

Combined Financial Statements and Report of
Independent Certified Public Accountants

Archdiocese of Philadelphia
Office of Catholic Education
High Schools

June 30, 2018 and 2017

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Report of Independent Certified Public Accountants

To the Archbishop of Philadelphia and the Faith in the Future Foundation
Archdiocese of Philadelphia

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, 2018 and 2017, 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

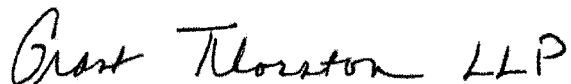
In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Archdiocese of Philadelphia, Office of Catholic Education High Schools as of June 30, 2018 and 2017, and the changes in their net assets and their cash flows for 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.

Supplementary information

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, 2018 and 2017 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

November 26, 2018

Archdiocese of Philadelphia, Office of Catholic Education
High Schools

COMBINED STATEMENTS OF FINANCIAL POSITION

June 30,

	2018	2017
ASSETS		
Cash and cash equivalents, including amounts held by affiliate	\$ 28,380,019	\$ 23,728,543
Parental tuition and fees receivable, less allowance for doubtful accounts of \$5,332,291 and \$5,061,840	2,277,969	3,326,654
Due from related organizations (Note J)	132	112,248
Pledges receivable, net (Note C)	4,819,123	580,854
Other receivables	1,694,628	1,005,636
Prepaid expenses and other assets	2,414,291	2,293,953
Beneficial interest in financially inter-related organizations	14,062,733	9,820,717
Investments (Note D)	76,379,943	77,700,184
Property and equipment, net (Note F)	110,736,096	111,658,899
 Total assets	 \$ 240,764,934	 \$ 230,227,688
 LIABILITIES AND NET ASSETS		
Accounts payable	\$ 3,374,808	\$ 3,959,201
Accrued payroll	6,211,928	6,835,753
Accrued non-pension retirement benefits (Note K)	1,844,828	2,100,704
Accrued vacation (Note K)	783,397	743,760
Incurred but not reported medical claims (Note B)	1,034,000	917,000
Due to related organizations (Note J)	250,056	444,241
Deferred revenue	12,316,155	11,594,685
Notes payable to Archdiocese of Philadelphia (Note J)	53,816,960	55,208,338
 Total liabilities	 79,632,132	 81,803,682
 Net assets:		
Unrestricted	63,275,177	63,115,689
Unrestricted designated funds (Note B)	6,086,312	4,634,908
Temporarily restricted (Note G)	51,133,234	40,218,426
Permanently restricted (Note H)	40,638,079	40,454,983
 Total net assets	 161,132,802	 148,424,006
 Total liabilities and net assets	 \$ 240,764,934	 \$ 230,227,688

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, 2018

	Unrestricted	Unrestricted designated Funds	Temporarily restricted	Permanently restricted	Total
Revenues:					
Tuition and fees funded by:					
Parents and guardians	\$ 95,456,256	\$ -	\$ -	\$ -	\$ 95,456,256
Third-party organizations	5,624,741	-	-	-	5,624,741
Tax credit programs	6,798,555	-	-	-	6,798,555
Office of Catholic Education	488,577	-	-	-	488,577
School and alumni organizations	8,326,884	-	-	-	8,326,884
Summer School	233,419	-	-	-	233,419
Total	<u>116,928,432</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>116,928,432</u>
Less:					
Scholarship and tuition assistance	7,359,968	-	-	-	7,359,968
Tuition reductions	5,929,820	-	-	-	5,929,820
Net tuition and fees	<u>103,638,644</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>103,638,644</u>
Student activities	2,106,949	-	-	-	2,106,949
Athletics	2,135,964	-	-	-	2,135,964
Resale items income, net	219,638	-	-	-	219,638
Contributions and donations	7,101,987	-	10,490,068	64,682	17,656,737
Other	3,460,351	172,244	36,245	-	3,668,840
Fundraising, net	1,066,361	-	100,127	-	1,166,488
Interest and investment income	366,326	-	1,029,592	7,036	1,402,954
Contributed services (Note M)	788,333	-	-	-	788,333
Total other operating revenues	<u>17,245,909</u>	<u>172,244</u>	<u>11,656,032</u>	<u>71,718</u>	<u>29,145,903</u>
Net realized (losses) gains on investments	(57,841)	-	474,667	50,609	467,435
Net change in unrealized gains on investments	(65,501)	-	3,598,928	18,123	3,551,550
Total investment (losses) gains	<u>(123,342)</u>	<u>-</u>	<u>4,073,595</u>	<u>68,732</u>	<u>4,018,985</u>
Net assets released from restriction					
Satisfaction of purpose restrictions - Catholic Life 2000	1,698,000	-	(1,698,000)	-	-
Satisfaction of purpose restrictions - Heritage of Faith	900,000	-	(900,000)	-	-
Satisfaction of purpose restrictions - General	6,345,321	-	(6,387,967)	42,646	-
Appropriation of designated funds for expenditure	3,368,769	(3,368,769)	-	-	-
Total revenues	<u>133,073,301</u>	<u>(3,196,525)</u>	<u>6,743,660</u>	<u>183,096</u>	<u>136,803,532</u>
Expenses:					
Administration	25,542,450	-	-	-	25,542,450
Instruction	46,711,688	-	-	-	46,711,688
Operations and maintenance of plant	18,915,869	-	-	-	18,915,869
Employee benefits	22,612,377	-	-	-	22,612,377
Student activities	3,567,368	-	-	-	3,567,368
Athletics	7,722,682	-	-	-	7,722,682
Debt service	2,158,319	-	-	-	2,158,319
Other	1,119,025	-	-	-	1,119,025
Total expenses	<u>128,349,778</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>128,349,778</u>
Change in net assets before other items	4,723,523	(3,196,525)	6,743,660	183,096	8,453,754
Change in value of financially inter-related organizations	(20,112)	-	4,262,128	-	4,242,016
Change in designation of net assets	(4,556,949)	4,647,929	(90,980)	-	-
Gain on sale of property	13,026	-	-	-	13,026
Change in net assets	159,488	1,451,404	10,914,808	183,096	12,708,796
Net assets					
Beginning of year	<u>63,115,689</u>	<u>4,634,908</u>	<u>40,218,426</u>	<u>40,454,983</u>	<u>148,424,006</u>
End of year	<u>\$ 63,275,177</u>	<u>\$ 6,086,312</u>	<u>\$ 51,133,234</u>	<u>\$ 40,638,079</u>	<u>\$ 161,132,802</u>

The accompanying notes are an integral part of this combined financial statement.

