

Consolidated Financial Statements, Supplementary
Information and Report of Independent Certified Public
Accountants

Saint John Vianney Center

June 30, 2012 and 2011

Contents

	Page
Report of Independent Certified Public Accountants	3
Consolidated financial statements	
Consolidated balance sheets	4
Consolidated statements of operations and changes in net assets	5
Consolidated statements of cash flows	6
Notes to consolidated financial statements	7
Supplementary information	
Report of Independent Certified Public Accountants on Supplementary Information	17
Consolidating balance sheet	18
Consolidating statement of operations and changes in net assets	19



Audit • Tax • Advisory

Grant Thornton LLP
2001 Market Street, Suite 3100
Philadelphia, PA 19103-7080
T 215.561.4200
F 215.561.1066
www.GrantThornton.com

Report of Independent Certified Public Accountants

The Board of Directors
Saint John Vianney Center
Downingtown, Pennsylvania

We have audited the accompanying consolidated balance sheet of Saint John Vianney Center (the "Organization"), as of June 30, 2012, and the related consolidated statements of operations and changes in net assets and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The financial statements of the Organization as of June 30, 2011 were audited by other auditors. Those auditors expressed an unqualified opinion on those financial statements in their report dated November 15, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Saint John Vianney Center, as of June 30, 2012, and the results of its operations and changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note B10 to the accompanying consolidated financial statements, in 2012 the Organization changed its method of the presentation for bad debts on the consolidated statements of operations and changes in net assets in accordance with the amendments to the accounting standards.

Grant Thornton LLP

Philadelphia, Pennsylvania

November 14, 2012

CONSOLIDATED BALANCE SHEETS

June 30,

	2012	2011
ASSETS		
Current		
Cash and cash equivalents	\$ 1,000	\$ 850
Patient accounts receivable		
Residents	953,251	1,201,346
Outpatient	57,672	52,806
Allowance for doubtful accounts	<u>(150,048)</u>	<u>(122,405)</u>
Net patient accounts receivable	860,875	1,131,747
Prepaid expenses	20,140	47,357
Related party receivable	<u>395,994</u>	<u>266,043</u>
Total current assets	1,278,009	1,445,997
Investments - trading securities		
Unrestricted	2,063,593	2,106,442
Board-designated	<u>1,217,697</u>	<u>1,242,822</u>
Total investments - trading securities	3,281,290	3,349,264
Property, plant and equipment, net	2,215,964	1,509,248
Patient fund escrow accounts	<u>4,797</u>	<u>3,140</u>
Total assets	<u>\$ 6,780,060</u>	<u>\$ 6,307,649</u>
LIABILITIES AND NET ASSETS		
Current		
Accounts payable	\$ 399,878	\$ 172,112
Accrued salaries	357,289	244,153
Accrued expenses	226,588	247,019
Related party payable	<u>40,508</u>	<u>13,802</u>
Total current liabilities	1,024,263	677,086
Patient fund escrow accounts	<u>4,797</u>	<u>3,140</u>
Total liabilities	<u>1,029,060</u>	<u>680,226</u>
Unrestricted net assets	<u>5,751,000</u>	<u>5,627,423</u>
Total net assets	<u>5,751,000</u>	<u>5,627,423</u>
Total liabilities and net assets	<u>\$ 6,780,060</u>	<u>\$ 6,307,649</u>

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

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS

Years ended June 30,

	2012	2011
Operating revenues		
Net resident revenue, net of contractual allowances	\$ 8,056,874	\$ 7,484,679
Bad debt	(27,643)	-
Net resident revenue, net of bad debt	8,029,231	7,484,679
Contribution for fair rental value of land	350,000	350,000
Other operating revenue	598,894	297,252
Total operating revenues	8,978,125	8,131,931
Operating expenses		
Administration	1,049,511	709,068
Annex program	287,145	268,320
Chapel	178,017	161,685
Consultation and education services	112,447	95,465
Depreciation	174,842	142,215
Dietary	556,048	516,378
Housekeeping	105,864	117,575
Marketing	262,276	233,152
Nurse administration	435,536	391,986
Outpatient services	143,334	144,440
Plant operation and maintenance	709,695	592,841
Professional care	1,893,149	1,670,179
Guest house	419,845	417,267
Recreation	26,025	58,681
Rent expense	350,000	350,000
Social services	122,350	114,642
Geriatric services	459,735	338,345
Community counseling	447,771	-
Fringe benefits	1,062,122	877,153
Total operating expenses	8,795,712	7,199,392
Operating income	182,413	932,539
Nonoperating revenue, gains and losses		
Contributions and bequests	8,300	2,141
Interest and investment income	69,869	78,592
Realized (loss) gain on sale of investments	(65,005)	301,574
Unrealized gains and losses in fair value of investments	(72,000)	387,744
Nonoperating revenue, gains and losses, net	(58,836)	770,051
Excess of revenues over expenses	123,577	1,702,590
Increase in unrestricted net assets	123,577	1,702,590
Net assets		
Beginning of year	5,627,423	3,924,833
End of year	\$ 5,751,000	\$ 5,627,423

