

Combined Financial Statements and Report of
Independent Certified Public Accountants

Archdiocese of Philadelphia
Office of Catholic Education
High Schools

June 30, 2016 and 2015

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Report of Independent Certified Public Accountants

To the Secretary of Catholic Education/Chief Operating Officer
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Report on the financial statements

We have audited the accompanying combined financial statements of the Archdiocese of Philadelphia, Office of Catholic Education High Schools (“High Schools”), which comprise the combined statements of financial position as of June 30, 2016 and 2015, and the related combined statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the combined financial statements.

Management’s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the High Schools’ preparation and fair presentation of the combined 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 the High Schools’ 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 combined financial statements.

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

Opinion

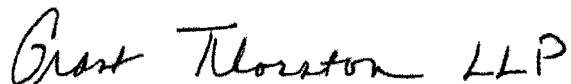
In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Archdiocese of Philadelphia, Office of Catholic Education High Schools as of June 30, 2016 and 2015, and the changes in their net assets and their cash flows for 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 the High Schools within the Archdiocese of Philadelphia. Our opinion is not modified with respect to this matter.

Other matter

Our audits were conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The supplementary information contained in the accompanying combining statements of financial position as of June 30, 2016 and 2015 and the related combining statements of activities and changes in net assets for the years then ended are presented for purposes of additional analysis, rather than to present the financial position, results of operations, and cash flows of the individual entities, and are not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined 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 combined financial statements, or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants. In our opinion, the supplementary information is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

A handwritten signature in cursive script that reads "Grant Thornton LLP".

Philadelphia, Pennsylvania

December 22, 2016

Archdiocese of Philadelphia, Office of Catholic Education
High Schools

COMBINED STATEMENTS OF FINANCIAL POSITION

June 30,

	2016	2015
ASSETS		
Cash and cash equivalents, including amounts held by affiliate	\$ 37,690,303	\$ 28,852,151
Parental tuition and fees receivable, less allowance for doubtful accounts of \$4,717,286 and \$5,559,412	3,155,020	3,399,140
Due from related organizations (Note J)	200,000	39,857
Pledges receivable, net (Note C)	793,297	829,468
Other receivables	672,623	1,063,726
Prepaid expenses and other assets	1,561,135	1,428,758
Beneficial interest in financially inter-related organizations	9,800,002	8,205,556
Investments (Note D)	54,465,139	57,394,429
Property and equipment, net (Note F)	111,100,784	110,861,475
 Total assets	 \$ 219,438,303	 \$ 212,074,560
 LIABILITIES AND NET ASSETS		
Accounts payable	\$ 3,754,133	\$ 4,105,155
Accrued payroll	6,709,593	6,389,038
Accrued non-pension retirement benefits (Note K)	2,488,300	2,360,604
Accrued vacation (Note K)	708,790	626,027
Incurred but not reported medical claims (Note B)	964,000	783,000
Due to related organizations (Note J)	431,244	542,879
Deferred revenue	9,091,701	5,123,099
Notes payable to Archdiocese of Philadelphia (Note J)	63,761,967	65,133,021
 Total liabilities	 87,909,728	 85,062,823
 Net assets:		
Unrestricted	60,770,253	54,915,291
Designated funds	1,821,855	-
Temporarily restricted (Note G)	32,394,303	35,606,559
Permanently restricted (Note H)	36,542,164	36,489,887
 Total net assets	 131,528,575	 127,011,737
 Total liabilities and net assets	 \$ 219,438,303	 \$ 212,074,560

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

Archdiocese of Philadelphia, Office of Catholic Education
High Schools

COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended June 30, 2016

	Unrestricted	Designated Funds	Temporarily restricted	Permanently restricted	Total
Revenues:					
Tuition and fees funded by:					
Parents and guardians	\$ 93,781,596	\$ -	\$ -	\$ -	\$ 93,781,596
Third-party organizations	4,437,448	-	-	-	4,437,448
Tax credit programs	5,567,408	-	-	-	5,567,408
Office of Catholic Education	2,886,700	-	-	-	2,886,700
School and alumni organizations	7,181,306	-	-	-	7,181,306
Summer School	197,897	-	-	-	197,897
Total	<u>114,052,355</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>114,052,355</u>
Less:					
Scholarship and tuition assistance eliminations	8,131,679	-	-	-	8,131,679
Tuition reductions	3,637,690	-	-	-	3,637,690
Net tuition and fees	<u>102,282,986</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,282,986</u>
Student activities	2,418,920	-	-	-	2,418,920
Athletics	2,256,222	-	-	-	2,256,222
Resale items income - net of disbursements	359,029	-	-	-	359,029
Contributions and donations	10,336,125	-	4,449,140	23,550	14,808,815
Other	4,621,083	-	33,415	-	4,654,498
Fund-raising - net of disbursements	1,319,607	-	123,911	-	1,443,518
Interest and investment income	280,390	-	835,112	335	1,115,837
Contributed services (Note M)	1,531,143	-	-	-	1,531,143
Total other operating revenues	<u>23,122,519</u>	<u>-</u>	<u>5,441,578</u>	<u>23,885</u>	<u>28,587,982</u>
Net realized gains (losses) on investments	2,064	-	(127,562)	(21,571)	(147,069)
Net change in unrealized gains on investments	(30,112)	-	(1,005,978)	-	(1,036,090)
Total investment losses	<u>(28,048)</u>	<u>-</u>	<u>(1,133,540)</u>	<u>(21,571)</u>	<u>(1,183,159)</u>
Net assets released from restriction					
Satisfaction of purpose restrictions - CL2000	1,650,000	-	(1,650,000)	-	-
Satisfaction of purpose restrictions - Heritage of Faith	1,200,000	-	(1,200,000)	-	-
Satisfaction of purpose restrictions - General	6,465,671	(316,145)	(6,199,489)	49,963	-
Total revenues	<u>134,693,128</u>	<u>(316,145)</u>	<u>(4,741,451)</u>	<u>52,277</u>	<u>129,687,809</u>
Expenses:					
Administration	23,823,255	-	-	-	23,823,255
Instruction	47,087,265	-	-	-	47,087,265
Operations and maintenance of plant	18,487,798	-	-	-	18,487,798
Employee benefits	23,406,553	-	-	-	23,406,553
Student activities	3,732,703	-	-	-	3,732,703
Athletics	6,897,233	-	-	-	6,897,233
Debt service	2,584,925	-	-	-	2,584,925
Other	745,685	-	-	-	745,685
Total expenses	<u>126,765,417</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>126,765,417</u>
Change in net assets before other items	7,927,711	(316,145)	(4,741,451)	52,277	2,922,392
Change in financially inter-related organizations	99,445	-	1,495,001	-	1,594,446
Redesignation of net assets	(2,172,194)	2,138,000	34,194	-	-
Change in net assets	5,854,962	1,821,855	(3,212,256)	52,277	4,516,838
Net assets					
Beginning of year	54,915,291	-	35,606,559	36,489,887	127,011,737
End of year	<u>\$ 60,770,253</u>	<u>\$ 1,821,855</u>	<u>\$ 32,394,303</u>	<u>\$ 36,542,164</u>	<u>\$ 131,528,575</u>

