball coach at an Archdiocesan high school. Discovery is currently in the early stages in each of these cases.

Numerous uncertainties exist regarding the financial impact of the presently pending civil cases, including the potential for amendments to Pennsylvania law regarding the statute of limitations in civil cases involving allegations of sexual abuse of minors. In the event of such changes, the Archdiocese could be subject to additional civil cases, damages and/or settlements. The Archdiocese has put its insurance carriers on notice of the outstanding sexual abuse claims.

The Archdiocese intends to vigorously defend itself in the pending civil lawsuits. If these cases are not dismissed under the present statute of limitations or on the basis of other legal defenses, management of the Archdiocese believes that it is reasonably possible that it may sustain losses with respect to some or all of the pending lawsuits in excess of amounts insured or accrued. Although the outcome of the current claims cannot be predicted, the resolution of these matters, individually or in the aggregate, could, absent meaningful insurance coverage, have a significant adverse impact on the financial position, changes in net assets, cash flows and/or liquidity of the Archdiocese, thereby impacting its various activities and ministries.

2. Self-insurance reserves

Self-Insurance - The principal insurance policies providing property and liability coverage have deductibles of $50,000 and $250,000, per occurrence, respectively. The workers' compensation policies are written with self-insurance retention of $500,000, per claim. There are certain special policies with lower per claim deductibles and some policies without deductibles. To the extent of these deductibles, the Risk Insurance Trust is self-insured. The Risk Insurance Trust held retrospectively rated workers' compensation insurance coverage for the periods August 1, 1991 through July 1, 1994. The periods subsequent to July 1, 1994 through June 30, 2014 are covered under large deductible or self-insured retention programs. The Risk Insurance Trust also retains risks related to general liability uninsured deductibles per accident or occurrence that are subject to annual aggregate limits. The workers' compensation and general liability reserve is based upon the estimated ultimate claims cost less the actual payments made through June 30, 2014 and 2013.

The estimated ultimate claims cost is calculated as of June 30, 2014 and considers incurred and paid losses and retention amounts to determine loss development factors. The estimated reserve liability is comprised of both a limited case outstanding reserve and estimated development.

(Continued)

NOTE H - COMMITMENTS AND CONTINGENCIES - Continued

The Risk Insurance Trust also retains self-insurance risks related to property, boiler and machinery liability, automobile liability and automobile physical damage liability on a per accident or occurrence basis that are subject to annual aggregate limits. The property, boiler and machinery liability and the automobile liability reserve is based upon the estimated ultimate incurred claims cost less the actual payments made through June 30, 2014 and 2013. A cost level adjustment factor is applied for property and boiler and machinery reserve calculations utilizing the Boeckh building cost index. All losses are deemed to be fully developed within 24 months. A bodily injury and physical damage index is utilized in determining the automobile liability and physical damage reserves. The index was obtained from the Insurance Services Office, Inc. ("ISO") average claim severity data published in 2010. Severities prior to 2003 and after 2008 are estimated by an actuary based on ISO fitted trend estimates.

3. Other

The Archdiocese is involved in numerous other legal proceedings arising out of and incidental to its operations. In management's opinion, the ultimate liability which may arise from these other legal proceedings would not have a material adverse effect on the financial statements of OFS. In addition, the Archdiocese believes that if liability were established, it would have adequate insurance coverage to meet the resulting obligations.

Under the Archdiocese of Philadelphia's Priest Student Loan Policy, priests are reimbursed for payments made toward student debt that was incurred for their studies at St. Charles Borromeo Seminary. The reimbursements are contingent upon loan payments being made by the priest and are limited annually to a maximum repayment amount predetermined by the Archdiocese. The Archdiocese assumes no liability related to the outstanding balances on these loans until payment is made by the priests. Upon payment, the Archdiocese assumes the liability. The reimbursement cost is split evenly between the Archdiocese and St. Charles Borromeo Seminary. During the years ended June 30, 2014 and 2013, the combined reimbursement totaled $106,872 and $103,999, respectively. As of June 30, 2014 and 2013, the potential Priest Student Loan balance outstanding totaled $580,570 and $471,290, respectively.

