

Financial Statements and  
Report of Independent Certified Public Accountants  
**Central Administrative Office of the  
Roman Catholic Diocese of San Jose**  
June 30, 2001 and 2000

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## **Report of Independent Certified Public Accountants**

Most Reverend Patrick J. McGrath  
The Roman Catholic Bishop of San Jose

We have audited the accompanying statements of financial position of the Central Administrative Office of the Roman Catholic Diocese of San Jose as of June 30, 2001 and 2000, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Central Administrative Office of the Roman Catholic Diocese of San Jose at June 30, 2001 and 2000, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

San Jose, California  
October 5, 2001

**Central Administrative Office of the  
Roman Catholic Diocese of San Jose**

**STATEMENTS OF FINANCIAL POSITION**

**June 30,**

ASSETS	<u>2001</u>	<u>2000</u>
Cash and cash equivalents	\$ 34,933,274	\$ 43,230,272
Marketable securities	17,704,720	17,683,898
Receivables		
Parishes and institutions (net of allowance for doubtful accounts of \$516,541 in 2001 and \$601,096 in 2000)	35,840,410	26,595,909
Mortgages and notes	527,370	457,988
Pledges (net of allowance for doubtful accounts of \$774,952 in 2001 and \$596,163 in 2000)	2,180,664	2,576,139
Other (net of allowance for doubtful accounts of \$107,202 in 2001 and \$105,259 in 2000)	1,338,374	1,388,146
Inventories	5,674,355	3,885,199
Deposits and prepaid expenses	1,260,480	99,856
Bond issuance costs (net of accumulated amortization)	916,772	966,552
Investment in real estate	839,216	839,216
Assets held in trust	965,472	1,002,204
Land, buildings and equipment (net of accumulated depreciation)	<u>32,763,584</u>	<u>30,799,557</u>
Total assets	<u>\$ 134,944,691</u>	<u>\$ 129,524,936</u>

See accompanying notes to financial statements.

**Central Administrative Office of the  
Roman Catholic Diocese of San Jose**

**STATEMENTS OF FINANCIAL POSITION (continued)**

**June 30,**

LIABILITIES AND NET ASSETS

	2001	2000
Unsecured debentures payable	\$ 19,420,000	\$ 19,420,000
Notes payable	1,380,519	1,354,860
Accounts payable	2,142,532	3,118,383
Pledges payable to parishes and others	1,694,991	2,519,655
Accrued liabilities	5,925,649	4,062,056
Deposits payable	36,255,044	29,571,447
Trust assets held for parish	965,472	1,002,204
Held for parishes and institutions	6,570,334	6,735,821
Deferred revenue	11,171,555	11,244,356
Total liabilities	85,526,096	79,028,782
Net assets		
Unrestricted		
Undesignated	29,383,353	28,738,937
Designated	4,416,900	4,818,237
Funds functioning as endowment - cemetery endowment care	2,489,575	2,098,633
	36,289,828	35,655,807
Temporarily restricted	10,447,718	12,159,298
Permanently restricted	2,681,049	2,681,049
Total net assets	49,418,595	50,496,154
Total liabilities and net assets	\$ 134,944,691	\$ 129,524,936

See accompanying notes to financial statements.