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

Archdiocese of Philadelphia, Office of Catholic Education
High Schools

COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended June 30, 2015

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues:				
Tuition and fees funded by:				
Parents and guardians	\$ 92,892,128	\$ -	\$ -	\$ 92,892,128
Third-party organizations	3,614,290	-	-	3,614,290
Tax credit programs	3,718,190	-	-	3,718,190
Office of Catholic Education	617,392	-	-	617,392
School and alumni organizations	7,583,186	-	-	7,583,186
Summer School	164,904	-	-	164,904
Total	108,590,090	-	-	108,590,090
Less:				
Scholarship and tuition assistance eliminations	8,145,139	-	-	8,145,139
Tuition reductions	2,611,569	-	-	2,611,569
Net tuition and fees	97,833,382	-	-	97,833,382
Student activities	2,545,415	4,902	-	2,550,317
Athletics	2,223,497	-	-	2,223,497
Resale items income - net of disbursements	353,311	-	-	353,311
Contributions and donations	10,116,547	4,296,664	109,885	14,523,096
Other	3,570,437	89,131	-	3,659,568
Fund-raising - net of disbursements	1,222,733	140,797	-	1,363,530
Interest and investment income	238,812	920,237	-	1,159,049
Contributed services (Note M)	1,444,935	-	-	1,444,935
Total other operating revenues	21,715,687	5,451,731	109,885	27,277,303
Net realized gains on investments	4,649	944,203	148,480	1,097,332
Net change in unrealized gains on investments	(7,571)	(788,619)	-	(796,190)
Total investment (losses) gains	(2,922)	155,584	148,480	301,142
Funds with deficiencies	91,421	(91,421)	-	-
Net assets released from restriction				
Satisfaction of purpose restrictions - CL2000	1,546,800	(1,546,800)	-	-
Satisfaction of purpose restrictions - Heritage of Faith	1,200,000	(1,200,000)	-	-
Satisfaction of purpose restrictions - General	5,303,505	(5,303,505)	-	-
Total revenues	127,687,873	(2,534,411)	258,365	125,411,827
Expenses:				
Administration	21,264,352	-	-	21,264,352
Instruction	46,637,257	-	-	46,637,257
Operations and maintenance of plant	19,033,289	-	-	19,033,289
Employee benefits	23,262,925	-	-	23,262,925
Student activities	3,782,965	-	-	3,782,965
Athletics	6,594,488	-	-	6,594,488
Debt service	2,638,424	-	-	2,638,424
Other	1,051,555	-	-	1,051,555
Total expenses	124,265,255	-	-	124,265,255
Change in net assets before other items	3,422,618	(2,534,411)	258,365	1,146,572
Change in financially inter-related organizations	(167,222)	(268,664)	-	(435,886)
Other	30,985	-	-	30,985
Change in net assets	3,286,381	(2,803,075)	258,365	741,671
Net assets				
Beginning of year	51,628,910	38,409,634	36,231,522	126,270,066
End of year	\$ 54,915,291	\$ 35,606,559	\$ 36,489,887	\$ 127,011,737

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

Archdiocese of Philadelphia, Office of Catholic Education
High Schools

COMBINED STATEMENTS OF CASH FLOWS

Year ended June 30,

	2016	2015
Cash flows from operating activities		
Change in net assets	\$ 4,516,838	\$ 741,671
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	6,642,344	6,300,933
Bad debt expense	2,345,593	1,424,511
Net change in unrealized gains on investments	1,036,090	796,190
Net realized losses (gains) on investments	147,069	(1,097,332)
Change in financially inter-related organizations	(1,594,446)	435,886
Changes in assets and liabilities		
Parental tuition and fees receivable	(2,101,473)	(164,429)
Due from related organizations	(160,143)	1,159
Pledges receivable, net	36,171	(641,051)
Other receivables	391,103	(269,642)
Prepaid expenses and other assets	(132,377)	1,606,870
Accounts payable	(351,022)	64,104
Accrued payroll	320,555	(127,420)
Accrued non-pension retirement benefits	127,696	(949,505)
Accrued vacation	82,763	47,009
Incurred but not reported medical claims	181,000	783,000
Due to related organizations	(111,635)	3,092
Deferred revenue	3,968,602	932,727
Net cash provided by operating activities	15,344,728	9,887,773
Cash flows from investing activities		
Purchase of property and equipment	(6,881,653)	(3,789,013)
Purchase of investments, net	1,746,131	1,476,636
Net cash used in investing activities	(5,135,522)	(2,312,377)
Cash flows from financing activities		
Repayments of long-term notes payable	(1,371,054)	(1,317,557)
Net cash used in financing activities	(1,371,054)	(1,317,557)
Net increase in cash and cash equivalents	8,838,152	6,257,839
Cash and cash equivalents		
Beginning of year	28,852,151	22,594,312
End of year	\$ 37,690,303	\$ 28,852,151
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ 2,584,926	\$ 2,638,424

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

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE A - NATURE OF OPERATIONS

The accompanying combined financial statements of the Office of Catholic Education High Schools (“High Schools”) include the funds generated from and designated for the operations and maintenance of the seventeen (17) high schools owned by the Archdiocese of Philadelphia, Office of Catholic Education. These combined financial statements consolidate the centrally managed High School Operations Account and the individual Presidents’ accounts maintained by each school. They exclude certain entities of the Archdiocese of Philadelphia, which relate to the high schools, but are considered separate reporting entities. These entities are as follows:

- Schools of Special Education (“SPED”)
- Office of Catholic Education (“OCE”) Administration Account
- Office for Financial Services
- Trustee Account of the Archdiocese of Philadelphia for Estates and Trusts
- Catholic Cemeteries Office
- Catholic Health Care Services
- Catholic Social Services

The High Schools are considered to be a component of the Archdiocese of Philadelphia and not a separate legal entity. Effective September 1, 2012, the Archdiocese of Philadelphia entered into an agreement with Faith in the Future Foundation (“FIF”). The agreement is for the period of five school years and shall automatically renew for successive three-year periods unless prior written notification is provided 90 days before the scheduled expiration date. Pursuant to the aforementioned agreement, FIF assumes strategic and operational management of the 17 Catholic secondary schools and the four schools of SPED and provides certain financial assistance to the schools. OCE has primary responsibility for, and FIF has oversight and approval responsibility over, school operations. The Secretary for Catholic Education/Chief Operating Officer of OCE reports directly to FIF’s Chief Executive Officer. All facilities continue to be owned by the Archdiocese of Philadelphia.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Presentation

The accompanying combined financial statements have been prepared on the accrual basis. Net assets and revenues, expenses, gains and losses are classified into categories, based on the existence or absence of donor-imposed restrictions. The categories are unrestricted, temporarily restricted and permanently restricted net assets.

Temporarily restricted net assets include gifts, trusts, income and gains which have either a time or use restriction but which may ultimately be expended. Since endowment investment income and net realized and unrealized gains and losses may eventually be spent, such earnings are recorded in the combined financial statements as temporarily restricted net assets, unless donor restricted for the corpus, until transferred to unrestricted net assets.

(Continued)

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Permanently restricted net assets include the historical dollar amounts of gifts, which require by donor restriction that the corpus be invested in perpetuity and only the investment income be made available for operations in accordance with donor restrictions. Investment income and net realized and unrealized gains and losses, if permanently restricted by the donor, are included in permanently restricted net assets.

Unrestricted net assets are free from donor-imposed restrictions and are all the remaining net assets of the High Schools.

Over the last three years, the High Schools have generated a cumulative surplus of \$4,100,000. The FIF and OCE management teams developed a plan to use a portion of this surplus to address specific needs in the system which have been deemed critical to advancing the High Schools' growth strategy and target three organizational priorities including people development, school quality, and technology. These funds have been designated for this purpose as approved by the finance committee and are reported as designated funds within the combined statement of financial position at June 30, 2016.

The High Schools had the following designated fund balances as of June 30, 2016:

	<u>Amount designated</u>	<u>Balance at June 30, 2016</u>
Medical Reserve Fund	\$ 500,000	\$ 500,000
Instructional Technology Infrastructure and Technology Planning	1,200,000	883,855
Leadership Academy Professional Development Program	268,000	268,000
Summer Enrichment Pilot	20,000	20,000
Organization Virtues & Expected Behavioral Norms	<u>150,000</u>	<u>150,000</u>
 Total of allocations	 <u>\$ 2,138,000</u>	 <u>\$ 1,821,855</u>

2. Revenue Recognition

Tuition and other school fees collected for the upcoming school year are included in deferred revenue and recognized as revenue over the applicable school year. Registration fees and re-registration fees are recognized upon registration or re-registration since these fees are non-refundable.

Cash contributions and fundraising revenues are recorded as revenue when received. Unconditional promises to give are recorded at their fair value when management is notified of these gifts. Conditional promises to give are recognized when the conditions are substantially met. Donor restricted gifts which are received and expended within the same year are reported as unrestricted revenues. Gifts specified for the acquisition or construction of long-lived assets are reported as unrestricted net assets when the assets are placed in service.

(Continued)

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Gifts of cash and other assets are recorded as restricted support if they are received with donor stipulations that limit the use of 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 accompanying statements of activities and changes in net assets as net assets released from restriction.