NOTE I - CONCENTRATION OF CREDIT INCLUDING CREDIT RISK

Cash, cash equivalents, and investments are exposed to various risks, such as interest rate, market volatility, and credit. To minimize such risks, the Archdiocese has a diversified investment portfolio managed by several independent investment managers in a variety of asset classes. The Archdiocese regularly evaluates its investments including performance thereof. The Archdiocese maintains its cash and cash equivalents in various bank deposit accounts which, at times, may exceed federally insured limits. The Archdiocese's cash accounts were placed with high credit quality financial institutions. However, due to inherent risks and potential volatility in investment valuations, the amounts reported in the accompanying financial statements can vary substantially from year to year. It is reasonably possible that changes in investments will occur in the near term and such changes could materially affect the amounts reported in the accompanying financial statements.

Credit risk with respect to related party receivables originates from the activities of related parties within the Archdiocese such as parishes, which are supported primarily by Catholic parishioners of the Philadelphia area. Related party receivables include accounts receivable from Archdiocesan parishes and loans provided to parties and other related organizations.

NOTE J - PENSION PLANS

The Archdiocese of Philadelphia Priests' Retirement Plan and Trust ("Priests' Plan") and the Archdiocese of Philadelphia Lay Employees Retirement Plan ("LERP") are distinct and autonomous benefit plans separately administered by the Archdiocese in trust for each of the plans' beneficiaries and are not part of these financial statements. The plans are funded by contributions from the various participating entities, including parishes. The plans' administrator is OFS.

1. Priests' Plan

For financial reporting purposes within these financial statements, the Priests' Plan is accounted for as a multiemployer plan. Expenses are recognized as contributions are made in accordance with established provisions followed by all parishes and participating entities within the territory of the Archdiocese. The contributions by OFS to the Priests' Plan totaled $644,552 and $526,883, respectively, for the years ended June 30, 2014 and 2013.

The actuarially determined present value of accumulated plan benefits at June 30, 2014 for priest pension, retiree health insurance, retiree auto insurance and life insurance was not available as of the report date. Preliminary estimates of the present value of accumulated plan benefits at June 30, 2014 totaled approximately $94,000,000. The actuarially determined present value of accumulated plan benefits at June 30, 2013 for priests' pension, retiree health insurance, retiree auto insurance and life insurance totaled $91,605,675. At June 30, 2014 and 2013, the net assets available to provide for these benefits totaled $14,470,015 and $3,965,027, respectively. Included as part of the June 30, 2014 balance is $11,643,668 allocated from proceeds from the cemeteries transaction.

2. Lay Employees Retirement Plan - frozen effective June 30, 2014

Through June 30, 2014, the eligible lay employees of OFS were covered under the LERP, which was a defined benefit pension plan that covered substantially all lay employees, once age and service requirements were met, of the Archdiocese, its related ecclesiastical entities, institutions and parishes. For financial reporting purposes within these financial statements, the LERP is accounted for as a multiemployer plan. On June 30, 2014, the Archdiocese froze the LERP. All active employees as of the freeze date will retain benefits they have earned through June 30, 2014. After the date of the freeze, accrued pension benefits will not increase for additional service or increases in pay. The plan is administered by the trustees of the plan. OFS made annual contributions to the plan at an average rate of 7.5% and 5.0%, respectively, of the salaries of the eligible employees for the years ended June 30, 2014 and 2013. The contribution by OFS was $460,777 and $476,324, respectively, for the years ended June 30, 2014 and 2013.

The actuarially determined present value of accumulated plan benefits at June 30, 2014 for the LERP was not available as of the report date. A preliminary estimate of the present value of accumulated plan benefits at June 30, 2014 is $700,000,000. The present value of accumulated plan benefits at June 30, 2013 totaled $664,022,990. At June 30, 2014 and 2013, the assets available to provide for these benefits totaled $593,517,196 and $521,677,319, respectively.

NOTE K - RELATED PARTY AMOUNTS AND TRANSACTIONS

OFS entered into transactions with the following related parties:

During each of the years ended June 30, 2014 and 2013, OFS recorded $2,188,085 in contributed rent related to the use of facilities owned by OFS but used without charge by Catholic Social Services and CHCS.

All parish assessments, Risk Insurance Trust billings and collections and other Archdiocesan entities' billings and collections are performed by Porter & Curtis, a commercial insurance broker and risk management services provider located in Media, Pennsylvania. All billings and collections associated with the Welfare Benefits Trust medical benefits program are performed by Independence Blue Cross. Billings and collections of loans are performed by OFS on behalf of the Trust and Loan Fund.