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended June 30,

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities and gains		
Increase in net assets	\$ 123,577	\$ 1,702,590
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Bad debt	27,643	-
Unrealized gains and losses in fair value of investments	72,000	(387,744)
Realized loss (gain) on sale of investments	65,005	(301,574)
Depreciation	174,842	142,215
Changes in working capital which provided (or used) cash		
(Increase) decrease in accounts receivable	243,229	(404,879)
(Increase) decrease in related party receivables	(129,951)	(430,805)
(Increase) decrease in prepaid expenses	27,217	17,428
Increase (decrease) in accounts payable	157,916	(138,363)
Increase (decrease) in accrued salaries	113,136	(66,946)
Increase (decrease) in accrued expenses	(20,431)	99,260
Increase (decrease) in related party payable	<u>26,706</u>	<u>(1,113,692)</u>
Net cash provided by (used in) operating activities before investments - trading securities	880,889	(882,510)
Change in investments - trading securities	<u>(69,031)</u>	<u>1,391,501</u>
Net cash provided by operating activities	<u>811,858</u>	<u>508,991</u>
Cash flows from investing activities		
Purchase of property, plant and equipment, net	<u>(811,708)</u>	<u>(508,141)</u>
Net cash used in investing activities	<u>(811,708)</u>	<u>(508,141)</u>
Net increase in cash and cash equivalents	150	850
Cash and cash equivalents		
Beginning of year	<u>850</u>	<u>-</u>
End of year	<u>\$ 1,000</u>	<u>\$ 850</u>
Supplemental noncash investing activities		
Increase in accrual for the purchase of property, plant and equipment	<u>\$ 69,850</u>	<u>\$ -</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2012 and 2011

NOTE A - NATURE OF OPERATIONS AND PRINCIPLES OF CONSOLIDATION

Saint John Vianney Center (the "Center") provides inpatient and outpatient psychological care to priests and religious personnel and bills the respective insurance companies, religious orders or diocese. The Center is a corporation whose members consist of the following offices of the Archdiocese of Philadelphia: The Moderator of the Curia and the Secretary for Clergy.

The Center is the sole corporate member of Catholic Clinical Consultants ("CCC"). CCC provides behavioral health management and clinical services to skilled nursing facilities, adult day care programs, assisted living facilities, and other community based programs. The financial statements consolidate CCC into the Center, collectively referred to as the "Organization".

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis in conformity with accounting principles generally accepted in the United States of America. The Organization's net assets and its revenues, expenses, gains and losses are classified into three categories, based on the existence or absence of donor-imposed restrictions. The categories are permanently restricted, temporarily restricted and unrestricted net assets.

Unrestricted net assets are free of donor-imposed restrictions.

Temporarily restricted net assets are those restricted to use by the Organization to a specific time period or purpose as directed by the donor. As of June 30, 2012 and 2011, the Organization does not have temporarily restricted net assets.

Permanently restricted net assets include gifts which are required by the donor restriction that the corpus be invested in perpetuity and only the investment income be made available for operations in accordance with donor restrictions. As of June 30, 2012 and 2011, the Organization does not have permanently restricted net assets.

2. Pledges/Contributions

Unconditional promises to give (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 which are received and either spent or deemed spent within the same year are reported as unrestricted revenues and expenses. Gifts of long-lived assets 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.

3. Resident Service Revenues and Allowances

Resident service revenue is accounted for at various established rates according to patient classification as the services are provided.

(Continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2012 and 2011

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The Organization provides an allowance for doubtful accounts for estimated losses resulting from the unwillingness or inability of residents to make payments for services. The allowance is determined by analyzing historical data and trends. Accounts receivable are charged off against the allowance for doubtful accounts when management determines that recovery is unlikely and the Organization ceases collection efforts. Write-offs have been consistent with management's expectations.

The Organization records a significant provision for bad debts on the basis of its past experience and on its review of individual receivable accounts to evaluate the ability and willingness of residents to pay amounts due for the portion of their bill for which they are financially responsible.

The Organization has not experienced significant changes in write-off trends for the year ended June 30, 2012.

4. Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value, with gains and losses included in the consolidated statements of operations and changes in net assets. Responsibility for investments rests with the Archdiocese of Philadelphia.

Assets which have been designated by the Board of Directors for funding annual depreciation are classified as board-designated investments.

The Organization has designated its investment portfolio as trading.

5. Property, Plant and Equipment

Property, plant and equipment are carried at cost. Expenditures for major renewals and betterments are capitalized. Maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Recovery periods are based on the following ranges of useful lives:

Land improvements	5 - 20 years
Buildings	20 - 40 years
Building improvements	5 - 25 years
Furniture and fixtures	5 - 20 years
Movable equipment	3 - 20 years

(Continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2012 and 2011

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

6. Long-Lived Assets

The Organization continually evaluates whether events and circumstances have occurred that indicate the remaining estimated useful life of long-lived assets may warrant revision or that the remaining balance may not be recoverable. When factors indicate that long-lived assets should be evaluated for possible impairment, the Organization uses an estimate of the related undiscounted operating income over the remaining life of the long-lived asset in measuring whether the long-lived asset is recoverable. The impairment loss on these assets is measured as the excess of the carrying amount of the asset over its fair value. Fair value is based on market prices where available, or discounted cash flows. Management believes that no revision to the remaining useful lives or write-down of long-lived assets were required at June 30, 2012 and 2011.

7. Cash and Cash Equivalents

The Organization considers investments in highly liquid securities, authorized by management, purchased with a maturity of three months or less from the date purchased to be cash equivalents. The Organization maintains cash balances with financial institutions that at times may exceed Federal Depository Insurance Corporation limits. Management does not believe the credit risk related to these deposits to be significant.

8. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates include depreciation on property, plant and equipment and allowance for doubtful accounts on patient accounts receivable. Actual results could differ from those estimates.

9. Excess of Revenues over Expenses

The consolidated statement of operations and changes in net assets includes excess of revenues over expenses. Changes in unrestricted net assets which are excluded from excess of revenues over expenses, consistent with industry practice, included permanent transfers of assets to and from affiliates for other than goods and services and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

(Continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2012 and 2011

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

10. New Accounting Guidance

In July 2011, the Financial Accounting Standards Board ("FASB") issued authoritative guidance to provide amendments to the presentation of the statement of operations for certain health care entities and enhanced disclosure about net patient service revenue and the related allowance for doubtful accounts. These amendments require certain health care entities to present their provision for bad debts associated with patient service revenue as a deduction from patient service revenue (net of contractual allowances and discounts). These amendments also require disclosure of patient service revenue (net of contractual allowances and discounts) as well as qualitative and quantitative information about changes in the allowance for doubtful accounts. Additionally, health care entities are required to provide enhanced disclosure about their policies for recognizing revenue and assessing bad debts. The Organization early adopted the provisions of this guidance as of and for the year ended June 30, 2012 and retrospectively applied the presentation requirements to all periods presented. The change in presentation and additional disclosures are reflected in the Organization's consolidated statements of operations and changes in net assets and the notes to the consolidated financial statements.

11. Reclassifications

Certain reclassifications have been made to prior period amounts in order to conform with the current period presentation.

NOTE C - INVESTMENTS

Non-Pension Assets Portfolio

For administrative and other needs, the Archdiocese of Philadelphia formed the Non-Pension Assets Portfolio (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.

The NPAP is unitized on a periodic basis to allow for the investment, at unit value, by entities in the NPAP. The Archdiocese of Philadelphia's investment in the NPAP is stated at unit value.

(Continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2012 and 2011

NOTE C - INVESTMENTS - Continued

The Investment Committee of the Archdiocese of Philadelphia has primary responsibility for determining the allocation of amounts to be invested among the funds. Management is responsible for ensuring that investment allocations among the funds are maintained as determined by the Investment Committee.

At June 30, 2012, Saint John Vianney Center held the following within the NPAP:

	Ownership	
	2012	2011
Equity sub-account	\$ 2,044,517	\$ 2,195,431
Fixed Income sub-account	<u>1,236,773</u>	<u>1,153,833</u>
Total ownership	<u>\$ 3,281,290</u>	<u>\$ 3,349,264</u>

NOTE D - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment and accumulated depreciation at June 30, 2012 and 2011 consist of:

	2012	2011
Land improvements	\$ 163,503	\$ 139,703
Building and improvements	3,852,491	3,411,527
Furniture and equipment	1,053,323	929,304
Automotive equipment	54,670	54,670
Construction in progress	<u>292,776</u>	<u>-</u>
	5,416,763	4,535,204
Accumulated depreciation	<u>(3,200,799)</u>	<u>(3,025,956)</u>
Property, plant and equipment, net	<u>\$ 2,215,964</u>	<u>\$ 1,509,248</u>

Depreciation expense was \$174,842 and \$142,215 for the years ended June 30, 2012 and 2011, respectively.

The land on which the Organization is located is owned by the Archdiocese of Philadelphia. The Organization occupies this land and does not make a rental payment to the Archdiocese of Philadelphia for its use. The cost of this land is not reflected on the consolidated financial statements of the Organization. Rent expense has been recorded at fair market value and has been reported in the consolidated statements of operations and changes in net assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2012 and 2011

NOTE E - PENSIONS

The eligible lay employees of the Organization are covered under the Archdiocese of Philadelphia Lay Employees' Retirement Plan (the "Plan"), which is a defined benefit pension plan covering substantially all lay employees of the Archdiocese of Philadelphia, its institutions and parishes once age and service requirements are met. The Plan is administered by the Trustees of the Plan. The Organization made annual contributions to the Plan at an average rate of 5% of the salaries of eligible employees for the years ended June 30, 2012 and 2011. The amount expensed by the Organization for contributions to the Plan was \$98,385 and \$86,660 for the years ended June 30, 2012 and 2011, respectively. Separate accounts for vested benefits and pension fund assets are not maintained for each institution.

NOTE F - INCOME TAXES

The Organization is a nonprofit organization which has been granted exempt status from federal taxation under Section 501(c)(3) of the Internal Revenue Code. Management has assessed that there are no uncertain tax positions required to be reported.

NOTE G - PATIENT FUNDS ESCROW ACCOUNTS

The Organization acts as trustee over funds held for its patients. Expenditures of patient funds are authorized by the patients or responsible parties. Generally, the funds are used to cover the costs of personal items which are not covered by the daily general service charge or special charges. These funds are returned to the patient or responsible party upon discharge.

NOTE H - MEDICAL MALPRACTICE INSURANCE

The Organization insures against the risks of malpractice losses resulting from claims against the Organization by participating in Pennsylvania's Medical Care Availability and Reduction of Error Fund (the "MCARE Fund"). With respect to the primary malpractice insurance risk not covered by the MCARE Fund, the Organization participates, on an occurrence basis, in the Archdiocese of Philadelphia Institutions' general professional liability insurance program.

NOTE I - RELATED PARTY TRANSACTIONS

The Organization is covered under various insurance, retirement and other plans of the Archdiocese of Philadelphia. The transactions with the Archdiocese of Philadelphia and affiliates charged to expense for the years ended June 30, 2012 and 2011, respectively, are as follows:

	<u>2012</u>	<u>2011</u>
Management fee	\$ 280,152	\$ 271,534
Pension	98,385	86,660
Insurance	<u>162,753</u>	<u>167,406</u>
	<u>\$ 541,290</u>	<u>\$ 525,600</u>

(Continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2012 and 2011

NOTE I - RELATED PARTY TRANSACTIONS - Continued

For the years ended June 30, 2012 and 2011, the Organization received \$287,145 and \$283,650, respectively, from the Archdiocese of Philadelphia to fund the Annex portion of the Serenity and Transparency Program.