Contributed services is recorded as the value of services performed by members of religious communities, based on lay equivalent salaries of personnel performing similar duties less the stipend and benefit payments and faculty residence expenses paid for religious personnel. The value of contributed services is included as revenue and, correspondingly, charged as expense.

3. Uses of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make significant 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.

4. Cash and Cash Equivalents, Including Amounts Held by Affiliate

Cash and cash equivalents represent demand deposits and other investments with an original maturity date of three months or less. The carrying amount approximates fair value. At June 30, 2016, the High Schools have cash balances on deposit with financial institutions that exceed the balance insured by the Federal Deposit Insurance Corporation ("FDIC") of \$250,000. The High Schools have not experienced any losses in such accounts.

5. Allowance for Doubtful Accounts

The allowance for doubtful accounts is provided based upon management's judgment, including such factors as prior collection history and the length of time a receivable is past due. The High Schools write off receivables when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts.

6. Other Receivables

At June 30, 2016 and 2015, respectively, the High Schools had a receivable of \$-0- and \$187,500 due from FIF, which is included in other receivables.

7. Beneficial Interest in Financially Inter-related Organization

Beneficial interest in financially inter-related organization includes the net assets of the Trustees of Roman Catholic High School, a separate corporation identified as a financially inter-related organization to the High Schools. It also includes the net assets of the Friends of Father Judge High School, a separate corporation identified as a financially inter-related organization to the High Schools.

(Continued)

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

8. Investments

Trustee Accounts are invested with two publicly traded SEI Catholic Values public mutual funds. The Catholic Values Equity Fund and the Catholic Values Fixed Income Fund (“Catholic Values Funds”) provide Catholic institutions with high quality products that align with their core values, without sacrificing diversification or return potential. Specifically, the funds align with the investment directives set forth by the United States Conference of Catholic Bishops (“USCCB”). The Archdiocese of Philadelphia appointed SEI Private Trust Company to act as custodian (the “Custodian”) of the Trustee Accounts. The investments in the Catholic Values Funds and Trustee Accounts are reported at fair value.

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

9. Property and Equipment

Property and equipment are stated at cost, while donated assets are stated at fair market value on the date of donation. Depreciation has been provided by the straight-line method over the estimated useful lives of the related assets as follows:

Land improvements	10-20 years
Building (new construction)	20-40 years
Building improvements	5-20 years
Leasehold improvements	5-20 years
Furniture and fixtures	5-20 years
Vehicles	10 years

Roman Catholic High School’s property and equipment are owned by the Trustees of Roman Catholic High School. Building and land improvements and purchases of furniture and fixtures for this facility are recorded as leasehold improvements.

(Continued)

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

10. Incurred but Not Reported Medical Claims

The combined statements of financial position include self-insurance liabilities with respect to the medical, prescription drug and dental insurance programs as of June 30, 2016. These obligations represent an estimate of the expected ultimate cost for claims incurred but not paid (“IBNP”). Liabilities for medical, prescription drug and dental benefits were estimated based on the Development Method. The underlying principle of the Development Method is that the progression of claim payment follows runoff patterns that are assumed to remain stable over time. Independence Blue Cross (“IBC”) provided claim data summarized by the incurred and paid period. The results, produced by applying the Development Method to these data, were then adjusted for months where data were deemed non-credible. These adjustments were made using the Projection Method, which is based on the change in costs per exposure unit over time. The estimate is based on the last 48 months of incurred and paid claims ended on June 30, 2016.

11. Functional Expenses

All expenses relate to the operation and maintenance of the High Schools.

12. Concentrations of Credit Risk

Financial instruments which potentially subject the institution to concentration of credit risk consist principally of temporary cash investments and parental receivables. Management places its temporary cash investments with high credit quality financial institutions. Concentration of credit risk with respect to parental receivables is limited due to the large number of parents; however, management evaluates each of these credit risks and establishes an appropriate allowance for doubtful accounts.

13. Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers*, to clarify the principles for recognizing revenue and to improve financial reporting by creating common revenue recognition guidance for U.S. GAAP and International Financial Reporting Standards. The core principle of the new guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for these goods and services. ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. Early application is not permitted. An entity will apply the amendments in this update using either a full retrospective application, which applies the standard to each prior period presented, or under the modified retrospective application, in which an entity recognizes the cumulative effect of initially applying the new standard as an adjustment to the opening balance sheet of retained earnings at the date of initial application. Revenue in periods presented before that date will continue to be reported under guidance in effect before the change. The High Schools have not determined the impact of ASU 2014-09 at this time.

(Continued)

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

In February 2016, the FASB issued ASU 2016-02, *Leases*, which requires that most leased assets be recognized on the balance sheet as assets and liabilities for the rights and obligations created by these leases. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018. Early application is permitted. An entity is required to apply the amendments in ASU 2016-02 under the modified retrospective transition approach. This approach includes a number of optional practical expedients, which are described in the final standard. Under these practical expedients, an organization will continue to account for leases that commence before the effective date in accordance with current U.S. GAAP, unless the lease is modified. However, lessees are required to recognize on the balance sheet leased assets and liabilities for operating leases at each reporting date. The High Schools have not determined the impact of ASU 2016-02 at this time.

In August 2016, the FASB issued a new standard related to the presentation of financial statements of not-for-profit entities. This standard intends to make certain improvements to the current reporting requirements for not-for-profit entities including: (1) the presentation for two classes of net assets at the end of the period, rather than the currently required three classes, as well as the annual change in each of the two classes; (2) the removal of the requirement to present or disclose the indirect method (reconciliation) when using the direct method for the statement of cash flows; and (3) the requirement to provide various enhanced disclosures relating to various not-for-profit specific topics. The new standard is effective for annual financial statements beginning after December 15, 2017. The High Schools have not determined the impact of the new standard at this time.

NOTE C - PLEDGES RECEIVABLE, NET

A summary of pledges receivable is as follows at June 30, 2016 and 2015:

	2016	2015
Less than one year	\$ 229,632	\$ 402,211
One year to five years	654,894	501,700
	884,526	903,911
Less: allowance for doubtful accounts	(63,998)	(50,225)
Less: discount*	(27,231)	(24,218)
	\$ 793,297	\$ 829,468

* The discount rate used was 2%.

Archdiocese of Philadelphia, Office of Catholic Education
High Schools

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE D - INVESTMENTS

The investments held at SEI are reported at fair value and consist of the following:

Catholic Values Equity Fund (or "fund") - Invests in common stocks and is managed by SEI.

Catholic Values Fixed Income Fund (or "fund") - Invests in mutual funds, corporate obligations, United States Treasury obligations and municipal obligations and is managed by SEI.

Account holders have the option of six asset classifications in which to invest. The options include a short-duration U.S. government bond fund, a 100% fixed income bond fund and four equity funds with varying fixed income to equity mixes of 30/70, 50/50, 60/40 or 70/30.

At June 30, 2016 and 2015, the High Schools' investments are summarized and classified as follows:

<u>2016</u>	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Investments in SEI Catholic Values Funds	\$ 9,518	\$ 19,704,978	\$ 33,480,662	\$ 53,195,158
Money market funds	4,997	48,127	31,298	84,422
Mutual funds	475,453	352,793	219,146	1,047,392
Common stocks	46,507	79,197	-	125,704
Debt securities	<u>-</u>	<u>12,463</u>	<u>-</u>	<u>12,463</u>
	<u>\$ 536,475</u>	<u>\$ 20,197,558</u>	<u>\$ 33,731,106</u>	<u>\$ 54,465,139</u>
<u>2015</u>	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Investments in SEI Catholic Values Funds	\$ (5,481)	\$ 22,414,790	\$ 33,502,277	\$ 55,911,586
Money market funds	4,904	44,967	36,440	86,311
Mutual funds	679,184	315,359	223,808	1,218,351
Common stocks	44,247	119,187	-	163,434
Debt securities	<u>-</u>	<u>14,747</u>	<u>-</u>	<u>14,747</u>
	<u>\$ 722,854</u>	<u>\$ 22,909,050</u>	<u>\$ 33,762,525</u>	<u>\$ 57,394,429</u>

The Investment Committee of the Archdiocese of Philadelphia 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 of the Archdiocese of Philadelphia.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE E - FAIR VALUE MEASUREMENTS