Archdiocese of Philadelphia, Office of Catholic Education
High Schools

COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended June 30, 2017

	Unrestricted	Unrestricted designated Funds	Temporarily restricted	Permanently restricted	Total
Revenues:					
Tuition and fees funded by:					
Parents and guardians	\$ 96,439,059	\$ -	\$ -	\$ -	\$ 96,439,059
Third-party organizations	5,041,256	-	-	-	5,041,256
Tax credit programs	5,703,700	-	-	-	5,703,700
Office of Catholic Education	663,352	-	-	-	663,352
School and alumni organizations	8,810,339	-	-	-	8,810,339
Summer School	174,387	-	-	-	174,387
Total	<u>116,832,093</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>116,832,093</u>
Less:					
Scholarship and tuition assistance	8,133,678	-	-	-	8,133,678
Tuition reductions	5,208,291	-	-	-	5,208,291
Net tuition and fees	<u>103,490,124</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>103,490,124</u>
Student activities	2,202,987	-	-	-	2,202,987
Athletics	2,322,693	-	-	-	2,322,693
Resale items income, net	313,522	-	-	-	313,522
Contributions and donations	9,005,632	-	7,478,184	3,827,991	20,311,807
Other	3,470,782	-	67,454	-	3,538,236
Fundraising, net	1,166,277	-	-	-	1,166,277
Interest and investment income	301,445	-	1,111,409	3,170	1,416,024
Contributed services (Note M)	899,595	-	-	-	899,595
Total other operating revenues	<u>19,682,933</u>	<u>-</u>	<u>8,657,047</u>	<u>3,831,161</u>	<u>32,171,141</u>
Net realized gains on investments	72,285	-	335,966	15,197	423,448
Net change in unrealized gains on investments	(12,973)	-	5,953,349	3,331	5,943,707
Total investment gains	<u>59,312</u>	<u>-</u>	<u>6,289,315</u>	<u>18,528</u>	<u>6,367,155</u>
Net assets released from restriction					
Satisfaction of purpose restrictions - Catholic Life 2000	1,680,000	-	(1,680,000)	-	-
Satisfaction of purpose restrictions - Heritage of Faith	900,000	-	(900,000)	-	-
Satisfaction of purpose restrictions - General	5,047,400	-	(5,110,530)	63,130	-
Appropriation of designated funds for expenditure	2,381,838	(2,381,838)	-	-	-
Total revenues	<u>133,241,607</u>	<u>(2,381,838)</u>	<u>7,255,832</u>	<u>3,912,819</u>	<u>142,028,420</u>
Expenses:					
Administration	23,532,203	-	-	-	23,532,203
Instruction	47,707,136	-	-	-	47,707,136
Operations and maintenance of plant	18,462,157	-	-	-	18,462,157
Employee benefits	22,236,588	-	-	-	22,236,588
Student activities	3,620,853	-	-	-	3,620,853
Athletics	7,288,430	-	-	-	7,288,430
Debt service	2,377,189	-	-	-	2,377,189
Other	888,401	-	-	-	888,401
Total expenses	<u>126,112,957</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>126,112,957</u>
Change in net assets before other items	7,128,650	(2,381,838)	7,255,832	3,912,819	15,915,463
Change in value of financially inter-related organizations	183,106	-	(162,391)	-	20,715
Change in designation of net assets	(5,925,573)	5,194,891	730,682	-	-
Gain on sale of property	959,253	-	-	-	959,253
Change in net assets	2,345,436	2,813,053	7,824,123	3,912,819	16,895,431
Net assets					
Beginning 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>
End of year	<u>\$ 63,115,689</u>	<u>\$ 4,634,908</u>	<u>\$ 40,218,426</u>	<u>\$ 40,454,983</u>	<u>\$ 148,424,006</u>

The accompanying notes are an integral part of this combined financial statement.

Archdiocese of Philadelphia, Office of Catholic Education
High Schools

COMBINED STATEMENTS OF CASH FLOWS

Year ended June 30,

	2018	2017
Cash flows from operating activities		
Change in net assets	\$ 12,708,796	\$ 16,895,431
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	6,950,213	6,744,096
Bad debt expense	2,091,621	1,505,604
Net change in unrealized gains on investments	(3,551,550)	(5,943,707)
Net realized gains on investments	(467,435)	(423,448)
Gain on sale of property	(13,026)	(959,253)
Change in value of financially inter-related organizations	(4,242,016)	(20,715)
Changes in assets and liabilities		
Parental tuition and fees receivable, net	(148,667)	(1,677,238)
Due from related organizations	112,116	87,752
Pledges receivable, net	(5,132,538)	212,443
Other receivables	(688,992)	(333,013)
Prepaid expenses and other assets	(120,338)	(732,818)
Accounts payable	(584,393)	205,068
Accrued payroll	(623,825)	126,160
Accrued non-pension retirement benefits	(255,876)	(387,596)
Accrued vacation	39,637	34,970
Incurred but not reported medical claims	117,000	(47,000)
Due to related organizations	(194,185)	12,997
Deferred revenue	721,470	2,502,984
Net cash provided by operating activities	6,718,012	17,802,717
Cash flows from investing activities		
Purchase of property and equipment	(6,014,384)	(7,302,211)
Proceeds from sale of property	-	959,253
Purchase of investments, net	5,339,226	(16,867,890)
Net cash used in investing activities	(675,158)	(23,210,848)
Cash flows from financing activities		
Repayments of notes payable to Archdiocese of Philadelphia	(1,391,378)	(8,553,629)
Net cash used in financing activities	(1,391,378)	(8,553,629)
Net increase (decrease) in cash and cash equivalents	4,651,476	(13,961,760)
Cash and cash equivalents		
Beginning of year	23,728,543	37,690,303
End of year	\$ 28,380,019	\$ 23,728,543
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ 2,158,319	\$ 2,377,189

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

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2018 and 2017

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:

- Office of Catholic Education Schools of Special Education (“SPED”)
- Office of Catholic Education (“OCE”) Administration Account
- Office for Financial Services (“OFS”)
- Trustee Account of the Archdiocese of Philadelphia for Estates and Trusts
- Catholic Cemeteries Office (“CCO”)
- Catholic Housing and Community Services (“CHCS”)
- Catholic Social Services (“CSS”)

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. This agreement was extended through 2022 in February of 2016. Pursuant to the aforementioned agreement, FIF assumes strategic and operational management of the 17 Catholic secondary schools and the four schools of special education and provides certain financial assistance to the schools. OCE has primary responsibility for, and FIF has oversight and approval responsibility over, school operations. The five senior management positions of OCE report 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, 2018 and 2017

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 five years, the High Schools have generated a cumulative surplus of \$16,595,500. 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, 2018.