**Central Administrative Office of the  
Roman Catholic Diocese of San Jose**

**STATEMENT OF ACTIVITIES**

**Year ended June 30, 2001**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Revenues</b>				
Gifts, bequests and collections	\$ 543,869	\$ 5,411,893	\$ -	\$ 5,955,762
Fees and expense reimbursements	1,926,706	-	-	1,926,706
Rental income	234,367	-	-	234,367
Investment income	3,766,331	-	-	3,766,331
Insurance premiums	9,218,730	-	-	9,218,730
Newspaper income	366,921	-	-	366,921
Cemetery revenues	4,174,813	-	-	4,174,813
Other income	229,125	-	-	229,125
Net assets released from restrictions	<u>7,123,473</u>	<u>(7,123,473)</u>	-	-
Total revenues	27,584,335	(1,711,580)	-	25,872,755
<b>Expenses</b>				
Pastoral	3,764,087	-	-	3,764,087
Religious personnel development	1,604,416	-	-	1,604,416
Education	1,152,255	-	-	1,152,255
Pension, priest retirement	1,105,466	-	-	1,105,466
Depreciation expense	588,871	-	-	588,871
Interest expense	3,233,456	-	-	3,233,456
Insurance premiums and benefits	8,516,786	-	-	8,516,786
Newspaper expenses	462,059	-	-	462,059
Cemetery expenses	3,211,486	-	-	3,211,486
Other	41,286	-	-	41,286
Administrative	2,665,952	-	-	2,665,952
Fundraising expenses	<u>604,194</u>	<u>-</u>	<u>-</u>	<u>604,194</u>
Total expenses	<u>26,950,314</u>	<u>-</u>	<u>-</u>	<u>26,950,314</u>
CHANGE IN NET ASSETS	634,021	(1,711,580)	-	(1,077,559)
Net assets at beginning of year	<u>35,655,807</u>	<u>12,159,298</u>	<u>2,681,049</u>	<u>50,496,154</u>
Net assets at end of year	<u>\$ 36,289,828</u>	<u>\$ 10,447,718</u>	<u>\$ 2,681,049</u>	<u>\$ 49,418,595</u>

See accompanying notes to financial statements.

**Central Administrative Office of the  
Roman Catholic Diocese of San Jose**

**STATEMENT OF ACTIVITIES**

**Year ended June 30, 2000**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues</b>				
Gifts, bequests and collections	\$ 162,891	\$ 6,433,336	\$ -	\$ 6,596,227
Fees and expense reimbursements	1,836,901	-	-	1,836,901
Rental income	218,589	-	-	218,589
Investment income	3,196,119	724,236	-	3,920,355
Insurance premiums	7,620,272	-	-	7,620,272
Newspaper income	367,613	-	-	367,613
Cemetery revenues	3,852,255	-	-	3,852,255
Other income	511,054	-	-	511,054
Net assets released from restrictions	4,310,001	(4,310,001)	-	-
Total revenues	22,075,695	2,847,571	-	24,923,266
<b>Expenses</b>				
Pastoral	3,379,399	-	-	3,379,399
Religious personnel development	975,288	-	-	975,288
Education	868,228	-	-	868,228
Pension, priest retirement	1,217,579	-	-	1,217,579
Depreciation expense	607,643	-	-	607,643
Interest expense	2,127,883	-	-	2,127,883
Insurance premiums and benefits	7,637,310	-	-	7,637,310
Newspaper expenses	396,430	-	-	396,430
Cemetery expenses	2,727,315	-	-	2,727,315
Other	125,187	-	-	125,187
Administrative	2,774,640	-	-	2,774,640
Fundraising expenses	418,242	-	-	418,242
Total expenses	23,255,144	-	-	23,255,144
CHANGE IN NET ASSETS	(1,179,449)	2,847,571	-	1,668,122
Net assets at beginning of year	36,835,256	9,311,727	2,681,049	48,828,032
Net assets at end of year	\$ 35,655,807	\$ 12,159,298	\$ 2,681,049	\$ 50,496,154

See accompanying notes to financial statements.