FASB 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.
- 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 Unobservable 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.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Fair value calculations may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the High Schools believe their 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)

Archdiocese of Philadelphia, Office of Catholic Education
High Schools

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE E - FAIR VALUE MEASUREMENTS - Continued

The following table presents the fair values of the investments held by the High Schools by level within the fair value hierarchy as of June 30, 2016 and 2015:

	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total fair value
<u>2016</u>				
Assets				
Investments				
Investments in SEI Catholic				
Values Funds	\$ 53,195,158	\$ -	\$ -	\$ 53,195,158
Money market funds	-	84,422	-	84,422
Mutual funds	1,047,392	-	-	1,047,392
Common stocks	125,704	-	-	125,704
Debt securities	<u>12,463</u>	<u>-</u>	<u>-</u>	<u>12,463</u>
Total assets at June 30, 2016	<u>\$ 54,380,717</u>	<u>\$ 84,422</u>	<u>\$ -</u>	<u>\$ 54,465,139</u>
<u>2015</u>				
Assets				
Investments				
Investments in SEI Catholic				
Values Funds	\$ 55,911,586	\$ -	\$ -	\$ 55,911,586
Money market funds	-	86,311	-	86,311
Mutual funds	1,218,351	-	-	1,218,351
Common stocks	163,434	-	-	163,434
Debt securities	<u>14,747</u>	<u>-</u>	<u>-</u>	<u>14,747</u>
Total assets at June 30, 2015	<u>\$ 57,308,118</u>	<u>\$ 86,311</u>	<u>\$ -</u>	<u>\$ 57,394,429</u>

Archdiocese of Philadelphia, Office of Catholic Education
High Schools

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE F - PROPERTY AND EQUIPMENT, NET

Property and equipment and accumulated depreciation at June 30, 2016 and 2015 consist of:

	2016	2015
Land	\$ 6,383,642	\$ 6,383,642
Land improvements	15,591,147	12,978,129
Building	84,904,074	84,700,924
Building improvements	45,965,491	43,060,057
Leasehold improvements	6,018,983	5,751,544
Furniture and fixtures	15,986,770	15,000,141
Vehicles	253,228	253,228
Work in progress	<u>23,530</u>	<u>117,547</u>
	175,126,865	168,245,212
Accumulated depreciation	<u>(64,026,081)</u>	<u>(57,383,737)</u>
Property and equipment, net	<u>\$ 111,100,784</u>	<u>\$ 110,861,475</u>

Depreciation expense was \$6,642,344 and \$6,300,933 for the years ended June 30, 2016 and 2015, respectively.

NOTE G - TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2016 and 2015, temporarily restricted net assets are available for the following purposes:

	2016	2015
Tuition assistance for all schools	\$ 2,869,427	\$ 3,327,520
Tuition assistance for specific schools	3,742,513	4,359,069
Property, plant and equipment for Roman Catholic High School, held by Trustees	7,468,590	5,809,537
Tuition assistance/operations/improvements for specific schools	535,132	551,969
Operations and improvements for specific schools	784,489	2,449,119
Accumulated earnings in excess of spending of endowments		
Tuition assistance for all schools	1,657,064	1,940,466
Tuition assistance for specific schools	226,556	225,577
Operations for Roman Catholic High School, held by Trustees	487,203	408,248
Operations and improvements for all schools	14,619,673	16,530,775
Other for specific schools	<u>3,656</u>	<u>4,279</u>
Total	<u>\$ 32,394,303</u>	<u>\$ 35,606,559</u>

Archdiocese of Philadelphia, Office of Catholic Education
High Schools

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE H - PERMANENTLY RESTRICTED NET ASSETS

At June 30, 2016 and 2015, income from permanently restricted net assets is available for the following purposes:

	2016	2015
Tuition assistance for all schools	\$ 7,243,034	\$ 7,264,605
Tuition assistance for specific schools	2,035,742	1,962,229
Operations for Roman Catholic High School, held by Trustees	1,303,260	1,303,260
Operations and improvements for all schools	25,931,693	25,931,693
Other for specific schools	28,435	28,100
 Total	 \$ 36,542,164	 \$ 36,489,887

NOTE I - ENDOWMENTS

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

For the majority of the endowments, the donor has directed how the earnings are to be used. When documentation does not provide specific direction, the High Schools follow the Commonwealth of Pennsylvania Act 141.

1. Interpretation of Relevant Law

In accordance with Commonwealth of Pennsylvania Act 141, and unless directed otherwise by the donor, the High Schools classify 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 that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the High Schools in a manner consistent with the standard of prudence prescribed by relevant law. The High Schools do not release any portion of the permanently restricted funds. Pennsylvania law permits the Archdiocese of Philadelphia 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.

(Continued)

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE I - ENDOWMENTS - Continued

2. Return Objectives and Risk Parameters

The High Schools have adopted investment policies established by the Archdiocese of Philadelphia's Investment Committee and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by their 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. 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. The High Schools expect their endowment funds, over time, to provide an average rate of return of approximately 5% 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 temporarily restricted net assets, unless subject to donor restrictions for the corpus. Commonwealth of Pennsylvania law permits the High Schools to adopt a spending policy for endowment earnings, subject to certain limitations. The High Schools follow 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 of Philadelphia's spending policy for the years ended June 30, 2016 and 2015 allowed for between a 2% and 7% draw of the three-year average market value of the permanently restricted endowments, unless directed otherwise by the donor.

4. Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original gift amount maintained as permanently restricted net assets. Deficiencies of this nature totaled \$-0- and \$91,421 as of June 30, 2016 and 2015, respectively. Such deficiencies are recorded as unrestricted net assets. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions.

As of June 30, 2016 and 2015, \$36,542,164 and \$36,489,887, respectively, in donor-restricted endowment funds were recorded within permanently restricted net assets.

(Continued)

Archdiocese of Philadelphia, Office of Catholic Education
High Schools

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE I - ENDOWMENTS - Continued

The High Schools had the following endowment activities during the years ended June 30, 2016 and 2015, delineated by net asset class. All endowment activities were donor-restricted:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2014	\$ -	\$ 19,930,039	\$ 36,231,522	\$ 56,161,561
Investment income	-	789,088	-	789,088
Net appreciation (realized and unrealized gains)	<u>-</u>	<u>130,303</u>	<u>148,480</u>	<u>278,783</u>
Total investment return	-	919,391	148,480	1,067,871
Contributions	-	66,179	109,885	176,064
Appropriation of endowment assets for expenditure	-	(1,805,707)	-	(1,805,707)
Change in financially inter-related organizations	<u>-</u>	<u>(557)</u>	<u>-</u>	<u>(557)</u>
Endowment net assets, June 30, 2015	-	19,109,345	36,489,887	55,599,232
Investment income	-	717,156	335	717,491
Net depreciation (realized and unrealized losses)	<u>-</u>	<u>(1,027,970)</u>	<u>(21,571)</u>	<u>(1,049,541)</u>
Total investment return	-	(310,814)	(21,236)	(332,050)
Contributions	-	-	23,550	23,550
Appropriation of endowment assets for expenditure	-	(1,883,334)	-	(1,883,334)
Change in financially inter-related organizations	-	78,955	-	78,955
Satisfaction of purpose restrictions	<u>-</u>	<u>-</u>	<u>49,963</u>	<u>49,963</u>
Endowment net assets, June 30, 2016	<u>\$ -</u>	<u>\$ 16,994,152</u>	<u>\$ 36,542,164</u>	<u>\$ 53,536,316</u>

Archdiocese of Philadelphia, Office of Catholic Education
High Schools

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE J - RELATED PARTY TRANSACTIONS

As of June 30, 2016 and 2015, amounts due from related organizations consisted of the following:

	2016	2015
Office of Catholic Education - Administrative Account	\$ -	\$ 13,367
Schools of Special Education	200,000	26,490
	\$ 200,000	\$ 39,857

As of June 30, 2016 and 2015, amounts due to related organizations consisted of the following:

	2016	2015
Office of Catholic Education - Administrative Account	\$ -	\$ 33,000
Roman Catholic Alumni Association	133,365	159,000
Office for Financial Services	297,879	285,879
Other	-	65,000
	\$ 431,244	\$ 542,879

Although there exists no formalized repayment terms, these amounts are typically repaid during the subsequent fiscal year.