The High Schools had the following designated fund balances as of June 30, 2018:

	<u>Amount designated</u>	<u>Balance at June 30, 2018</u>
Medical Reserve Fund	\$ 500,000	\$ 500,000
Instructional Technology Infrastructure and Technology Planning	2,440,000	931,739
Leadership Academy Professional Development Program	1,068,000	546,421
Summer Enrichment Pilot	20,000	2,669
Capital Improvements	825,000	825,000
Tuition Assistance	1,625,000	964,362
Office Relocation	2,000,000	2,000,000
Other	<u>4,967,514</u>	<u>316,121</u>
 Total of allocations	 <u>\$ 13,445,514</u>	 <u>\$ 6,086,312</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.

(Continued)

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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. Gifts specified for the acquisition or construction of long-lived assets are reported as unrestricted net assets when the assets are placed in service.

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 combined statements of activities and changes in net assets as net assets released from restriction.

Contributed services are 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, 2018 and 2017, 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.

(Continued)

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

6. Beneficial Interest in Financially Inter-related Organizations

Beneficial interest in financially inter-related organizations 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. The beneficial interest in financially inter-related organizations increased by \$4,242,016 during the year ended June 30, 2018 due to \$4,183,470 in leasehold improvements to the Howard Center for the Arts at Roman Catholic High School.

7. 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.

Money market funds include securities valued at amortized cost, which approximates fair value. The amortized cost of an instrument is determined by valuing it at its original cost and thereafter amortizing any discount or premium from its face value at a constant rate until maturity. Securities held by a money market fund are generally high quality and liquid; however, they are reflected as Level 2 because the inputs used to determine fair value are not quoted prices in an active market.

Mutual funds include equity, fixed income, and international mutual funds valued at the closing price of the traded fund at the combined statement of financial position date. To the extent these mutual funds are actively traded, they are categorized in Level 1 of the fair value hierarchy. If such information is not available, mutual funds are valued based on yields currently available on comparable securities for issuers with similar credit ratings and classified in Level 2 of the fair value hierarchy.

Common stocks are traded on a national securities exchange. These securities are stated at the last reported sales price on the day of valuation. To the extent these securities are actively traded, they are categorized in Level 1 of the fair value hierarchy.

Debt securities, including corporate and international securities, are valued at the closing price reported in the active market in which the bond is traded, if available, and classified as Level 1 in the fair value hierarchy.

Unrealized gains and losses are included in the combined statements of activities and changes in net assets as net appreciation or depreciation in the fair value of investments.

(Continued)

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

8. 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	10-25 years
Building	20-40 years
Building improvements	5-20 years
Leasehold improvements (Roman Catholic High School)	5-25 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. The related lease term is indefinite as long as the property and equipment are used as a Catholic high school. Accordingly, these leasehold improvements are depreciated over the stated useful lives, which are less than the lease term. Property and equipment improvements and purchases in excess of \$10,000 are capitalized.

9. 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, 2018 and 2017. 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. For the periods presented, the estimate is based on the last 48 months of incurred and paid claims for each of the years ended June 30, 2018 and 2017.

10. Functional Expenses

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

(Continued)

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

11. 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.

12. Recently Issued Accounting Pronouncements

Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) No. 2014-09, *Revenue (Topic 606): Revenue from Contracts with Customers*, outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts, whether or not written, with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of ASU 2014-09 is that an entity should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services by applying five steps listed in the guidance. ASU 2014-09 also requires disclosure of both quantitative and qualitative information that enables users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from customers. The new guidance is effective for fiscal years beginning after December 15, 2018. Entities have the option of using either a full retrospective or a modified retrospective approach. Early adoption is permitted. The High Schools have not yet determined the effect the adoption of ASU 2014-09 may have on the combined financial statements.

ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, 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 are evaluating the pronouncement at this time.

ASU No. 2018-08, *Not-for-profit Entities: Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, intends to clarify and improve the scope and accounting guidance for contributions received and contributions made. The amendment provides (1) a framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction, including how to evaluate whether a resource provider is receiving commensurate value in an exchange transaction, and (2) guidance to assist entities in determining whether a contribution is either conditional or unconditional. Guidance applies to both recipients and resource providers. For contributions received, the new standard is effective for annual financial statements beginning after December 15, 2018. The High Schools have not yet determined the effect the adoption of ASU 2018-08 may have on the combined financial statements.

13. Reclassifications

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results.

Archdiocese of Philadelphia, Office of Catholic Education
High Schools

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE C - PLEDGES RECEIVABLE, NET

A summary of pledges receivable is as follows at June 30, 2018 and 2017:

	2018	2017
Less than one year	\$ 1,794,277	\$ 222,504
One year to five years	<u>4,463,344</u>	<u>490,105</u>
	6,257,621	712,609
Less: allowance for doubtful accounts	(986,097)	(102,021)
Less: discount	<u>(452,401)</u>	<u>(29,734)</u>
	<u>\$ 4,819,123</u>	<u>\$ 580,854</u>

Pledges receivable are recorded at fair value using a discount rate commensurate with the risks associated with the pledge. The discount rate used was 2% at both June 30, 2018 and 2017.

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

At June 30, 2018 and 2017, the High Schools' investments are summarized and classified as follows:

	2018	2017
Investments in SEI Catholic Values Funds	\$ 70,917,995	\$ 71,766,383
Money market funds	490,073	695,479
Mutual funds	2,543,645	2,814,709
Common stocks	1,637,698	1,627,252
Debt securities	<u>790,532</u>	<u>796,361</u>
	<u>\$ 76,379,943</u>	<u>\$ 77,700,184</u>

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

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, 2018 and 2017

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, 2018 and 2017:

	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total fair value
<u>2018</u>				
Assets				
Investments				
Investments in SEI Catholic				
Values Funds	\$ 70,917,995	\$ -	\$ -	\$ 70,917,995
Money market funds	-	490,073	-	490,073
Mutual funds	2,337,110	206,535	-	2,543,645
Common stocks	1,637,698	-	-	1,637,698
Debt securities	790,532	-	-	790,532
Beneficial interest in financially inter-related organizations	<u>-</u>	<u>-</u>	<u>14,062,733</u>	<u>14,062,733</u>
Total assets at June 30, 2018	<u>\$ 75,683,335</u>	<u>\$ 696,608</u>	<u>\$ 14,062,733</u>	<u>\$ 90,442,676</u>
<u>2017</u>				
Assets				
Investments				
Investments in SEI Catholic				
Values Funds	\$ 71,766,383	\$ -	\$ -	\$ 71,766,383
Money market funds	-	695,479	-	695,479
Mutual funds	2,624,627	190,082	-	2,814,709
Common stocks	1,627,252	-	-	1,627,252
Debt securities	796,361	-	-	796,361
Beneficial interest in financially inter-related organizations	<u>-</u>	<u>-</u>	<u>9,820,717</u>	<u>9,820,717</u>
Total assets at June 30, 2017	<u>\$ 76,814,623</u>	<u>\$ 885,561</u>	<u>\$ 9,820,717</u>	<u>\$ 87,520,901</u>