**Central Administrative Office of the  
Roman Catholic Diocese of San Jose  
STATEMENTS OF CASH FLOWS**

**Years ended June 30,**

	2001	2000
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Change in net assets	\$ (1,077,559)	\$ 1,668,122
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	588,871	607,643
Amortization of bond issuance costs	49,780	29,038
Realized and unrealized investment losses	1,621,157	148,035
Loss on sale of plant assets	-	128,029
Changes in operating assets and liabilities:		
Receivables	(8,868,636)	(6,599,183)
Inventories	(1,789,156)	(29,032)
Deposits and prepaid expenses	(1,160,624)	65,378
Bond issuance costs	-	(995,590)
Trust assets held for parish	36,732	(1,002,204)
Accounts payable and pledges payable	(1,800,515)	2,044,262
Accrued liabilities	1,870,384	377,808
Deposits payable	6,683,597	8,510,621
Assets held in trust	(36,732)	1,002,204
Held for parishes and institutions	(165,487)	1,151,496
Deferred revenue	(72,801)	720,418
Net cash provided by (used in) operating activities	(4,120,989)	7,827,045
Cash flows from investing activities:		
Proceeds from sale of plant assets	-	3,500
Payments received on note receivable	-	5,114,065
Purchase of plant assets	(2,433,628)	(3,207,289)
Purchase of marketable securities	(3,347,101)	(5,316,432)
Proceeds from sale of marketable securities	1,705,122	2,421,093
Net cash used in investing activities	(4,075,607)	(985,063)
Cash flows from financing activities:		
Principal payments on capital lease obligation	(6,791)	(11,562)
Proceeds from notes and bonds payable	-	19,631,279
Payments on notes and bonds payable	(93,611)	(4,348)
Net cash provided by (used in) financing activities	(100,402)	19,615,369
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 (8,296,998)	 26,457,351
Cash and cash equivalents at beginning of year	43,230,272	16,772,921
Cash and cash equivalents at end of year	\$ 34,933,274	\$ 43,230,272

See accompanying notes to financial statements.

**Central Administrative Office of the  
Roman Catholic Diocese of San Jose**

**STATEMENTS OF CASH FLOWS (continued)**

**Years ended June 30,**

	<u>2001</u>	<u>2000</u>
<u>Supplemental disclosure of cash paid for:</u>		
Interest	\$ 3,282,283	\$ 2,491,366

Supplemental disclosure of noncash investing activity

The Diocese financed the purchase of equipment with equipment loans of \$119,270 and \$83,684 in 2001 and 2000, respectively.

See accompanying notes to financial statements.

**Central Administrative Office of the  
Roman Catholic Diocese of San Jose**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2001 and 2000**

**NOTE A - ORGANIZATION**

The Roman Catholic Bishop of San Jose, a California Corporation Sole, was incorporated on March 19, 1981 and commenced financial operations on July 1, 1981 as the Roman Catholic Diocese of San Jose ("Diocese").

The financial statements include only those funds for which the Central Administrative Office ("CAO") maintains direct operational control. Those entities not included in these statements are the parish churches, elementary and secondary schools, The Catholic Charities of San Jose, The Roman Catholic Seminary Corporation of San Jose ("Seminary"), Jeanne d'Arc Manor, Giovanni Center, Charities Housing Development Corporation of Santa Clara County, San Tomas/Charities Housing Corporation, Sierra Vista/Charities Housing Corporation, Sunset Housing Corporation and Stoney Pine.

Following is a description of the fund groups included in net assets:

Unrestricted net assets

- Current Funds

- Operating Fund

- This fund contains the unrestricted resources available for the support of the CAO and resources held for parishes and institutions. This includes the land, buildings and equipment held for use by the CAO, St. Joseph's Cathedral and sites held for sale and for future parishes and institutions.

- Newspaper Fund

- This fund contains the resources available for Newspaper operations.

- Service Funds

- Payroll Fund

- This fund contains resources held by the CAO to operate a central payroll system for parishes and institutions. Deposits are required from the participating organizations and they are billed for their respective shares of the periodic payrolls and the system's costs.

- Benefit Fund

- This fund collects and disburses monies for benefit programs.

- Comprehensive Insurance Fund

- This fund collects and disburses monies for liability, general property and workers' compensation insurance. The net assets are designated for potential claims.

- Cemetery Fund

- The Roman Catholic Cemeteries of San Jose are contained in this fund.

**Central Administrative Office of the  
Roman Catholic Diocese of San Jose**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**June 30, 2001 and 2000**

**NOTE A - ORGANIZATION (continued)**

- Deposit and Loan Fund

This fund contains deposits held by the CAO for parishes and institutions which are held for investment and/or loaned to other parishes and institutions. Interest rates applied to deposits and loans are 55% and 66-2/3%, respectively, of the prime rate on April 1 of each year. At June 30, 2001 and 2000, the effective rates were 6.78% and 7.75%, respectively.