During the fiscal years ended June 30, 2016 and 2015, the High Schools entered into transactions with the following related parties:

- The Archdiocese of Philadelphia's Property and Liability Insurance Fund provides insurance for the High School Operations Account. Total premiums paid for fiscal years 2016 and 2015 were \$850,785 and \$1,085,911, respectively.
- The High School Operations Account paid \$200,000 and \$203,000 in fiscal years 2016 and 2015, respectively, to Information Technology Services for support of the computer systems.
- The High School Operations Account paid \$3,710,793 and \$3,399,997 in fiscal years 2016 and 2015, respectively, to the Office of Catholic Education for administrative costs.
- The High School Operations Account paid \$904,899 and \$309,616 in fiscal years 2016 and 2015, respectively, to the Office of Catholic Education for marketing costs.

(Continued)

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE J - RELATED PARTY TRANSACTIONS - Continued

- The High Schools paid \$54,000 and \$49,000 in fiscal years 2016 and 2015, respectively, to the Office for Financial Services for administrative costs associated with capital projects and legal services.

Notes Payable

On June 1, 2012, the Archdiocese of Philadelphia and related entities entered into several Term Loan Agreements with participating Archdiocesan entities to retire outstanding external debt obligations. OCE's loans were related to the construction of Bishop Shanahan High School and Pope John Paul II High School.

On June 1, 2012, OCE entered into term loan agreements with a three-year maturity with the following:

Office for Financial Services ("OFS")	\$ 3,000,000
Catholic Cemeteries Office ("CCO")	3,000,000
Catholic Health Care Services ("CHCS") as Administrative Agent	71,357,582

CHCS served as Administrative Agent for Catholic Health Care Services, Catholic Charities (a.k.a. Catholic Social Services), St. John's Orphan Asylum, Don Guanella Village, St. Edmond's Home for Children, and Divine Providence Village.

On June 27, 2014, the loan agreements were amended to extend the maturity date and to settle certain amounts due to the entities. A new term loan agreement was established with the Trust and Loan Fund of the Archdiocese of Philadelphia as administered by OFS in the amount of \$4,200,000. The loans carry a fixed interest rate of 4% maturing on June 1, 2042.

The outstanding debt obligations at June 30, 2016 and 2015 are as follows:

	2016	2015
Office for Financial Services	\$ 2,770,444	\$ 2,830,016
Trust and Loan Fund of the Archdiocese of Philadelphia	4,030,067	4,116,724
Catholic Cemeteries Office	2,770,444	2,830,016
Catholic Health Care Services of the Archdiocese of Philadelphia	44,985,768	45,953,084
Catholic Charities of the Archdiocese of Philadelphia a/k/a Catholic Social Services	8,424,860	8,606,018
St. John's Orphan Asylum, a/k/a St. Francis Homes for Boys d/b/a St. Francis-St. Joseph Homes for Children	524,954	536,296
Divine Providence Village	255,430	260,867
Total notes payable	\$ 63,761,967	\$ 65,133,021

(Continued)

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE J - RELATED PARTY TRANSACTIONS - Continued

The loans are collateralized by a first priority mortgage encumbering high school properties. In addition, the Archdiocese of Philadelphia pledges the High School revenue associated with these specific schools.

The principal payments relating to the notes payable to Archdiocesan entities are as follows:

Fiscal year ending 2017	\$ 1,064,702
Fiscal year ending 2018	1,469,954
Fiscal year ending 2019	1,529,640
Fiscal year ending 2020	1,591,750
Fiscal year ending 2021	1,656,381
Thereafter	<u>56,449,540</u>
Total notes payable	<u>\$ 63,761,967</u>

NOTE K - EMPLOYEE BENEFITS

1. Vacation

All full-time lay office and maintenance employees, upon completion of one full year of service, are eligible for paid vacations. The policy provides for compensated absences at varying amounts based on years of service.

2. Lay Employees' Retirement Plan - Frozen Effective June 30, 2014

Through June 30, 2014, the eligible lay employees of the High Schools were covered under the Archdiocese of Philadelphia Lay Employees' Retirement Plan ("LERP"), which is a defined benefit pension plan that covered substantially all lay employees, once age and service requirements were met, of the Archdiocese of Philadelphia and its related ecclesiastical entities, institutions and parishes. For financial reporting purposes within these combined financial statements, the LERP is accounted for as a multiemployer plan. On June 30, 2014, the Archdiocese of Philadelphia froze the LERP. All active employees as of the freeze date retained benefits they had earned through June 30, 2014. After the date of the freeze, accrued pension benefits do not increase for additional service or increases in pay. The plan is administered by the trustees of the plan.

The High Schools made annual contributions to the plan at an average rate of 4% of the salaries of the employees for the years ended June 30, 2016 and 2015. The contribution was \$1,967,415 and \$2,549,180, respectively, for the years ended June 30, 2016 and 2015.

3. Archdiocese of Philadelphia 403(b) Retirement Plan

Effective July 1, 2014, the Archdiocese of Philadelphia established a 403(b) defined contribution plan. Under the 403(b) plan and subject to statutory limits, all employees at least 18 years of age are immediately eligible to make voluntary deferred salary contributions into the 403(b) plan.

(Continued)

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE K - EMPLOYEE BENEFITS - Continued

Employer contributions, which cover employees meeting the eligibility requirements below, are discretionary. The following are the eligibility requirements for employer contributions:

Grandfathered Employees - Any employee who was accruing benefits as an active participant in the LERP as of its freeze date of June 30, 2014 is a grandfathered employee and is eligible to receive employer contributions.

Non-Grandfathered Employees - Non-grandfathered employees are eligible to receive the employer contributions generally upon completion of 1,000 hours of service in the relevant measurement period.

Vesting in employer contributions is immediate for grandfathered employees who have completed 12 months of service as of June 30, 2014. Vesting in employer contributions for all other employees will take place after the completion of 12 months of service. In fiscal year 2016, the Archdiocese of Philadelphia employer contribution rate was 4.5% of base salary for eligible employees and there was a 0.5% charge for administration. The contributions by the High Schools into the 403(b) plan totaled \$2,092,308 and \$1,745,591 and the administrative charges totaled \$205,395 and \$194,095 for the years ended June 30, 2016 and 2015, respectively.

4. Non-pension Retirement Benefits

Lay teachers are provided postretirement benefits if they meet certain conditions. Pursuant to ASC 715, *Compensation-Retirement*, such postretirement benefits are recognized on the accrual basis; that is, over the estimated service life of the employee.

In accordance with the agreement between the Association of Catholic Teachers Local Union No. 1776 National Association of Catholic Teachers and the Secondary School System of the Archdiocese of Philadelphia (the "Teachers' Agreement"), a teacher who has twenty-five (25) years of service and who is between the ages of fifty-nine and a half (59.5) and sixty-five (65), and is eligible for and elects to begin receiving an early retirement pension under the terms of the LERP, shall have the option at the time of his/her retirement of having the full cost of the medical insurance premium paid to a maximum of \$10,000 per year, or of receiving \$5,000 per year as a supplement to his/her early retirement pension. A teacher who has twenty-five (25) years of service and who is between the ages of fifty-five (55) and sixty-five (65), and is eligible for and elects to begin receiving a disability retirement pension under the terms of the LERP, shall have the option at the time of his/her retirement of having the full cost of the medical insurance premium paid to a maximum of \$10,000 per year, or of receiving \$5,000 per year as a supplement to his/her early retirement pension. These payments shall cease at the beginning of the month the teacher reaches the normal retirement age as defined by the LERP. The teacher shall have the option of changing his/her election of coverage one time during the period in which the teacher retires and subsequently attains the normal retirement age.

(Continued)

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE K - EMPLOYEE BENEFITS - Continued

In the Teachers' Agreement, each teacher is entitled to twelve (12) sick days with full pay during each school year, which could be accumulated indefinitely prior to August 31, 2012. Beginning September 1, 2012, sick days may only be accumulated up to three hundred (300) days. In the event that a teacher has already accumulated more than three hundred (300) days, the teacher will retain the accumulated sick days but cannot accumulate additional days until all days over three hundred (300) have been used.