Archdiocese of Philadelphia, Office of Catholic Education
High Schools

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE F - PROPERTY AND EQUIPMENT, NET

Property and equipment and accumulated depreciation at June 30, 2018 and 2017 consist of:

	2018	2017
Land	\$ 6,383,642	\$ 6,383,642
Land improvements	17,874,663	16,820,463
Building	84,681,860	84,899,759
Building improvements	52,597,647	49,258,296
Leasehold improvements	6,500,330	6,221,246
Furniture and fixtures	18,793,228	17,350,728
Vehicles	373,485	279,879
Work in progress	<u>19,668</u>	<u>6,719</u>
	187,224,523	181,220,732
Accumulated depreciation	<u>(76,488,427)</u>	<u>(69,561,833)</u>
Property and equipment, net	<u>\$ 110,736,096</u>	<u>\$ 111,658,899</u>

Depreciation expense was \$6,950,213 and \$6,744,096 for the years ended June 30, 2018 and 2017, respectively.

NOTE G - TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2018 and 2017, temporarily restricted net assets are available for the following purposes:

	2018	2017
Tuition assistance for all schools	\$ 3,288,615	\$ 3,138,434
Tuition assistance for specific schools	4,534,364	4,565,928
Property, plant and equipment for Roman Catholic High School, held by Trustees	10,840,165	7,062,643
Tuition assistance/operations/improvements for specific schools	627,308	594,053
Operations and improvements for specific schools	7,054,915	2,797,238
Accumulated earnings in excess of spending of endowments		
Tuition assistance for all schools	3,181,179	2,672,342
Tuition assistance for specific schools	356,903	276,114
Operations for Roman Catholic High School, held by Trustees	780,512	665,010
Operations and improvements for all schools	20,323,910	18,398,218
Other, for specific schools	<u>145,363</u>	<u>48,446</u>
Total	<u>\$ 51,133,234</u>	<u>\$ 40,218,426</u>

Archdiocese of Philadelphia, Office of Catholic Education
High Schools

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE H - PERMANENTLY RESTRICTED NET ASSETS

At June 30, 2018 and 2017, income from permanently restricted net assets is available for the following purposes:

	2018	2017
Tuition assistance for all schools	\$ 7,752,071	\$ 7,691,304
Tuition assistance for specific schools	5,622,620	5,500,291
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	28,435
 Total	 \$ 40,638,079	 \$ 40,454,983

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, 2018 and 2017

NOTE I - ENDOWMENTS - Continued

2. Return Objectives and Risk Parameters

The High Schools have adopted investment policies established by the 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, 2018 and 2017 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.

As of June 30, 2018 and 2017, \$40,638,079 and \$40,454,983, respectively, in donor-restricted endowment funds were recorded within permanently restricted net assets.

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. There were no such deficiencies of this nature as of both June 30, 2018 and 2017.

(Continued)

Archdiocese of Philadelphia, Office of Catholic Education
High Schools

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE I - ENDOWMENTS - Continued

The High Schools had the following endowment activities during the years ended June 30, 2018 and 2017, 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, 2016	\$ -	\$ 16,994,152	\$ 36,542,164	\$ 53,536,316
Investment income	-	988,475	3,170	991,645
Net appreciation (realized and unrealized gains)	<u>-</u>	<u>5,848,152</u>	<u>18,528</u>	<u>5,866,680</u>
Total investment return	-	6,836,627	21,698	6,858,325
Contributions	-	-	3,891,121	3,891,121
Appropriation of endowment assets for expenditure	-	(1,948,456)	-	(1,948,456)
Change in financially inter-related organizations	<u>-</u>	<u>177,807</u>	<u>-</u>	<u>177,807</u>
Endowment net assets, June 30, 2017	-	22,060,130	40,454,983	62,515,113
Investment income	-	930,321	7,036	937,357
Net appreciation (realized and unrealized gains)	<u>-</u>	<u>3,817,293</u>	<u>68,732</u>	<u>3,886,025</u>
Total investment return	-	4,747,614	75,768	4,823,382
Contributions	-	1,700	107,328	109,028
Appropriation of endowment assets for expenditure	-	(2,137,079)	-	(2,137,079)
Change in financially inter-related organizations	<u>-</u>	<u>115,502</u>	<u>-</u>	<u>115,502</u>
Endowment net assets, June 30, 2018	<u>\$ -</u>	<u>\$ 24,787,867</u>	<u>\$ 40,638,079</u>	<u>\$ 65,425,946</u>

Archdiocese of Philadelphia, Office of Catholic Education
High Schools

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE J - RELATED PARTY TRANSACTIONS

As of June 30, 2018 and 2017, amounts due from related organizations consisted of the following:

	2018	2017
OCE Administration Account	\$ 16	\$ 112,000
SPED	116	248
	\$ 132	\$ 112,248

As of June 30, 2018 and 2017, amounts due to related organizations consisted of the following:

	2018	2017
OCE Administration Account	\$ 20,841	\$ 12,997
Roman Catholic Alumni Association	133,365	133,365
OFS	95,294	297,879
Specific high schools	556	-
	\$ 250,056	\$ 444,241

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

During the fiscal years ended June 30, 2018 and 2017, the High Schools entered into transactions with the following related parties:

- Archdiocese of Philadelphia's Property and Liability Insurance Fund provides insurance for the High School Operations Account. Total premiums paid for the years ended June 30, 2018 and 2017 were \$747,060 and \$807,286, respectively.
- High School Operations paid \$200,000 for both of the years ended June 30, 2018 and 2017 to Information Technology Services for support of computer systems.
- High School Operations paid \$4,652,796 and \$4,201,500 for the years ended June 30, 2018 and 2017, respectively, to the Office of Catholic Education for administrative costs.
- High School Operations paid \$900,000 and \$788,000 for the years ended June 30, 2018 and 2017, respectively, to the Office of Catholic Education for marketing costs.
- The High Schools paid \$49,000 for both of the years ended June 30, 2018 and 2017 to OFS for administrative costs associated with capital projects and legal services.

(Continued)

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE J - RELATED PARTY TRANSACTIONS - Continued

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 entities:

OFS	\$ 3,000,000
CCO	3,000,000
CHCS as Administrative Agent	71,357,582

CHCS served as Administrative Agent for 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.