For the year ended June 30, 2012, the Organization received \$300,000 from Catholic Social Services to fund the Community Counseling Program.

Due from (to) affiliated entities related to the following:

	June 30,	
	2012	2011
Due from Catholic Health Care Services	\$ 370,616	\$ 266,043
Due from Catholic Social Services	<u>25,378</u>	<u>-</u>
	<u>\$ 395,994</u>	<u>\$ 266,043</u>
Due to the Archdiocese of Philadelphia	\$ (20,387)	\$ -
Due to others	<u>(20,121)</u>	<u>(13,802)</u>
	<u>\$ (40,508)</u>	<u>\$ (13,802)</u>

NOTE J - 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.

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.

(Continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2012 and 2011

NOTE J - FAIR VALUE MEASUREMENTS - Continued

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 Organization 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.

Investments - Unrestricted

The fair value of certain alternative investments is estimated using the net asset value ("NAV") per share. These investments are classified as either Level 2, if the Organization's investment can be redeemed at the reporting date or within the near term, or Level 3, if its investment is not redeemable at the NAV per share at or near the balance sheet date.

Fair value measurements of investments in entities that calculate NAV per share or its equivalent as of June 30, 2012 are as follows:

	<u>Fair value</u>	<u>Unfunded commitments</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
Archdiocese NPAP (a)	\$ 3,281,290	\$ -	daily	1 day

- (a) A pooled investment portfolio comprised of equity and fixed income securities. The primary objective of the NPAP 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 NPAP takes into consideration the specific spending requirements and the present and future needs of the Archdiocese of Philadelphia 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.

(Continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2012 and 2011

NOTE J - FAIR VALUE MEASUREMENTS - Continued

The following table presents the fair values of the underlying investments held by the Organization by level within the fair value hierarchy, as of June 30, 2012 and 2011.

	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total fair value
<u>2012</u>				
Assets				
Investments - unrestricted	\$ -	\$ 3,281,290	\$ -	\$ 3,281,290
Total of other investments at June 30, 2012	\$ -	\$ 3,281,290	\$ -	\$ 3,281,290
<u>2011</u>				
Assets				
Investments - unrestricted	\$ -	\$ 3,349,264	\$ -	\$ 3,349,264
Total of other investments at June 30, 2011	\$ -	\$ 3,349,264	\$ -	\$ 3,349,264

NOTE K - FUNCTIONAL EXPENSES

The Organization provides a variety of services, as described in Note B. Expenses related to providing these services are as follows:

	Year ended June 30,	
	2012	2011
Behavioral health services	\$ 6,953,364	\$ 5,828,464
Administrative	1,842,348	1,370,928
	<u>\$ 8,795,712</u>	<u>\$ 7,199,392</u>

NOTE L - SUBSEQUENT EVENTS

The Organization evaluated its June 30, 2012 consolidated financial statements for subsequent events through November 14, 2012, the date the consolidated financial statements were available to be issued. The Organization is not aware of any subsequent event which would require recognition or disclosure in the consolidated financial statements.

SUPPLEMENTARY INFORMATION



Audit • Tax • Advisory

Grant Thornton LLP
2001 Market Street, Suite 3100
Philadelphia, PA 19103-7080
T 215.561.4200
F 215.561.1066
www.GrantThornton.com

**Report of Independent Certified Public Accountants
on Supplementary Information**

Board of Directors
Saint John Vianney Center

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating balance sheet as of June 30, 2012 and consolidating statement of operations and changes in net assets for the year 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 companies, and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated 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 consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Grant Thornton LLP