Upon retirement, a teacher may redeem all unused sick days up to a maximum of 200 days at the rate of \$50 per day. For teachers hired effective September 1, 1992 through August 31, 1994, the maximum number of unused sick days redeemable upon retirement will be 100. For teachers hired beginning with the 1994-95 school year, the maximum number of unused sick days redeemable upon retirement will be 75.

OCE follows ASC 715-20, which requires that the statement of financial position reflect the funded status of the non-pension retirement benefits. The funded status of the plan is measured as the difference between the plan assets at fair value, if any, and the accumulated postretirement benefit obligation.

Net Periodic Cost

The components of net periodic benefit costs are as follows:

	2016	2015
Service cost	\$ 36,057	\$ 39,436
Interest cost	81,778	78,418
Amortization of		
Net loss	214,278	217,916
Prior service credit	(18,969)	(18,969)
	\$ 313,144	\$ 316,801

(Continued)

Archdiocese of Philadelphia, Office of Catholic Education
High Schools

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE K - EMPLOYEE BENEFITS - Continued

Obligations and Funded Status

The following shows changes in the benefit obligation, plan assets and funded status:

	2016	2015
Change in plan assets		
Fair value of plan assets at beginning of year	\$ -	\$ -
Employer contributions	451,556	703,892
Plan participants' contributions	14,028	10,770
Benefit payments (expected)	(465,584)	(714,662)
Fair value of plan assets at end of year	\$ -	\$ -
Funded status		
Funded status at end of year	\$ (2,488,300)	\$ (2,360,604)
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 2,360,604	\$ 3,310,109
Service cost	36,057	39,436
Interest cost	81,778	78,418
Actual plan participants' contributions	14,028	10,770
Actual gain (loss)	461,417	(363,467)
Actual benefit paid	(465,584)	(714,662)
Benefit obligation at end of year	\$ 2,488,300	\$ 2,360,604
Amounts recognized in unrestricted net assets		
Net actuarial loss	\$ 3,066,521	\$ 2,819,382
Prior service credit	(187,564)	(206,533)
	\$ 2,878,957	\$ 2,612,849
Information for plans with accumulated benefit obligation in excess of plan assets		
Projected benefit obligation	\$ 2,488,300	\$ 2,360,604
Accumulated benefit obligation	2,488,300	2,360,604

(Continued)

Archdiocese of Philadelphia, Office of Catholic Education
High Schools

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE K - EMPLOYEE BENEFITS - Continued

The estimated amount that will be amortized from unrestricted net assets to net periodic benefit cost is as follows:

	2016	2015
Net loss	\$ 206,273	\$ 201,507
Prior service credit	(18,777)	(18,969)

Weighted average assumptions used to determine benefit obligation at year end:

	2016	2015
Discount rate	3.00%	3.50%
Healthcare cost trend	7.60%	7.75%
Ultimate rate of increase	4.50%	5.00%
Year that ultimate rate is attained	2025	2022

A one-percentage point change in amended healthcare cost trend rates would have the following effect:

	1% point increase	1% point decrease
Effect on accumulated postretirement benefit obligation	\$ 1,909	\$ 1,545

Plan Assets

There are no plan assets.

Cash Flows and Estimated Future Benefit Payments

	2016
Employer contributions June 30, 2017 (expected)	\$ 531,799
Expected benefit payments	
June 30, 2017	\$ 532,000
June 30, 2018	314,000
June 30, 2019	250,000
June 30, 2020	194,000
June 30, 2021	132,000
June 30, 2022 - 2025	481,000

Archdiocese of Philadelphia, Office of Catholic Education
High Schools

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE L - LEASE COMMITMENTS

The High Schools have entered into lease agreements for equipment and vehicles. The following is a schedule of future minimum payments required under operating leases that have lease terms in excess of one year as of June 30, 2016:

2017		\$ 444,216
2018		370,743
2019		287,318
2020		198,831
2021		<u>53,413</u>
		<u>\$ 1,354,521</u>

Lease expenses were \$483,210 and \$425,626 for the years ended June 30, 2016 and 2015, respectively.

NOTE M - CONTRIBUTED SERVICES

	<u>2016</u>	<u>2015</u>
Salaries and benefits - lay equivalent value of religious services	\$ 4,998,560	\$ 5,514,799
Expended for religious services		
Salaries, related employee benefits and faculty house expenses	<u>(3,467,417)</u>	<u>(4,069,864)</u>
Total contributed services	<u>\$ 1,531,143</u>	<u>\$ 1,444,935</u>

NOTE N - INCOME TAXES

As part of the Archdiocese of Philadelphia, OCE, which includes the High Schools, has received exempt status from federal taxation under Section 501(c)(3) of the Internal Revenue Code. The High Schools follow the accounting guidance for uncertainties in income tax positions which requires that a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The High Schools do not believe their combined financial statements include any material uncertain tax positions.

As of June 30, 2016, the High Schools' tax years ended June 30, 2013 through June 30, 2015 for federal tax jurisdiction remain open to examination.

NOTE O - SUBSEQUENT EVENTS

Management evaluated the High Schools' June 30, 2016 combined financial statements for subsequent events through December 22, 2016, the date which the combined financial statements were available to be issued. Management is not aware of any subsequent event which would require recognition or disclosure in the combined financial statements.

SUPPLEMENTAL INFORMATION

Archdiocese of Philadelphia, Office of Catholic Education
High Schools

COMBINING STATEMENT OF FINANCIAL POSITION

June 30, 2016

	Operations Account	Presidents' Accounts	Eliminations	Total
ASSETS				
Cash and cash equivalents, including amounts held by affiliate	\$ 26,902,960	\$ 10,787,343	\$ -	\$ 37,690,303
Parental tuition and fees receivable, less allowance for doubtful accounts of \$4,051,074 and \$666,212, respectively	2,125,814	1,029,206	-	3,155,020
Due from related organizations	200,000	-	-	200,000
Accounts receivable - intrafund	4,369,012	130,097	(4,499,109)	-
Pledges receivable, net	-	793,297	-	793,297
Other receivables	606,366	66,257	-	672,623
Prepaid expenses and other assets	1,011,630	549,505	-	1,561,135
Beneficial interest in financially inter-related organizations	9,259,051	540,951	-	9,800,002
Investments	52,829,828	1,635,311	-	54,465,139
Property and equipment, net	98,105,499	12,995,285	-	111,100,784
Total assets	\$195,410,160	\$ 28,527,252	\$ (4,499,109)	\$219,438,303
LIABILITIES AND NET ASSETS				
Accounts payable	\$ 1,536,264	\$ 2,217,869	\$ -	\$ 3,754,133
Accrued payroll	6,542,133	167,460	-	6,709,593
Accrued non-pension retirement benefits	2,488,300	-	-	2,488,300
Accrued vacation	618,139	90,651	-	708,790
Incurred but not reported medical claims	964,000	-	-	964,000
Due to related organizations	297,879	133,365	-	431,244
Accounts payable - intrafund	130,097	4,369,012	(4,499,109)	-
Deferred revenue	8,825,822	265,879	-	9,091,701
Notes payable to Archdiocese of Philadelphia	63,761,967	-	-	63,761,967
Total liabilities	85,164,601	7,244,236	(4,499,109)	87,909,728
Net assets:				
Unrestricted	45,882,099	14,888,154	-	60,770,253
Designated funds	1,821,855	-	-	1,821,855
Temporarily restricted	28,063,618	4,330,685	-	32,394,303
Permanently restricted	34,477,987	2,064,177	-	36,542,164
Total net assets	110,245,559	21,283,016	-	131,528,575
Total liabilities and net assets	\$195,410,160	\$ 28,527,252	\$ (4,499,109)	\$219,438,303