On May 31, 2018, the Trust and Loan Fund of the Archdiocese of Philadelphia sold the loan to OCE dated June 27, 2014 in the stated principal amount of \$4,200,000 to the Archdiocese of Philadelphia Priests' Retirement Benefits Funding Trust. The sold loan was priced as of the transaction date by an independent financial firm, reflecting a slight discount. At the time of the sale, the outstanding principal amount of the loan was \$3,800,188. As a result of the sale, the stated interest rate of 4.0% remained the same and there was a slight modification in the amortization schedule which changed the maturity date to 2041.

During the year ended June 30, 2017, OCE made loan principal payments of \$8,553,629. Of these payments, \$6,959,253 related to additional payments in excess of those required by the amortization schedules in the respective loan agreements. Accordingly, no additional payments were made during the year ended June 30, 2018.

The outstanding debt obligations at June 30, 2018 and 2017 are as follows:

	2018	2017
Trust and Loan Fund	\$ -	\$ 3,872,264
Priests' Retirement Benefits Funding Trust	3,800,188	-
CHCS of the Archdiocese of Philadelphia	50,016,772	51,336,074
Total notes payable	\$ 53,816,960	\$ 55,208,338

(Continued)

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

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 for the years ending June 30:

2019	\$ 1,481,732
2020	1,541,896
2021	1,604,503
2022	1,669,653
2023	1,737,448
Thereafter	<u>45,781,728</u>
Total notes payable	<u>\$ 53,816,960</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 covering substantially all lay employees of the Archdiocese of Philadelphia, based on age and service requirements. On June 30, 2014, the Archdiocese 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 5.9% of the salaries of the employees for the years ended June 30, 2018 and 2017. The contribution was \$3,157,218 and \$2,884,150, respectively, for the years ended June 30, 2018 and 2017.

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, 2018 and 2017

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 will be 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. For the years ended June 30, 2018 and 2017, the Archdiocese of Philadelphia employer contribution rate was 4.5% of base salary for eligible employees, and there was a 0.35% charge for administration. The contributions by the High Schools into the 403(b) plan totaled \$2,237,801 and \$2,212,693 and the administrative charges totaled \$187,178 and \$173,436 for the years ended June 30, 2018 and 2017, 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, 2018 and 2017

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 at June 30,:

	2018	2017
Service cost	\$ 32,801	\$ 38,811
Interest cost	58,136	61,033
Amortization of		
Net loss	159,453	185,685
Prior service credit	(18,508)	(18,777)
	\$ 231,882	\$ 266,752

(Continued)

Archdiocese of Philadelphia, Office of Catholic Education
High Schools

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE K - EMPLOYEE BENEFITS - Continued

Obligations and Funded Status

The following shows changes in the benefit obligation, plan assets and funded status at June 30,:

	2018	2017
Change in plan assets		
Fair value of plan assets at beginning of year	\$ -	\$ -
Employer contributions	279,481	376,623
Plan participants' contributions	7,979	18,584
Benefit payments (expected)	(287,460)	(395,207)
Fair value of plan assets at end of year	\$ -	\$ -
Funded status		
Funded status at end of year	\$ (1,844,828)	\$ (2,100,704)
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 2,100,704	\$ 2,488,300
Service cost	32,801	38,811
Interest cost	58,136	61,033
Actual plan participants' contributions	7,979	18,584
Actual gain	(67,332)	(110,817)
Actual benefit paid	(287,460)	(395,207)
Benefit obligation at end of year	\$ 1,844,828	\$ 2,100,704
Amounts recognized in unrestricted net assets		
Net actuarial loss	\$ 2,543,235	\$ 2,770,020
Prior service credit	(150,279)	(168,787)
	\$ 2,392,956	\$ 2,601,233
Information for plans with accumulated benefit obligation in excess of plan assets		
Projected benefit obligation	\$ 1,844,828	\$ 2,100,704
Accumulated benefit obligation	1,844,828	2,100,704

(Continued)

Archdiocese of Philadelphia, Office of Catholic Education
High Schools

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE K - EMPLOYEE BENEFITS - Continued

The estimated amount that will be amortized from unrestricted net assets to net periodic benefit cost is as follows at June 30,:

	2018	2017
Net loss	\$ 154,268	\$ 172,387
Prior service credit	(18,508)	(18,777)

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

	2018	2017
Discount rate	4.00%	3.50%
Healthcare cost trend	7.60%	7.20%
Ultimate rate of increase	4.50%	4.50%
Year that ultimate rate is attained	2026	2025

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

	1% point increase	1% point decrease
Effect on service cost and interest cost	\$ 1,689	\$ (1,402)
Effect on accumulated benefit obligation	14,092	(12,051)

Plan Assets

There are no plan assets.

Cash Flows and Estimated Future Benefit Payments

	2018
Employer contributions June 30, 2019 (expected)	\$ 362,000
Expected benefit payments for the years ended June 30:	
2019	\$ 362,000
2020	243,000
2021	149,000
2022	135,000
2023	107,000
2024 - 2028	491,000

Archdiocese of Philadelphia, Office of Catholic Education
High Schools

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

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, 2018:

2019		\$ 893,974
2020		801,647
2021		463,075
2022		99,218
2023		<u>21,595</u>
		<u>\$ 2,279,509</u>

Lease expenses were \$561,292 and \$545,564 for the years ended June 30, 2018 and 2017, respectively.

NOTE M - CONTRIBUTED SERVICES

Contributed services consist of the following for the year ended June 30,:

	<u>2018</u>	<u>2017</u>
Salaries and benefits - lay equivalent value of religious services	\$ 3,700,239	\$ 4,246,629
Expended for religious services		
Salaries, related employee benefits and faculty house expenses	<u>(2,911,906)</u>	<u>(3,347,034)</u>
Total contributed services	<u>\$ 788,333</u>	<u>\$ 899,595</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.