- Endowment and Similar Funds

A portion of this fund has been designated by the CAO as quasi-endowment and may be used for any purpose.

- Priest Retirement Fund

This fund has been established to provide support for retired priests. Specific assets have been designated for this purpose from the Annual Diocesan Appeal, parish payments and potential claims and a Medicare supplemental plan for priests.

- Fundraising Fund

This fund has been established for general fundraising expenses for the general diocesan operations.

**Temporarily restricted net assets** consist of assets, the use of which has been restricted by the donor.

- Annual Appeal Fund

This fund contains the operations of the Annual Diocesan Appeal. The annual appeal funds raised in February through June are treated as temporarily restricted revenues and are released from restriction in the following year, which is the period for which the funds are collected from the parishes. Associated fund raising costs are expensed as incurred.

- Endowment and Similar Funds

In addition to unrestricted and permanently restricted net assets, this fund contains resources that are temporarily restricted in accordance with trust agreements.

- Capital Campaign Fund

This fund has been established to raise money for the Diocese of San Jose to be used for a number of needs including priest retirement, bond repayment, scholarships and new parishes.

- Cemetery Fund

In addition to unrestricted net assets, this fund also contains the proceeds from the sale of Old Kell Cemetery which have been restricted for the use of the Cemeteries and are invested within the pooled investment fund.

**Central Administrative Office of the  
Roman Catholic Diocese of San Jose**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**June 30, 2001 and 2000**

**NOTE A - ORGANIZATION (continued)**

**Permanently restricted net assets** consist of assets, the use of which has been restricted for investment in perpetuity. The income from these assets is available for either general operations or specific programs as specified by the donor.

- Endowment and Similar Funds

In addition to unrestricted and temporarily restricted net assets, this fund contains restricted resources, the income from which is to be used principally for priest education and retirement and scholarships and are invested within the pooled investment fund.

Also included in the statement of financial position is the following fund:

- Investment Pool Fund

This fund contains investments of the CAO as well as those investments held for parishes and institutions. Ownership by specific funds or entities is accounted for by use of a pooling method based on market values. Revenues and expenses of the Pool are reflected as net asset changes in the fund or entity for which the assets are held.

**NOTE B - SUMMARY OF ACCOUNTING POLICIES**

The accounting policies of the CAO conform to accounting principles generally accepted in the United States of America applicable to religious organizations.

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements follows:

- Fund Accounting

The accounts of the CAO are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded by fund group. However, for the financial statements, transactions are reported by the net asset categories described in Note A.

- Accrual Basis

The financial statements of the CAO have been prepared on the accrual basis of accounting.

- Cash and Cash Equivalents

All highly liquid debt instruments purchased with a maturity of three months or less are considered cash equivalents, and may include short-term commercial paper and repurchase agreements.

**Central Administrative Office of the  
Roman Catholic Diocese of San Jose**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**June 30, 2001 and 2000**

**NOTE B - SUMMARY OF ACCOUNTING POLICIES (continued)**

A significant portion of the cash balances held at various banks at June 30, 2001 and 2000 are in excess of federally insured limits.

- Pledges Receivable

Pledges receivable are generated from the Annual Diocesan Appeal campaign drive. The donor-imposed restriction permits the Diocese to expend the donated assets in the following fiscal year and the restriction is satisfied by the passage of time. Also included in pledges receivable are restricted funds raised as a result of a capital campaign drive.

- Marketable Securities

Marketable securities are presented in the financial statements at fair value.

- Inventories

Cemetery inventories consist of graves, crypts, cremains, niches, landscaping and irrigation surrounding the sites and site development. Inventories are valued at the lower of cost (based on average cost) or market.

- Land, Buildings and Equipment

Land, buildings and equipment are recorded at cost, or, in the case of cemetery properties acquired directly from the Archdiocese of San Francisco, at approximate market value at the time of transfer. Depreciation expense is calculated principally on the straight-line method over the estimated useful lives of the assets. Maintenance and repairs which neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred.