Archdiocese of Philadelphia, Office of Catholic Education
High Schools

COMBINING STATEMENT OF FINANCIAL POSITION

June 30, 2015

	Operations Account	Presidents' Accounts	Eliminations	Total
ASSETS				
Cash and cash equivalents, including amounts held by affiliate	\$ 15,416,332	\$ 13,435,819	\$ -	\$ 28,852,151
Parental tuition and fees receivable, less allowance for doubtful accounts of \$5,137,704 and \$421,708, respectively	2,838,088	561,052	-	3,399,140
Due from related organizations	39,857	-	-	39,857
Accounts receivable - intrafund	3,594,351	36,965	(3,631,316)	-
Pledges receivable, net	-	829,468	-	829,468
Other receivables	561,205	502,521	-	1,063,726
Prepaid expenses and other assets	904,810	523,948	-	1,428,758
Beneficial interest in financially inter-related organizations	7,521,045	684,511	-	8,205,556
Investments	55,544,139	1,850,290	-	57,394,429
Property and equipment, net	99,119,359	11,742,116	-	110,861,475
Total assets	\$185,539,186	\$ 30,166,690	\$ (3,631,316)	\$212,074,560
LIABILITIES AND NET ASSETS				
Accounts payable	\$ 2,016,731	\$ 2,088,424	\$ -	\$ 4,105,155
Accrued payroll	6,389,038	-	-	6,389,038
Accrued non-pension retirement benefits	2,360,604	-	-	2,360,604
Accrued vacation	513,123	112,904	-	626,027
Incurred but not reported medical claims	783,000	-	-	783,000
Due to related organizations	383,879	159,000	-	542,879
Accounts payable - intrafund	36,965	3,594,351	(3,631,316)	-
Deferred revenue	2,029,012	3,094,087	-	5,123,099
Notes payable to Archdiocese of Philadelphia	65,133,021	-	-	65,133,021
Total liabilities	79,645,373	9,048,766	(3,631,316)	85,062,823
Net assets:				
Unrestricted	42,350,353	12,564,938	-	54,915,291
Temporarily restricted	29,043,902	6,562,657	-	35,606,559
Permanently restricted	34,499,558	1,990,329	-	36,489,887
Total net assets	105,893,813	21,117,924	-	127,011,737
Total liabilities and net assets	\$185,539,186	\$ 30,166,690	\$ (3,631,316)	\$212,074,560

Archdiocese of Philadelphia, Office of Catholic Education
High Schools

COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended June 30, 2016

	Operations Account					Presidents' Accounts				Eliminations	Total				
	Unrestricted	Designated Funds	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total		Unrestricted	Designated Funds	Temporarily Restricted	Permanently Restricted	Total
Revenues:															
Tuition and fees funded by:															
Parents and guardians	\$ 74,972,275	\$ -	\$ -	\$ -	\$ 74,972,275	\$ 18,809,321	\$ -	\$ -	\$ 18,809,321	\$ -	\$ 93,781,596	\$ -	\$ -	\$ -	\$ 93,781,596
Third-party organizations	4,437,448	-	-	-	4,437,448	-	-	-	-	-	4,437,448	-	-	-	4,437,448
Tax credit programs	5,567,408	-	-	-	5,567,408	-	-	-	-	-	5,567,408	-	-	-	5,567,408
Office of Catholic Education	2,886,700	-	-	-	2,886,700	-	-	-	-	-	2,886,700	-	-	-	2,886,700
School and alumni organizations	7,181,306	-	-	-	7,181,306	-	-	-	-	-	7,181,306	-	-	-	7,181,306
Summer School	197,897	-	-	-	197,897	-	-	-	-	-	197,897	-	-	-	197,897
Total	95,243,034	-	-	-	95,243,034	18,809,321	-	-	18,809,321	-	114,052,355	-	-	-	114,052,355
Less:															
Scholarship and tuition assistance eliminations	-	-	-	-	-	-	-	-	-	8,131,679	8,131,679	-	-	-	8,131,679
Tuition reductions	3,637,690	-	-	-	3,637,690	-	-	-	-	-	3,637,690	-	-	-	3,637,690
Net tuition and fees	91,605,344	-	-	-	91,605,344	18,809,321	-	-	18,809,321	(8,131,679)	102,282,986	-	-	-	102,282,986
Student activities															
Athletics	-	-	-	-	-	2,418,920	-	-	2,418,920	-	2,418,920	-	-	-	2,418,920
Resale items income - net of disbursements	-	-	-	-	-	2,256,222	-	-	2,256,222	-	2,256,222	-	-	-	2,256,222
Contributions and donations	230,000	-	1,463,638	-	1,693,638	10,106,125	2,985,502	23,550	13,115,177	-	10,336,125	-	4,449,140	23,550	14,808,815
Other	3,071,984	-	-	-	3,071,984	1,549,099	33,415	-	1,582,514	-	4,621,083	-	33,415	-	4,654,498
Fund-raising - net of disbursements	-	-	-	-	-	1,319,607	123,911	-	1,443,518	-	1,319,607	-	123,911	-	1,443,518
Interest and investment income	200,853	-	750,884	-	951,737	79,537	84,228	335	164,100	-	280,390	-	835,112	335	1,115,837
Contributed services	1,328,687	-	-	-	1,328,687	202,456	-	-	202,456	-	1,531,143	-	-	-	1,531,143
Total other operating revenues	4,831,524	-	2,214,522	-	7,046,046	18,290,995	3,227,056	23,885	21,541,936	-	23,122,519	-	5,441,578	23,885	28,587,982
Net realized (losses) gains on investments	-	-	(120,777)	(21,571)	(142,348)	2,064	(6,785)	-	(4,721)	-	2,064	-	(127,562)	(21,571)	(147,069)
Net change in unrealized gains on investments	-	-	(957,839)	-	(957,839)	(30,112)	(48,139)	-	(78,251)	-	(30,112)	-	(1,005,978)	-	(1,036,090)
Total investment losses	-	-	(1,078,616)	(21,571)	(1,100,187)	(28,048)	(54,924)	-	(82,972)	-	(28,048)	-	(1,133,540)	(21,571)	(1,183,159)
Net assets released from restriction															
Satisfaction of purpose restrictions - CI.2000	1,650,000	-	(1,650,000)	-	-	-	-	-	-	-	1,650,000	-	(1,650,000)	-	-
Satisfaction of purpose restrictions - Heritage of Faith	1,200,000	-	(1,200,000)	-	-	-	-	-	-	-	1,200,000	-	(1,200,000)	-	-
Satisfaction of purpose restrictions - General	1,320,341	(316,145)	(1,004,196)	-	-	5,145,330	(5,195,293)	49,963	-	-	6,465,671	(316,145)	(6,199,489)	49,963	-
Total revenues	100,607,209	(316,145)	(2,718,290)	(21,571)	97,551,203	42,217,598	(2,023,161)	73,848	40,268,285	(8,131,679)	134,693,128	(316,145)	(4,741,451)	52,277	129,687,809
Expenses:															
Administration	14,826,308	-	-	-	14,826,308	8,996,947	-	-	8,996,947	-	23,823,255	-	-	-	23,823,255
Scholarship and tuition assistance	-	-	-	-	-	8,131,679	-	-	8,131,679	(8,131,679)	-	-	-	-	-
Instruction	42,298,768	-	-	-	42,298,768	4,788,497	-	-	4,788,497	-	47,087,265	-	-	-	47,087,265
Operations and maintenance of plant	13,712,778	-	-	-	13,712,778	4,775,020	-	-	4,775,020	-	18,487,798	-	-	-	18,487,798
Employee benefits	21,705,807	-	-	-	21,705,807	1,700,746	-	-	1,700,746	-	23,406,553	-	-	-	23,406,553
Student activities	-	-	-	-	-	3,732,703	-	-	3,732,703	-	3,732,703	-	-	-	3,732,703
Athletics	-	-	-	-	-	6,897,233	-	-	6,897,233	-	6,897,233	-	-	-	6,897,233
Debt service	2,584,925	-	-	-	2,584,925	-	-	-	-	-	2,584,925	-	-	-	2,584,925
Other	-	-	-	-	-	745,685	-	-	745,685	-	745,685	-	-	-	745,685
Total expenses	95,128,586	-	-	-	95,128,586	39,768,510	-	-	39,768,510	(8,131,679)	126,765,417	-	-	-	126,765,417
Change in net assets before other items	5,478,623	(316,145)	(2,718,290)	(21,571)	2,422,617	2,449,088	(2,023,161)	73,848	499,775	-	7,927,711	(316,145)	(4,741,451)	52,277	2,922,392
Change in financially inter-related organizations	-	-	1,738,006	-	1,738,006	99,445	(243,005)	-	(143,560)	-	99,445	-	1,495,001	-	1,594,446
Redesignation of net assets	(2,138,000)	2,138,000	-	-	-	(34,194)	34,194	-	-	-	(2,172,194)	2,138,000	34,194	-	-
Other	191,123	-	-	-	191,123	(191,123)	-	-	-	-	-	-	-	-	-
Change in net assets	3,531,746	1,821,855	(980,284)	(21,571)	4,351,746	2,323,216	(2,231,972)	73,848	165,092	-	5,854,962	1,821,855	(3,212,256)	52,277	4,516,838
Net assets															
Beginning of year	42,350,353	-	29,043,902	34,499,558	105,893,813	12,564,938	6,562,657	1,990,329	21,117,924	-	54,915,291	-	35,606,559	36,489,887	127,011,737
End of year	\$ 45,882,099	\$ 1,821,855	\$ 28,063,618	\$ 34,477,987	\$ 110,245,559	\$ 14,888,154	\$ 4,330,685	\$ 2,064,177	\$ 21,283,016	\$ -	\$ 60,770,253	\$ 1,821,855	\$ 32,394,303	\$ 36,542,164	\$ 131,528,575