NOTE O - SUBSEQUENT EVENTS

Management evaluated the High Schools' June 30, 2018 combined financial statements for subsequent events through November 26, 2018, 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, 2018

	Operations Account	Presidents' Accounts	Eliminations	Total
ASSETS				
Cash and cash equivalents, including amounts held by affiliate	\$ 18,400,540	\$ 9,979,479	\$ -	\$ 28,380,019
Parental tuition and fees receivable, less allowance for doubtful accounts \$4,704,255 and \$628,036, respectively	1,798,106	479,863	-	2,277,969
Due from related organizations	132	-	-	132
Accounts receivable - intrafund	3,901,863	5,583	(3,907,446)	-
Pledges receivable, net	-	4,819,123	-	4,819,123
Other receivables	1,469,293	225,335	-	1,694,628
Prepaid expenses and other assets	1,893,219	521,072	-	2,414,291
Beneficial interest in financially inter-related organizations	12,923,937	1,138,796	-	14,062,733
Investments	66,198,802	10,181,141	-	76,379,943
Property and equipment, net	95,900,245	14,835,851	-	110,736,096
Total assets	<u>\$202,486,137</u>	<u>\$ 42,186,243</u>	<u>\$ (3,907,446)</u>	<u>\$240,764,934</u>
LIABILITIES AND NET ASSETS				
Accounts payable	\$ 1,698,669	\$ 1,676,139	\$ -	\$ 3,374,808
Accrued payroll	6,208,736	3,192	-	6,211,928
Accrued non-pension retirement benefits	1,844,828	-	-	1,844,828
Accrued vacation	783,397	-	-	783,397
Incurred but not reported medical claims	1,034,000	-	-	1,034,000
Due to related organizations	116,691	133,365	-	250,056
Accounts payable - intrafund	5,583	3,901,863	(3,907,446)	-
Deferred revenue	10,829,771	1,486,384	-	12,316,155
Notes payable to Archdiocese of Philadelphia	53,816,960	-	-	53,816,960
Total liabilities	<u>76,338,635</u>	<u>7,200,943</u>	<u>(3,907,446)</u>	<u>79,632,132</u>
Net assets:				
Unrestricted	45,269,099	18,006,078	-	63,275,177
Unrestricted designated funds	6,086,312	-	-	6,086,312
Temporarily restricted	39,805,067	11,328,167	-	51,133,234
Permanently restricted	34,987,024	5,651,055	-	40,638,079
Total net assets	<u>126,147,502</u>	<u>34,985,300</u>	<u>-</u>	<u>161,132,802</u>
Total liabilities and net assets	<u>\$202,486,137</u>	<u>\$ 42,186,243</u>	<u>\$ (3,907,446)</u>	<u>\$240,764,934</u>

Archdiocese of Philadelphia, Office of Catholic Education
High Schools

COMBINING STATEMENT OF FINANCIAL POSITION

June 30, 2017

	Operations Account	Presidents' Accounts	Eliminations	Total
ASSETS				
Cash and cash equivalents, including amounts held by affiliate	\$ 14,428,754	\$ 9,299,789	\$ -	\$ 23,728,543
Parental tuition and fees receivable, less allowance for doubtful accounts \$4,500,344 and \$561,496	2,900,693	425,961	-	3,326,654
Due from related organizations	112,248	-	-	112,248
Accounts receivable - intrafund	3,572,530	359,788	(3,932,318)	-
Pledges receivable, net	-	580,854	-	580,854
Other receivables	736,805	268,831	-	1,005,636
Prepaid expenses and other assets	1,787,659	506,294	-	2,293,953
Beneficial interest in financially inter-related organizations	9,030,911	789,806	-	9,820,717
Investments	68,001,372	9,698,812	-	77,700,184
Property and equipment, net	96,643,889	15,015,010	-	111,658,899
Total assets	<u>\$197,214,861</u>	<u>\$ 36,945,145</u>	<u>\$ (3,932,318)</u>	<u>\$230,227,688</u>
LIABILITIES AND NET ASSETS				
Accounts payable	\$ 1,494,474	\$ 2,464,727	\$ -	\$ 3,959,201
Accrued payroll	6,739,001	96,752	-	6,835,753
Accrued non-pension retirement benefits	2,100,704	-	-	2,100,704
Accrued vacation	737,241	6,519	-	743,760
Incurred but not reported medical claims	917,000	-	-	917,000
Due to related organizations	310,876	133,365	-	444,241
Accounts payable - intrafund	359,788	3,572,530	(3,932,318)	-
Deferred revenue	10,058,623	1,536,062	-	11,594,685
Notes payable to Archdiocese of Philadelphia	55,208,338	-	-	55,208,338
Total liabilities	<u>77,926,045</u>	<u>7,809,955</u>	<u>(3,932,318)</u>	<u>81,803,682</u>
Net assets:				
Unrestricted	46,393,711	16,721,978	-	63,115,689
Unrestricted designated funds	4,634,908	-	-	4,634,908
Temporarily restricted	33,333,941	6,884,485	-	40,218,426
Permanently restricted	34,926,256	5,528,727	-	40,454,983
Total net assets	<u>119,288,816</u>	<u>29,135,190</u>	<u>-</u>	<u>148,424,006</u>
Total liabilities and net assets	<u>\$197,214,861</u>	<u>\$ 36,945,145</u>	<u>\$ (3,932,318)</u>	<u>\$230,227,688</u>