- Deferred Revenue

Deferred revenue consists principally of rental income, which is recognized on a straight-line basis over the term of the lease, and preneed cemetery sales of future goods and services.

- Tax Exempt Status

The Diocese has been granted tax exempt status by the Internal Revenue Service and the California Franchise Tax Board under code Sections 501(c)(3) and 23701(d), respectively. The Diocese has received a ruling that it is not a private foundation.

- Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate that value:

- Cash, Receivables and Payables

The carrying amount approximates fair value because of the short maturity of those investments.

**Central Administrative Office of the  
Roman Catholic Diocese of San Jose**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**June 30, 2001 and 2000**

**NOTE B - SUMMARY OF ACCOUNTING POLICIES (continued)**

– Marketable Securities

The fair value of marketable securities is estimated based on quoted market prices for those or similar investments.

– Notes Payable

The carrying value of notes payable approximates the fair value as the carrying value is calculated using discounted cash flow analyses, based on the CAO's incremental borrowing rate.

• Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as revenues and expenses during the reporting period. Actual results could differ from those estimates.

The CAO's allowances for doubtful receivables totaling \$1,398,695 and \$1,302,518, in 2001 and 2000, respectively, are particularly significant estimates. The determination of the balance in this account is based on an analysis of the receivables and reflects an amount which, in management's judgment, is adequate to provide for potential losses after giving consideration to the character of the receivables, current economic conditions, past collection experience and such other factors that deserve current recognition in estimating losses.

• Trusts

The Diocese has been named trustee for two unitrusts. The donor is the income beneficiary until death, at which time the property transfers to the designated beneficiary. The Diocese is not the beneficiary and, therefore, records an asset and a corresponding liability.

• Bond Issuance Costs

Costs incurred in connection with the issuance of debentures are being amortized over the life of the debentures.

• Reclassifications

Certain 2000 amounts have been reclassified in order to conform to the 2001 financial statement presentation.

**Central Administrative Office of the  
Roman Catholic Diocese of San Jose**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**June 30, 2001 and 2000**

**NOTE C - MARKETABLE SECURITIES**

Marketable securities at June 30, 2001 and 2000 consist of the following:

	<u>2001</u>	<u>2000</u>
Corporate stocks	\$ 8,005,683	\$ 9,707,185
Corporate bonds	2,591,047	3,143,736
Mutual funds	324,539	316,640
U.S. Government securities	3,566,007	2,659,811
Other	<u>3,217,444</u>	<u>1,856,526</u>
 Total	 <u>\$ 17,704,720</u>	 <u>\$ 17,683,898</u>

Investment income consists of the following:

	<u>Year Ended June 30,</u>	
	<u>2001</u>	<u>2000</u>
Interest and dividends	\$ 553,834	\$ 578,138
Realized and unrealized losses, net	<u>(1,621,157)</u>	<u>(148,035)</u>
 Total earnings (loss)	 (1,067,323)	 430,103
 Less portfolio manager and custodian fees	 <u>(95,203)</u>	 <u>(76,846)</u>
 Net earnings (loss) from investment pool activities	 (1,162,526)	 353,257
 Investment income - other than pool	 <u>4,618,715</u>	 <u>3,541,627</u>
 Total earnings from investment activities	 3,456,189	 3,894,884
 Less income (loss) attributed to custodian and similar funds:		
Interest and dividends (net of manager fees of \$25,399 in 2001 and \$16,620 in 2000)	122,357	108,420
Realized and unrealized losses, net	<u>(432,499)</u>	<u>(133,891)</u>
	<u>(310,142)</u>	<u>(25,471)</u>
 Total earnings from investment activities excluding custodian and similar funds	 <u>\$ 3,766,331</u>	 <u>\$ 3,920,355</u>

**Central Administrative Office of the  
Roman Catholic Diocese of San Jose**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**June 30, 2001 and 2000**

**NOTE D - PLEDGES RECEIVABLE AND PAYABLE**

Pledges receivable are as follows at June 30:

	2001	2000
Capital Campaign		
Due within one year	\$ 1,303,143	\$ 659,000
Due in one to five years	-	1,031,466
	1,303,143	1,690,466
Less provision for uncollectible pledges	714,952	536,163
	588,191	1,154,303
Annual Appeal		
Due within one year	1,652,473	1,481,836
Less provision for uncollectible pledges	60,000	60,000
	1,592,473	1,421,836
	<u>\$ 2,180,664</u>	<u>\$ 2,576,139</u>
Annual and capital campaign pledges payable to parishes and other organizations at June 30:	<u>\$ 1,694,991</u>	<u>\$ 2,519,655</u>

**Central Administrative Office of the  
Roman Catholic Diocese of San Jose**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**June 30, 2001 and 2000**

**NOTE E - LAND, BUILDINGS AND EQUIPMENT**

Land, buildings and equipment consist of the following at June 30:

	2001	2000
<b>Cemetery Fund</b>		
Buildings and improvements	\$ 2,377,747	\$ 2,147,775
Furniture and fixtures	602,899	408,627
Vehicles	993,509	856,264
Turf equipment	225,298	196,954
Tools and equipment	253,048	133,954
Office plans	21,333	21,333
Other improvements	104,280	23,499
	4,578,114	3,788,406
Less accumulated depreciation	2,276,650	2,098,767
	2,301,464	1,689,639
Land	426,102	426,102
Construction in progress	28,393	96,965
	\$ 2,755,959	\$ 2,212,706

**Central Administrative Office of the  
Roman Catholic Diocese of San Jose**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**June 30, 2001 and 2000**

**NOTE E - LAND, BUILDINGS AND EQUIPMENT (continued)**

	2001	2000
<b>Priest Retirement Fund</b>		
Leasehold improvements	\$ 400,058	\$ 400,058
Less accumulated depreciation	400,058	400,058
	-	-
 <b>Operating Fund</b>		
Buildings and improvements	28,794,345	27,380,755
Furniture and equipment	1,422,940	1,389,182
Vehicles	41,977	41,977
	30,259,262	28,811,914
Less accumulated depreciation	5,030,318	4,553,830
	25,228,944	24,258,084
 Land		
Sites for future parishes and institutions	3,237,198	3,077,284
Land held for sale	117,000	117,000
Land under operating lease (see Note J)	616,554	616,554
Operating properties	807,929	517,929
	4,778,681	4,328,767
	30,007,625	28,586,851
	\$ 32,763,584	\$ 30,799,557

**NOTE F - UNSECURED DEBENTURES**

On December 1, 1999, the Diocese concluded the sale of unsecured debentures with proceeds totaling \$19,420,000 and issuance costs of \$995,590. Proceeds from the sale of the unsecured debentures are to be used to loan to Holy Spirit Elementary School, to finance earthquake retrofit improvements at various parish and school facilities, for general corporate purposes and to pay costs of issuance. Principal and interest on the unsecured debentures will be paid from contributions of the membership.

**Central Administrative Office of the  
Roman Catholic Diocese of San Jose**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**June 30, 2001 and 2000**

**NOTE F - UNSECURED DEBENTURES (continued)**

The first sinking fund category for \$7,525,000 has various maturity dates which begin in 2002 and conclude in 2012 with coupon rates ranging from 7% to 8%. The second sinking fund category, for \$6,545,000 has various maturity dates which begin in 2012 and conclude in 2017 with a coupon rate of 8%. The third sinking fund category, for \$5,350,000 has various maturity dates which begin in 2017 and conclude in 2020 with a coupon rate of 8.25%. The first interest payment date was on June 1, 2000. Thereafter, interest is payable semiannually June 1 and December 1, until the unsecured debentures have been paid in full.

The second and third sinking fund category are subject to a pro-rata mandatory sinking fund redemption, on June 1, 2012 and June 1, 2017, respectively, and on each June 1 and December 1 thereafter at 100% of the principal amount thereof, plus accrued interest to the redemption date, from mandatory sinking fund payments.