	2014		2013	
	Billed	Collected	Billed	Collected
Parish assessment	$ 18,081,632	$ 17,998,217	$ 18,519,683	$ 21,140,683
Risk Insurance Program [1]	30,044,711	30,598,412	34,583,004	35,013,102
Welfare Benefits Program [1]	67,580,785	67,741,273	-	-
Parish loans and interest	3,428,669	13,871,954	11,087,699	10,337,679

[1] These billed amounts are reflected on the statements of activities and changes in net assets under the caption, "Premium income from insurance programs".

During the years ended June 30, 2014 and 2013, OFS received $200,000 and $68,000, respectively, from OCE for information technology support services. Additionally, during the years ended June 30, 2014 and 2013, OFS received $-0- and $49,000, respectively, from OCE for administrative costs.

As part of the cemeteries debt forgiveness, the outstanding interest due to the Cemeteries Office of $161,000 was also forgiven.

Archdiocesan parishes and agencies deposit funds with OFS for investment purposes. Related deposit funds totaled $121,036,706 and $159,015,074 as of June 30, 2014 and 2013, respectively. Deposited funds earned an interest rate of 1.25% for the years ended June 30, 2014 and 2013. Interest paid on the deposited funds amounted to $2,137,611 and $2,262,118 during the years ended June 30, 2014 and 2013, respectively. Total interest expense for the years ended June 30, 2014 and 2013 was as follows:

	2014	2013
Interest paid on deposits	$ 2,137,611	$ 2,262,118
Interest accretion on conditional asset retirement obligation	88,107	84,718
Forgiveness of interest on Cemeteries Office loan	(161,000)	161,000
	$ 2,064,718	$ 2,507,836

(Continued)

NOTE K - RELATED PARTY AMOUNTS AND TRANSACTIONS - Continued

Loans are made to parishes and other Archdiocesan entities through the Trust and Loan Fund (see Note C). Except in arrangements which have been specifically negotiated, the interest rate was generally 4.5%. Interest earned on these loans amounted to $1,903,754 and $2,511,847 for the years ended June 30, 2014 and 2013, respectively.

OFS receives funds from certain Archdiocesan offices, agencies and related ecclesiastical organizations, which are reflected as contributions on the statements of activities and changes in net assets. Such funds amounted to:

	2014	2013
Priest pension contribution	$ 342,500	$ -
Estates and Trusts	-	316,552
Other	76,995	-
	$ 419,495	$ 316,552

Certain parishes, for a variety of reasons, that are struggling financially to meet the needs of their parishioners receive assistance through the IPCC. This subsidy is used by the parishes to meet operating expenses, fund parish programs and carry out capital improvements. OFS provided subsidized support for IPCC parishes. This support is reflected as “interparochial assistance” in the accompanying statements of activities and changes in net assets.

	2014	2013
Pension	$ 61,423	$ 117,917
Priests’ insurance	112,767	217,693
Risk management	214,575	698,034
General and extraordinary subsidy	511,054	670,576
	$ 899,819	$ 1,704,220

NOTE L - SELF-INSURED UNEMPLOYMENT COMPENSATION

Unemployment compensation for the various parties within the Archdiocese are funded by two self-insured trusts.

1. The PA Unemployment Comp - Schools Trust (“Schools Trust”) is a pooled insurance fund that manages the unemployment compensation process for Special Education Schools, Parish Schools and select non-Archdiocesan schools (“Members”). The processing of claims and billing is performed by the Pennsylvania Catholic Conference (“PACC”). Prior to January 1, 2014, PACC billed the Members in February and May. Then on a monthly basis, PACC processed bills from the state for actual claims paid to former employees, and then billed the Archdiocese for these claims. Effective January 1, 2014, the PACC claims processing procedures

(Continued)

NOTE L - SELF-INSURED UNEMPLOYMENT COMPENSATION - Continued

were modified so that funds collected from the billings are deposited to a bank account maintained by PACC. On a monthly basis, PACC processes claims and then electronically remits payments to the state. Annually, excess funds are returned to the Schools Trust. For the years ended June 30, 2014 and 2013, the Schools Trust Members were billed $3,785,971 and $2,419,739, respectively, and incurred claims totaling $2,152,835 and $3,625,215, respectively. As of June 30, 2014 and 2013, the Schools Trust net asset balance totaled $1,700,450 and $109,090, respectively.