Archdiocese of Philadelphia, Office of Catholic Education
High Schools

COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended June 30, 2018

	Operations Account				Presidents' Accounts				Eliminations	Total					
	Unrestricted	Unrestricted designated Funds	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted		Total	Unrestricted	Unrestricted designated Funds	Temporarily Restricted	Permanently Restricted	Total
Revenues:															
Tuition and fees funded by:															
Parents and guardians	\$ 90,111,113	\$ -	\$ -	\$ -	\$ 90,111,113	\$ 5,345,143	\$ -	\$ -	\$ 5,345,143	\$ -	\$ 95,456,256	\$ -	\$ -	\$ -	\$ 95,456,256
Third-party organizations	5,624,741	-	-	-	5,624,741	-	-	-	-	-	5,624,741	-	-	-	5,624,741
Tax credit programs	6,798,555	-	-	-	6,798,555	-	-	-	-	-	6,798,555	-	-	-	6,798,555
Office of Catholic Education	488,577	-	-	-	488,577	-	-	-	-	-	488,577	-	-	-	488,577
School and alumni organizations	8,326,884	-	-	-	8,326,884	-	-	-	-	-	8,326,884	-	-	-	8,326,884
Summer School	233,419	-	-	-	233,419	-	-	-	-	-	233,419	-	-	-	233,419
Total	111,583,289	-	-	-	111,583,289	5,345,143	-	-	5,345,143	-	116,928,432	-	-	-	116,928,432
Less:															
Scholarship and tuition assistance	-	-	-	-	-	-	-	-	-	7,359,968	7,359,968	-	-	-	7,359,968
Tuition reductions	5,929,820	-	-	-	5,929,820	-	-	-	-	-	5,929,820	-	-	-	5,929,820
Net tuition and fees	105,653,469	-	-	-	105,653,469	5,345,143	-	-	5,345,143	(7,359,968)	103,638,644	-	-	-	103,638,644
Student activities	-	-	-	-	-	2,106,949	-	-	2,106,949	-	2,106,949	-	-	-	2,106,949
Athletics	-	-	-	-	-	2,135,964	-	-	2,135,964	-	2,135,964	-	-	-	2,135,964
Resale items income, net	-	-	-	-	-	219,638	-	-	219,638	-	219,638	-	-	-	219,638
Contributions and donations	460,224	-	989,229	-	1,449,453	6,641,763	9,500,839	64,682	16,207,284	-	7,101,987	-	10,490,068	64,682	17,656,737
Other	1,961,267	172,244	-	-	2,133,511	1,499,084	36,245	-	1,535,329	-	3,460,351	172,244	36,245	-	3,668,840
Fund-raising, net	-	-	-	-	-	1,066,361	100,127	-	1,166,488	-	1,066,361	-	100,127	-	1,166,488
Interest and investment income	275,061	-	834,080	7,036	1,116,177	91,265	195,512	-	286,777	-	366,326	-	1,029,592	7,036	1,402,954
Contributed services	788,333	-	-	-	788,333	-	-	-	-	-	788,333	-	-	-	788,333
Total other operating revenues	3,484,885	172,244	1,823,309	7,036	5,487,474	13,761,024	9,832,723	64,682	23,658,429	-	17,245,909	172,244	11,656,032	71,718	29,145,903
Net realized (losses) gains on investments	(57,470)	-	447,554	50,609	440,693	(371)	27,113	-	26,742	-	(57,841)	-	474,667	50,609	467,435
Net change in unrealized gains on investments	(83,282)	-	3,402,687	18,123	3,337,528	17,781	196,241	-	214,022	-	(65,501)	-	3,598,928	18,123	3,551,550
Total investment (losses) gains	(140,752)	-	3,850,241	68,732	3,778,221	17,410	223,354	-	240,764	-	(123,342)	-	4,073,595	68,732	4,018,985
Net assets released from restriction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Satisfaction of purpose restrictions - Catholic Life 2000	1,698,000	-	(1,698,000)	-	-	-	-	-	-	-	1,698,000	-	(1,698,000)	-	-
Satisfaction of purpose restrictions - Heritage of Faith	900,000	-	(900,000)	-	-	-	-	-	-	-	900,000	-	(900,000)	-	-
Satisfaction of purpose restrictions - General	512,450	-	(497,450)	(15,000)	-	5,832,871	(5,890,517)	57,646	-	-	6,345,321	-	(6,387,967)	42,646	-
Appropriation of designated funds for expenditure	3,368,769	(3,368,769)	-	-	-	-	-	-	-	-	3,368,769	(3,368,769)	-	-	-
Total revenues	115,476,821	(3,196,525)	2,578,100	60,768	114,919,164	24,956,448	4,165,560	122,328	29,244,336	(7,359,968)	133,073,301	(3,196,525)	6,743,660	183,096	136,803,532
Expenses:															
Administration	19,972,588	-	-	-	19,972,588	5,569,862	-	-	5,569,862	-	25,542,450	-	-	-	25,542,450
Scholarship and tuition assistance	2,201,814	-	-	-	2,201,814	5,158,154	-	-	5,158,154	(7,359,968)	-	-	-	-	-
Instruction	44,003,937	-	-	-	44,003,937	2,707,751	-	-	2,707,751	-	46,711,688	-	-	-	46,711,688
Operations and maintenance of plant	14,707,841	-	-	-	14,707,841	4,208,028	-	-	4,208,028	-	18,915,869	-	-	-	18,915,869
Employee benefits	22,316,790	-	-	-	22,316,790	295,587	-	-	295,587	-	22,612,377	-	-	-	22,612,377
Student activities	1,077,979	-	-	-	1,077,979	2,489,389	-	-	2,489,389	-	3,567,368	-	-	-	3,567,368
Athletics	3,678,870	-	-	-	3,678,870	4,043,812	-	-	4,043,812	-	7,722,682	-	-	-	7,722,682
Debt service	2,158,319	-	-	-	2,158,319	-	-	-	-	-	2,158,319	-	-	-	2,158,319
Other	-	-	-	-	-	1,119,025	-	-	1,119,025	-	1,119,025	-	-	-	1,119,025
Total expenses	110,118,138	-	-	-	110,118,138	25,591,608	-	-	25,591,608	(7,359,968)	128,349,778	-	-	-	128,349,778
Change in net assets before other items	5,358,683	(3,196,525)	2,578,100	60,768	4,801,026	(635,160)	4,165,560	122,328	3,652,728	-	4,723,523	(3,196,525)	6,743,660	183,096	8,453,754
Change in value of financially inter-related organizations	-	-	3,893,026	-	3,893,026	(20,112)	369,102	-	348,990	-	(20,112)	-	4,262,128	-	4,242,016
Change in designation of net assets	(4,647,929)	4,647,929	-	-	-	90,980	(90,980)	-	-	-	(4,556,949)	4,647,929	(90,980)	-	-
Gain on sale of property	750	-	-	-	750	12,276	-	-	12,276	-	13,026	-	-	-	13,026
Other	(1,836,116)	-	-	-	(1,836,116)	1,836,116	-	-	1,836,116	-	-	-	-	-	-
Change in net assets	(1,124,612)	1,451,404	6,471,126	60,768	6,858,686	1,284,100	4,443,682	122,328	5,850,110	-	159,488	1,451,404	10,914,808	183,096	12,708,796
Net assets															
Beginning of year	46,393,711	4,634,908	33,333,941	34,926,256	119,288,816	16,721,978	6,884,485	5,528,727	29,135,190	-	63,115,689	4,634,908	40,218,426	40,454,983	148,424,006
End of year	\$ 45,269,099	\$ 6,086,312	\$ 39,805,067	\$ 34,987,024	\$ 126,147,502	\$ 18,006,078	\$ 11,328,167	\$ 5,651,055	\$ 34,985,300	\$ -	\$ 63,275,177	\$ 6,086,312	\$ 51,133,234	\$ 40,638,079	\$ 161,132,802