Optional Redemptions

Before December 1, 2004, the first sinking fund category shall not be subject to call or redemption. Beginning December 1, 2004, the debentures of all maturities from 2005 to 2012 shall be subject to call and redemption on a pro-rata basis in inverse chronological order at par plus accrued interest, upon 30 days notice.

The second sinking fund category shall be subject to prior redemption beginning December 1, 2004, at par plus accrued interest upon 30 days notice, provided that all other debentures have been redeemed.

After the issue date, the third sinking fund category shall be subject to call and redemption at par plus accrued interest upon 30 days notice and without penalty from any source other than borrowed funds. Beginning December 1, 2004, the third series shall be subject to call and redemption at par plus accrued interest upon 30 days notice and without penalty from any source.

Covenants

The Central Administrative Office of the Roman Catholic Diocese of San Jose must comply with covenants including maintenance of specific ratios and timely submission of audited financial statements. The Diocese was in compliance with these requirements at June 30, 2001.

**Central Administrative Office of the  
Roman Catholic Diocese of San Jose**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**June 30, 2001 and 2000**

**NOTE F - UNSECURED DEBENTURES (continued)**

Aggregate maturities of the unsecured debentures as of June 30, 2001 are as follows:

Year ending June 30,

2002	\$	260,000
2003		555,000
2004		590,000
2005		635,000
2006		690,000
Thereafter		<u>16,690,000</u>
Total		<u>\$ 19,420,000</u>

**NOTE G - NOTES PAYABLE**

Notes payable consist of the following at June 30:

	2001	2000
Non-interest bearing obligation to The Archdiocese of San Francisco, payable in annual installments of \$100,000 through 2021. The fair value of this note has been determined based on an imputed interest rate of 5.5%	\$ 1,222,257	\$ 1,251,741
4% note payable in monthly installments of \$343, plus interest, through 2007, collateralized by a deed of trust	16,995	19,435
3.35% equipment loan payable in monthly installments of \$4,108, plus interest, through 2002	32,459	83,684
4.50% equipment loan payable in monthly installments of \$2,064, plus interest, through 2004	63,940	-
14.4% equipment loan payable in monthly installments of \$3,100, plus interest, through 2002	<u>44,868</u>	<u>-</u>
	<u>\$ 1,380,519</u>	<u>\$ 1,354,860</u>

**Central Administrative Office of the  
Roman Catholic Diocese of San Jose**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**June 30, 2001 and 2000**

**NOTE G - NOTES PAYABLE (continued)**

Aggregate maturities of notes payable as of June 30, 2001 are as follows:

Year ending June 30,

2002		\$	198,950
2003			141,258
2004			122,688
2005			102,971
2006			100,000
Thereafter			<u>1,633,542</u>
			2,299,409
Less amount representing imputed interest			<u>(918,890)</u>
Total		<u>\$</u>	<u>1,380,519</u>

**NOTE H - RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following as of June 30:

	<u>2001</u>		<u>2000</u>
Current Funds:			
Operating (time and purpose restrictions)	\$ 455,132	\$	766,135
New high school (purpose restricted)	585,141		1,000,000
Priest Retirement Funds:			
Post Retirement (purpose restriction)	13,923		13,923
Cemetery Fund:			
Future Cemetery expenditures (purpose restriction)	371,088		371,088
Fund Raising Funds:			
Annual Appeal programs and general operations (time restriction)	4,767,747		4,380,077
Capital Campaign priest retirement, scholarships, new parishes (time and purpose restrictions)	934,183		2,106,564
Endowment Fund:			
Trust agreements and scholarships (purpose restrictions)	<u>3,320,504</u>		<u>3,521,511</u>
	<u>\$ 10,447,718</u>	<u>\$</u>	<u>12,159,298</u>

**Central Administrative Office of the  
Roman Catholic Diocese of San Jose**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**June 30, 2001 and 2000**

**NOTE H - RESTRICTED NET ASSETS (continued)**

Permanently restricted net assets are restricted to investment in perpetuity, the income from which is expendable to support the following at June 30:

	2001	2000
Priest education and retirement	\$ 764,009	\$ 764,009
Scholarships	1,887,250	1,887,250
General operations	29,790	29,790
	\$ 2,681,049	\$ 2,681,049