2. The PA Unemployment Comp - Lay Employees Trust ("Lay Employees Trust") is a pooled insurance fund that manages the unemployment compensation process for OFS, the Cemeteries Office, St. Charles Borromeo Seminary, and the administrative offices within the Office of Catholic Education ("Members"). Prior to January 1, 2014, the processing of claims and billing was performed by OFS; Members were billed in May and November. Then on a monthly basis, OFS processed bills from the state for actual claims paid to former employees. Effective January 1, 2014, PACC assumed the process of claims administration and billings. Twice yearly, in February and May, PACC bills the Members. The funds collected by PACC from the billings are deposited to a bank account maintained by PACC. On a monthly basis, PACC processes claims and then electronically remits payments to the state. Annually, excess funds in the bank account are returned to the Lay Employees Trust. For the years ended June 30, 2014 and 2013, the Lay Employees Trust Members were billed $292,800 and $257,400, respectively, and incurred claims totaling $171,961 and $418,304, respectively. As of June 30, 2014 and 2013, the Lay Employees Trust net asset (deficit) balance totaled $(493,211) and $(570,987), respectively.

NOTE M - OTHER INCOME

Other income recognized by OFS is comprised of the following for the years ended June 30, 2014 and 2013:

	2014	2013
Allocations from Catholic Charities Appeal	$ 2,450,843	$ 1,986,699
Rental income	2,404,997	2,236,247
Contribution from the Cemeteries Office	-	2,000,000
Fidelity insurance recovery	-	651,628
Other	264,664	236,857
	$ 5,120,504	$ 7,111,431

NOTE N - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at June 30, 2014 and 2013:

	2014	2013
Archdiocesan ministries support	$ 7,654,823	$ 6,800,653
Retired priest and religious support	6,580,319	6,608,426
Renovations	2,921,951	2,882,297
Archdiocesan operations support	-	652,068
	$ 17,157,093	$ 16,943,444

Permanently restricted net assets at June 30, 2014 and 2013 are restricted to:

	2014	2013
Investments to be held in perpetuity, the income from which is expendable to support operations of OFS (reported as other operating income)		
Archdiocesan ministries support	$ 19,052,374	$ 16,816,223
Archdiocesan operations support	2,527,478	2,288,998
Educational assistance	11,015	9,783
	$ 21,590,867	$ 19,115,004

NOTE O - NET ASSETS RELEASED FROM RESTRICTIONS

During the years ended June 30, 2014 and 2013, net assets were released from donor restrictions by incurring expenses satisfying the specific restricted purpose related to retired priest and religious support, as well as the other purposes listed in Note N, in the amount of $3,228,724 and $4,049,289, respectively.

NOTE P - ENDOWMENTS

OFS' endowments consist of donor-restricted endowment funds established for a variety of purposes. The endowment includes donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

(Continued)

NOTE P - ENDOWMENTS - Continued

1. Interpretation of Relevant Law

In accordance with Commonwealth of Pennsylvania Act 141, OFS classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified in permanently restricted net assets. Pennsylvania law permits the Archdiocese to release a percentage, which is elected annually, of the market value of its endowment funds into unrestricted income. The spending rate percentage, between 2% and 7%, is applied to the three-year average of the market value of the endowment funds' assets.

2. Return Objectives and Risk Parameters

OFS has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period. Under this policy, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of plus 3% over the consumer price index while assuming a moderate level of investment risk. OFS expects its endowment funds, over time, to provide an average rate of return of between 6% and 7% annually. Actual returns in any given year may vary from that amount.

3. Spending Policy

In accordance with state law, net realized and unrealized gains on permanently restricted investments are included as permanently restricted net assets, even absent donor restrictions on the use of gains. Commonwealth of Pennsylvania law permits OFS to adopt a spending policy for endowment earnings, subject to certain limitations. OFS follows the total return concept of endowment investment and spending. Under this concept, a prudent amount of appreciation earned on the investments may be spent in the event that the interest and dividends earned are insufficient to meet that period's spending rate. The Archdiocese's spending policy for the years ended June 30, 2014 and 2013 allowed for a 5% draw of the three-year average market value of the permanently restricted endowments, estates and trusts.

As of June 30, 2014 and 2013, $21,590,867 and $19,115,004, respectively, in donor-restricted endowment funds were recorded within permanently restricted net assets.