Philadelphia, Pennsylvania

November 14, 2012

Saint John Vianney Center

CONSOLIDATING BALANCE SHEET

June 30, 2012

ASSETS	Saint John Vianney Center	Catholic Clinical Consultants	Eliminations	Consolidated total
Current				
Cash and cash equivalents	\$ 1,000	\$ -	\$ -	\$ 1,000
Patient accounts receivable				
Residents	865,927	87,324	-	953,251
Outpatient	57,672	-	-	57,672
Allowance for doubtful accounts	<u>(150,048)</u>	<u>-</u>	<u>-</u>	<u>(150,048)</u>
Net patient accounts receivable	773,551	87,324	-	860,875
Prepaid expenses	4,116	16,024	-	20,140
Related party receivable	<u>930,332</u>	<u>271,973</u>	<u>(806,311)</u>	<u>395,994</u>
Total current assets	1,708,999	375,321	(806,311)	1,278,009
Investments - trading securities				
Unrestricted	2,063,593	-	-	2,063,593
Board-designated	<u>1,217,697</u>	<u>-</u>	<u>-</u>	<u>1,217,697</u>
Total investments - trading securities	3,281,290	-	-	3,281,290
Property, plant and equipment, net	2,215,964	-	-	2,215,964
Patient fund escrow accounts	<u>4,797</u>	<u>-</u>	<u>-</u>	<u>4,797</u>
Total assets	<u>\$ 7,211,050</u>	<u>\$ 375,321</u>	<u>\$ (806,311)</u>	<u>\$ 6,780,060</u>
LIABILITIES AND NET ASSETS				
Current				
Accounts payable	\$ 361,611	\$ 38,267	\$ -	\$ 399,878
Accrued salaries	285,482	71,807	-	357,289
Accrued expenses	203,951	22,637	-	226,588
Related party payable	<u>291,111</u>	<u>555,708</u>	<u>(806,311)</u>	<u>40,508</u>
Total current liabilities	1,142,155	688,419	(806,311)	1,024,263
Patient fund escrow accounts	<u>4,797</u>	<u>-</u>	<u>-</u>	<u>4,797</u>
Total liabilities	<u>1,146,952</u>	<u>688,419</u>	<u>(806,311)</u>	<u>1,029,060</u>
Unrestricted net assets	<u>6,064,098</u>	<u>(313,098)</u>	<u>-</u>	<u>5,751,000</u>
Total net assets	<u>6,064,098</u>	<u>(313,098)</u>	<u>-</u>	<u>5,751,000</u>
Total liabilities and net assets	<u>\$ 7,211,050</u>	<u>\$ 375,321</u>	<u>\$ (806,311)</u>	<u>\$ 6,780,060</u>

CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended June 30, 2012

	Saint John Vianney Center	Catholic Clinical Consultants	Consolidated total
Operating revenues			
Net resident revenue, net of contractual allowances	\$ 7,270,066	\$ 786,808	\$ 8,056,874
Bad debt	(27,643)	-	(27,643)
Net resident revenue, net of bad debt	7,242,423	786,808	8,029,231
Contribution for fair rental value of land	350,000	-	350,000
Other operating revenue	298,894	300,000	598,894
Total operating revenues	7,891,317	1,086,808	8,978,125
Operating expenses			
Administration	1,024,515	24,996	1,049,511
Annex program	287,145	-	287,145
Chapel	178,017	-	178,017
Consultation and education services	112,447	-	112,447
Depreciation	174,842	-	174,842
Dietary	556,048	-	556,048
Housekeeping	105,864	-	105,864
Marketing	262,276	-	262,276
Nurse administration	435,536	-	435,536
Outpatient services	-	143,334	143,334
Plant operation and maintenance	709,695	-	709,695
Professional care	1,893,149	-	1,893,149
Guest house	419,845	-	419,845
Recreation	26,025	-	26,025
Rent expense	350,000	-	350,000
Social services	122,350	-	122,350
Geriatric services	-	459,735	459,735
Community counseling	-	447,771	447,771
Fringe benefits	858,586	203,536	1,062,122
Total operating expenses	7,516,340	1,279,372	8,795,712
Operating income (loss)	374,977	(192,564)	182,413
Nonoperating revenue, gains and losses			
Contributions and bequests	8,300	-	8,300
Interest and investment income	69,688	181	69,869
Loss on sale of investments	(65,005)	-	(65,005)
Unrealized gains and losses in fair value of investments	(72,000)	-	(72,000)
Nonoperating revenue, gains and losses, net	(59,017)	181	(58,836)
Excess of (deficiency in) revenues over expenses	315,960	(192,383)	123,577
Increase (decrease) in unrestricted net assets	315,960	(192,383)	123,577
Net assets			
Beginning of year	5,748,138	(120,715)	5,627,423
End of year	\$ 6,064,098	\$ (313,098)	\$ 5,751,000