Archdiocese of Philadelphia, Office of Catholic Education
High Schools

COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended June 30, 2015

	Operations Account				Presidents' Accounts				Eliminations	Total			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total		Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues:													
Tuition and fees funded by:													
Parents and guardians	\$ 75,617,798	\$ -	\$ -	\$ 75,617,798	\$ 17,274,330	\$ -	\$ -	\$ 17,274,330	\$ -	\$ 92,892,128	\$ -	\$ -	\$ 92,892,128
Third-party organizations	3,614,290	-	-	3,614,290	-	-	-	-	-	3,614,290	-	-	3,614,290
Tax credit programs	3,718,190	-	-	3,718,190	-	-	-	-	-	3,718,190	-	-	3,718,190
Office of Catholic Education	617,392	-	-	617,392	-	-	-	-	-	617,392	-	-	617,392
School and alumni organizations	7,583,186	-	-	7,583,186	-	-	-	-	-	7,583,186	-	-	7,583,186
Summer School	164,904	-	-	164,904	-	-	-	-	-	164,904	-	-	164,904
Total	91,315,760	-	-	91,315,760	17,274,330	-	-	17,274,330	-	108,590,090	-	-	108,590,090
Less:													
Scholarship and tuition assistance eliminations	-	-	-	-	-	-	-	-	8,145,139	8,145,139	-	-	8,145,139
Tuition reductions	2,611,569	-	-	2,611,569	-	-	-	-	-	2,611,569	-	-	2,611,569
Net tuition and fees	88,704,191	-	-	88,704,191	17,274,330	-	-	17,274,330	(8,145,139)	97,833,382	-	-	97,833,382
Student activities	-	-	-	-	2,545,415	4,902	-	2,550,317	-	2,545,415	4,902	-	2,550,317
Athletics	-	-	-	-	2,223,497	-	-	2,223,497	-	2,223,497	-	-	2,223,497
Resale items income - net of disbursements	-	-	-	-	353,311	-	-	353,311	-	353,311	-	-	353,311
Contributions and donations	205,261	1,330,000	-	1,535,261	9,911,286	2,966,664	109,885	12,987,835	-	10,116,547	4,296,664	109,885	14,523,096
Other	1,924,909	-	-	1,924,909	1,645,528	89,131	-	1,734,659	-	3,570,437	89,131	-	3,659,568
Fund-raising - net of disbursements	-	-	-	-	1,222,733	140,797	-	1,363,530	-	1,222,733	140,797	-	1,363,530
Interest and investment income	154,959	819,202	-	974,161	83,853	101,035	-	184,888	-	238,812	920,237	-	1,159,049
Contributed services	1,337,103	-	-	1,337,103	107,832	-	-	107,832	-	1,444,935	-	-	1,444,935
Total other operating revenues	3,622,232	2,149,202	-	5,771,434	18,093,455	3,302,529	109,885	21,505,869	-	21,715,687	5,451,731	109,885	27,277,303
Net realized gains on investments	-	876,220	148,480	1,024,700	4,649	67,983	-	72,632	-	4,649	944,203	148,480	1,097,332
Net change in unrealized gains on investments	-	(702,526)	-	(702,526)	(7,571)	(86,093)	-	(93,664)	-	(7,571)	(788,619)	-	(796,190)
Total investment gains (losses)	-	173,694	148,480	322,174	(2,922)	(18,110)	-	(21,032)	-	(2,922)	155,584	148,480	301,142
Funds with deficiencies	-	-	-	-	91,421	(91,421)	-	-	-	91,421	(91,421)	-	-
Net assets released from restriction													
Satisfaction of purpose restrictions - CI2000	1,546,800	(1,546,800)	-	-	-	-	-	-	-	1,546,800	(1,546,800)	-	-
Satisfaction of purpose restrictions - Heritage of Faith	1,200,000	(1,200,000)	-	-	-	-	-	-	-	1,200,000	(1,200,000)	-	-
Satisfaction of purpose restrictions - General	872,069	(872,069)	-	-	4,431,436	(4,431,436)	-	-	-	5,303,505	(5,303,505)	-	-
Total revenues	95,945,292	(1,295,973)	148,480	94,797,799	39,887,720	(1,238,438)	109,885	38,759,167	(8,145,139)	127,687,873	(2,534,411)	258,365	125,411,827
Expenses:													
Administration	12,337,831	-	-	12,337,831	8,926,521	-	-	8,926,521	-	21,264,352	-	-	21,264,352
Scholarship and tuition assistance	-	-	-	-	8,145,139	-	-	8,145,139	(8,145,139)	-	-	-	-
Instruction	41,694,320	-	-	41,694,320	4,942,937	-	-	4,942,937	-	46,637,257	-	-	46,637,257
Operations and maintenance of plant	14,257,921	-	-	14,257,921	4,775,368	-	-	4,775,368	-	19,033,289	-	-	19,033,289
Employee benefits	21,657,992	-	-	21,657,992	1,604,933	-	-	1,604,933	-	23,262,925	-	-	23,262,925
Student activities	-	-	-	-	3,782,965	-	-	3,782,965	-	3,782,965	-	-	3,782,965
Athletics	-	-	-	-	6,594,488	-	-	6,594,488	-	6,594,488	-	-	6,594,488
Debt service	2,638,424	-	-	2,638,424	-	-	-	-	-	2,638,424	-	-	2,638,424
Other	-	-	-	-	1,051,555	-	-	1,051,555	-	1,051,555	-	-	1,051,555
Total expenses	92,586,488	-	-	92,586,488	39,823,906	-	-	39,823,906	(8,145,139)	124,265,255	-	-	124,265,255
Change in net assets before other items	3,358,804	(1,295,973)	148,480	2,211,311	63,814	(1,238,438)	109,885	(1,064,739)	-	3,422,618	(2,534,411)	258,365	1,146,572
Change in financially inter-related organizations	-	(337,671)	-	(337,671)	(167,222)	69,007	-	(98,215)	-	(167,222)	(268,664)	-	(435,886)
Payment of operations deficits	100,000	-	-	100,000	(100,000)	-	-	(100,000)	-	-	-	-	-
Other	(1,222,358)	-	-	(1,222,358)	1,253,343	-	-	1,253,343	-	30,985	-	-	30,985
Change in net assets	2,236,446	(1,633,644)	148,480	751,282	1,049,935	(1,169,431)	109,885	(9,611)	-	3,286,381	(2,803,075)	258,365	741,671
Net assets													
Beginning of year	40,113,907	30,677,546	34,351,078	105,142,531	11,515,003	7,732,088	1,880,444	21,127,535	-	51,628,910	38,409,634	36,231,522	126,270,066
End of year	\$ 42,350,353	\$ 29,043,902	\$ 34,499,558	\$ 105,893,813	\$ 12,564,938	\$ 6,562,657	\$ 1,990,329	\$ 21,117,924	\$ -	\$ 54,915,291	\$ 35,606,559	\$ 36,489,887	\$ 127,011,737