(Continued)

NOTE P - ENDOWMENTS - Continued

Changes in endowment net assets for the years ended June 30, 2014 and 2013:

2014	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ -	$ 19,115,004	$ 19,115,004
Investment income	-	-	372,912	372,912
Net appreciation (realized and unrealized gains)	-	-	2,725,330	2,725,330
Total investment return	-	-	3,098,242	3,098,242
Appropriation of endowment assets for expenditure	-	-	(622,379)	(622,379)
	$ -	$ -	$ 21,590,867	$ 21,590,867
2013				
Endowment net assets, beginning of year	$ -	$ -	$ 17,389,779	$ 17,389,779
Investment income	-	-	465,851	465,851
Net appreciation (realized and unrealized gains)	-	-	1,767,791	1,767,791
Total investment return	-	-	2,233,642	2,233,642
Appropriation of endowment assets for expenditure	-	-	(508,417)	(508,417)
	$ -	$ -	$ 19,115,004	$ 19,115,004

SUPPLEMENTAL INFORMATION

Archdiocese of Philadelphia - Office for Financial Services

COMBINING STATEMENT OF FINANCIAL POSITION

June 30, 2014

	General Fund	Trust and Loan Fund	Risk Insurance Trust	Welfare Benefits Trust Fund	Eliminations	OFS Total
Assets						
Cash and cash equivalents	$ 7,348,194	$ 26,902,736	$ 30,220,940	$ 4,021,264	$ -	$ 68,493,134
Due from Archdiocesan entities, net						
Assessments and other amounts due, net	4,989,915	-	2,060,543	863,380	-	7,913,838
Loans receivable, net	-	52,230,904	-	-	-	52,230,904
Notes receivable from related parties	3,982,263	52,000,000	-	-	(52,000,000)	3,982,263
Interest receivable from related parties	147	846,096	-	(23,056)	-	823,187
Other related party receivables	11,263,407	1,590,532	(345)	-	(11,800,211)	1,053,383
Prepaid expenses	106,202	-	2,235,821	12,499	-	2,354,522
Real estate and physical plant held for sale	7,633,965	-	-	-	-	7,633,965
Investment in the Trustee Account of the Archdiocese of Philadelphia for Estates and Trusts and other investments	42,117,816	-	-	-	-	42,117,816
Beneficial interest in supporting charitable trusts	2,292,618	-	-	-	-	2,292,618
Real estate and physical plant, net	17,552,324	-	-	-	-	17,552,324
Total assets	$ 97,286,851	$ 133,570,268	$ 34,516,959	$ 4,874,087	$ (63,800,211)	$ 206,447,954
Liabilities						
Accounts payable	$ 6,713,899	$ 842,695	$ 1,054,312	$ 8,720	$ (2,341,071)	$ 6,278,555
Accrued expenses and other payables	3,662,146	-	50,795,123	3,038,000	-	57,495,269
Deferred premium income and other deferred amounts	24,128	-	2,100	39,140	-	65,368
Deposits - parishes, institutions and related organizations	-	130,495,846	-	-	(9,459,140)	121,036,706
Note payable to related party	52,000,000	-	-	-	(52,000,000)	-
Total liabilities	62,400,173	131,338,541	51,851,535	3,085,860	(63,800,211)	184,875,898
Net assets						
Unrestricted	(3,861,282)	2,231,727	(17,334,576)	1,788,227	-	(17,175,904)
Temporarily restricted	17,157,093	-	-	-	-	17,157,093
Permanently restricted	21,590,867	-	-	-	-	21,590,867
Total net assets	34,886,678	2,231,727	(17,334,576)	1,788,227	-	21,572,056
Total liabilities and net assets	$ 97,286,851	$ 133,570,268	$ 34,516,959	$ 4,874,087	$ (63,800,211)	$ 206,447,954