Archdiocese of Philadelphia, Office of Catholic Education
High Schools

COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended June 30, 2017

	Operations Account				Presidents' Accounts				Eliminations	Total					
	Unrestricted	Unrestricted designated Funds	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted		Total	Unrestricted	Unrestricted designated Funds	Temporarily Restricted	Permanently Restricted	Total
Revenues:															
Tuition and fees funded by:															
Parents and guardians	\$ 87,885,052	\$ -	\$ -	\$ -	\$ 87,885,052	\$ 8,554,007	\$ -	\$ -	\$ 8,554,007	\$ -	\$ 96,439,059	\$ -	\$ -	\$ 96,439,059	
Third-party organizations	5,041,256	-	-	-	5,041,256	-	-	-	-	-	5,041,256	-	-	5,041,256	
Tax credit programs	5,703,700	-	-	-	5,703,700	-	-	-	-	-	5,703,700	-	-	5,703,700	
Office of Catholic Education	663,352	-	-	-	663,352	-	-	-	-	-	663,352	-	-	663,352	
School and alumni organizations	8,810,339	-	-	-	8,810,339	-	-	-	-	-	8,810,339	-	-	8,810,339	
Summer School	174,387	-	-	-	174,387	-	-	-	-	-	174,387	-	-	174,387	
Total	108,278,086	-	-	-	108,278,086	8,554,007	-	-	8,554,007	-	116,832,093	-	-	116,832,093	
Less:															
Scholarship and tuition assistance	-	-	-	-	-	-	-	-	-	8,133,678	8,133,678	-	-	8,133,678	
Tuition reductions	5,208,291	-	-	-	5,208,291	-	-	-	-	-	5,208,291	-	-	5,208,291	
Net tuition and fees	103,069,795	-	-	-	103,069,795	8,554,007	-	-	8,554,007	(8,133,678)	103,490,124	-	-	103,490,124	
Student activities	-	-	-	-	-	2,202,987	-	-	2,202,987	-	2,202,987	-	-	2,202,987	
Athletics	-	-	-	-	-	2,322,693	-	-	2,322,693	-	2,322,693	-	-	2,322,693	
Resale items income, net	-	-	-	-	-	313,522	-	-	313,522	-	-	-	-	313,522	
Contributions and donations	324,748	-	1,339,010	426,571	2,090,329	8,680,884	6,139,174	3,401,420	18,221,478	-	9,005,632	-	7,478,184	3,827,991	
Other	1,881,232	-	2,340	-	1,883,572	1,589,550	65,114	-	1,654,664	-	3,470,782	-	67,454	3,538,236	
Fund-raising, net	-	-	-	-	-	1,166,277	-	-	1,166,277	-	1,166,277	-	-	1,166,277	
Interest and investment income	232,009	-	983,584	3,170	1,218,763	69,436	127,825	-	197,261	-	301,445	-	1,111,409	3,170	
Contributed services	896,860	-	-	-	896,860	2,735	-	-	2,735	-	899,595	-	-	899,595	
Total other operating revenues	3,334,849	-	2,324,934	429,741	6,089,524	16,348,084	6,332,113	3,401,420	26,081,617	-	19,682,933	-	8,657,047	3,831,161	
Net realized gains on investments	156	-	162,847	15,197	178,200	72,129	173,119	-	245,248	-	72,285	-	335,966	15,197	
Net change in unrealized gains on investments	(12,973)	-	5,953,349	3,331	5,943,707	-	-	-	-	-	(12,973)	-	5,953,349	3,331	
Total investment (losses) gains	(12,817)	-	6,116,196	18,528	6,121,907	72,129	173,119	-	245,248	-	59,312	-	6,289,315	18,528	
Net assets released from restriction															
Satisfaction of purpose restrictions - Catholic Life 2000	1,680,000	-	(1,680,000)	-	-	-	-	-	-	-	1,680,000	-	(1,680,000)	-	
Satisfaction of purpose restrictions - Heritage of Faith	900,000	-	(900,000)	-	-	-	-	-	-	-	900,000	-	(900,000)	-	
Satisfaction of purpose restrictions - General	362,667	-	(362,667)	-	-	4,684,733	(4,747,863)	63,130	-	-	5,047,400	-	(5,110,530)	63,130	
Appropriation of designated funds for expenditure	2,381,838	(2,381,838)	-	-	-	-	-	-	-	-	2,381,838	(2,381,838)	-	-	
Total revenues	111,716,332	(2,381,838)	5,498,463	448,269	115,281,226	29,658,953	1,757,369	3,464,550	34,880,872	(8,133,678)	133,241,607	(2,381,838)	7,255,832	3,912,819	
Expenses:															
Administration	17,718,347	-	-	-	17,718,347	5,813,856	-	-	5,813,856	-	23,532,203	-	-	23,532,203	
Scholarship and tuition assistance	2,113,310	-	-	-	2,113,310	6,020,368	-	-	6,020,368	(8,133,678)	-	-	-	-	
Instruction	44,099,165	-	-	-	44,099,165	3,607,971	-	-	3,607,971	-	47,707,136	-	-	47,707,136	
Operations and maintenance of plant	13,947,102	-	-	-	13,947,102	4,515,055	-	-	4,515,055	-	18,462,157	-	-	18,462,157	
Employee benefits	21,833,337	-	-	-	21,833,337	403,251	-	-	403,251	-	22,236,588	-	-	22,236,588	
Student activities	531,533	-	-	-	531,533	3,089,320	-	-	3,089,320	-	3,620,853	-	-	3,620,853	
Athletics	2,308,665	-	-	-	2,308,665	4,979,765	-	-	4,979,765	-	7,288,430	-	-	7,288,430	
Debt service	2,377,189	-	-	-	2,377,189	-	-	-	-	-	2,377,189	-	-	2,377,189	
Other	-	-	-	-	-	888,401	-	-	888,401	-	888,401	-	-	888,401	
Total expenses	104,928,648	-	-	-	104,928,648	29,317,987	-	-	29,317,987	(8,133,678)	126,112,957	-	-	126,112,957	
Change in net assets before other items	6,787,684	(2,381,838)	5,498,463	448,269	10,352,578	340,966	1,757,369	3,464,550	5,562,885	-	7,128,650	(2,381,838)	7,255,832	3,912,819	
Change in value of financially inter-related organizations	-	-	(228,140)	-	(228,140)	183,106	65,749	-	248,855	-	183,106	-	(162,391)	-	
Change in designation of net assets	(5,194,891)	5,194,891	-	-	-	(730,682)	730,682	-	-	-	(5,925,573)	5,194,891	730,682	-	
Other	(2,040,434)	-	-	-	(2,040,434)	2,040,434	-	-	2,040,434	-	-	-	-	-	
Gain on sale of property	959,253	-	-	-	959,253	-	-	-	-	-	959,253	-	-	959,253	
Change in net assets	511,612	2,813,053	5,270,323	448,269	9,043,257	1,833,824	2,553,800	3,464,550	7,852,174	-	2,345,436	2,813,053	7,824,123	3,912,819	
Net assets															
Beginning 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	
End of year	\$ 46,393,711	\$ 4,634,908	\$ 33,333,941	\$ 34,926,256	\$ 119,288,816	\$ 16,721,978	\$ 6,884,485	\$ 5,528,727	\$ 29,135,190	\$ -	\$ 63,115,689	\$ 4,634,908	\$ 40,218,426	\$ 40,454,983	