Archdiocese of Philadelphia - Office for Financial Services

COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended June 30, 2014

	Unrestricted						Temporarily Restricted					Permanently Restricted			
	General Fund	Trust and Loan Fund	Risk Insurance Trust	Welfare Benefits Trust Fund	Eliminations	Total	General Fund	Plant Fund	Estates & Trusts Fund	Eliminations	Total	General Fund	Estates & Trusts Fund	Total	Grand Total
Revenues, gains, losses and other support															
Parish assessments	$ 18,081,632	$ -	$ -	$ -	$ -	$ 18,081,632	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 18,081,632
Contributions from related parties	5,488,966	-	-	-	(5,069,471)	419,495	-	-	-	-	-	-	-	-	419,495
Collections, bequests and donations	4,509,206	-	-	-	(3,159,455)	1,349,751	510,000	-	338,018	-	848,018	-	-	-	2,197,769
Tuition income	49,587	-	-	-	-	49,587	-	-	-	-	-	-	-	-	49,587
Investment income	83,242	-	-	-	-	83,242	5,470	-	227,012	-	232,482	-	372,912	372,912	688,636
Interest income	176,635	1,903,754	-	-	(58,234)	2,022,155	-	-	37,907	-	37,907	-	-	-	2,060,062
Fees for services	5,457,873	-	-	-	(3,216,163)	2,241,710	-	-	-	-	-	-	-	-	2,241,710
Intradiocesan income	1,508,444	-	-	-	-	1,508,444	-	-	-	-	-	-	-	-	1,508,444
Other income	5,070,525	49,979	-	-	-	5,120,504	-	-	-	-	-	-	-	-	5,120,504
Archdiocesan collections	487,109	-	-	-	-	487,109	-	-	10,000	-	10,000	-	-	-	497,109
Net gain on sale of real estate and physical plant	1,192,341	-	-	-	-	1,192,341	-	-	-	-	-	-	-	-	1,192,341
Net assets released from restrictions	3,228,724	-	-	-	-	3,228,724	(3,807)	-	(2,602,538)	-	(2,606,345)	-	(622,379)	(622,379)	-
Net realized and unrealized appreciation on investments and beneficial interest in supporting charitable trusts	530,050	-	-	-	-	530,050	211,407	-	1,480,180	-	1,691,587	230,072	2,495,258	2,725,330	4,946,967
Premium income from insurance programs	-	-	30,044,711	67,580,785	-	97,625,496	-	-	-	-	-	-	-	-	97,625,496
Total revenues, gains, losses and other support	45,864,334	1,953,733	30,044,711	67,580,785	(11,503,323)	133,940,240	723,070	-	(509,421)	-	213,649	230,072	2,245,791	2,475,863	136,629,752
Expenses															
Subsidies	2,463,758	-	-	-	(2,237,490)	226,268	-	-	-	-	-	-	-	-	226,268
Salaries and wages	9,445,009	-	-	-	-	9,445,009	-	-	-	-	-	-	-	-	9,445,009
Payroll taxes and fringe benefits	5,740,544	-	-	-	-	5,740,544	-	-	-	-	-	-	-	-	5,740,544
Purchased services	11,528,271	-	-	-	-	11,528,271	-	-	-	-	-	-	-	-	11,528,271
Intradiocesan expenses	(191,863)	16,003	136,580	61,565	-	22,285	-	-	-	-	-	-	-	-	22,285
Support expense	9,227,804	372,919	-	-	(3,216,163)	6,384,560	-	-	-	-	-	-	-	-	6,384,560
Interparochial assistance	899,819	-	-	-	-	899,819	-	-	-	-	-	-	-	-	899,819
Depreciation expense	1,636,490	-	-	-	-	1,636,490	-	-	-	-	-	-	-	-	1,636,490
Interest expense	(72,609)	2,195,561	-	-	(58,234)	2,064,718	-	-	-	-	-	-	-	-	2,064,718
Withdrawals expense	6,063,318	-	-	-	(5,991,436)	71,882	-	-	-	-	-	-	-	-	71,882
Insurance program expenses	-	-	30,380,558	66,283,818	-	96,664,376	-	-	-	-	-	-	-	-	96,664,376
Total expenses	46,740,541	2,584,483	30,517,138	66,345,383	(11,503,323)	134,684,222	-	-	-	-	-	-	-	-	134,684,222
Change in net assets before other items	(876,207)	(630,750)	(472,427)	1,235,402	-	(743,982)	723,070	-	(509,421)	-	213,649	230,072	2,245,791	2,475,863	1,945,530
Other items															
Forgiveness of note payable to related party	9,200,000	-	-	-	-	9,200,000	-	-	-	-	-	-	-	-	9,200,000
Contribution from related party	30,000,000	-	11,643,668	-	-	41,643,668	-	-	-	-	-	-	-	-	41,643,668
Change in net assets	38,323,793	(630,750)	11,171,241	1,235,402	-	50,099,686	723,070	-	(509,421)	-	213,649	230,072	2,245,791	2,475,863	52,789,198
Net assets															
Beginning of year	(42,185,075)	2,862,477	(28,505,817)	552,825	-	(67,275,590)	4,945,152	1,497,738	10,500,554	-	16,943,444	2,084,303	17,030,701	19,115,004	(31,217,142)
End of year	$ (3,861,282)	$ 2,231,727	$ (17,334,576)	$ 1,788,227	$ -	$ (17,175,904)	$ 5,668,222	$ 1,497,738	$ 9,991,133	$ -	$ 17,157,093	$ 2,314,375	$ 19,276,492	$ 21,590,867	$ 21,572,056