**NOTE I - NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. Net assets released from restrictions during 2001 and 2000 consisted of the following:

	2001	2000
Purpose restrictions accomplished	\$ 2,099,253	\$ 192,662
Time restrictions expired	5,024,220	4,117,339
Total restrictions released	\$ 7,123,473	\$ 4,310,001

**NOTE J - FUTURE MINIMUM RENTAL RECEIPTS**

In October 1987, the Diocese entered into an 85 year lease which allowed the lessee to build and operate a continuing care retirement home on land owned by the Diocese of San Jose. First year base rent of \$480,000 was paid in October 1987. Base rent of \$600,000 was paid in October 1988, for the second year. Lease payments of \$7,180,000 were received during 1990. Lease payments of \$1,000,000 were due each October 1 from 1995 through 1999. The payments received in 1990 and later years are being recognized as income ratably (approximately \$144,000 annually) over the remaining term of the lease. Amounts to be recognized in future periods are recorded as deferred revenue.

**Central Administrative Office of the  
Roman Catholic Diocese of San Jose**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**June 30, 2001 and 2000**

**NOTE J - FUTURE MINIMUM RENTAL RECEIPTS (continued)**

The Diocese is the lessor of certain other rental properties. Future minimum rental receipts from long-term noncancelable operating leases as of June 30, 2001 are as follows:

Year ending June 30,

2002	\$ 63,379
2003	<u>26,408</u>
Total	<u>\$ 89,787</u>

Rental income recognized for 2001 and 2000 totaled \$234,367 and \$218,590, respectively.

**NOTE K - COMMITMENTS AND CONTINGENCIES**

The CAO conducts its operations in leased facilities under operating leases. In addition to the minimum rental payments, the CAO must pay a proportionate share of the operating expenses of the facilities. Rent expense for the years ended June 30, 2001 and 2000 was \$796,904 and \$660,923, respectively.

Future minimum rental payments are as follows:

Year ending June 30,

2002	\$ 818,695
2003	862,595
2004	914,950
2005	788,388
2006	834,410
Thereafter	<u>2,673,992</u>
Total	<u>\$ 6,893,030</u>

The accompanying statements of activities reflect rent expense on a straight-line basis over the term of the lease obligation with a difference between rent expense and rent paid of \$215,385 and \$0 for 2001 and 2000, respectively.

The Diocese has entered into several construction agreements on behalf of various parishes and schools. At June 30, 2001, construction commitments approximated \$14,263,191. The total amount expended as of June 30, 2001 on these commitments was approximately \$9,303,044. All expenditures incurred with respect to these construction agreements are expenditures of the various parishes and schools.

**Central Administrative Office of the  
Roman Catholic Diocese of San Jose**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**June 30, 2001 and 2000**

**NOTE K - COMMITMENTS AND CONTINGENCIES (continued)**

The Diocese is party to various litigation matters in the normal course of business. Management believes that the resolution of these matters will not have a material adverse effect on the financial condition of the CAO.

**NOTE L - POST-RETIREMENT BENEFITS**

The Diocese sponsors a post-retirement Medicare supplemental plan for retired priests who are eligible to receive Medicare.

The plan pays medical costs not covered by Parts A and B of Medicare. The plan assumes that the priest has full Medicare coverage. In addition, the plan pays 90% of prescription drug costs. The maximum annual payout is \$7,500.

An actuary performs an analysis of per capita claims costs and premiums on a calendar year basis. Since plan experience with regard to claims costs is limited due to the small size of the group, the actuary uses retiree premiums as the basis for estimating future claim costs.

The transition amount for the unrecognized net obligation is amortized on a straight-line basis over 17 years.

The accrued post-retirement benefit cost is recorded in accrued liabilities on the statement of financial position.

The Diocese has adopted Statement of Financial Accounting Standards No. 132 (“SFAS 132”), *Employers’ Disclosures about Pensions and Other Postretirement Benefits*, which sets forth employers’ financial statement disclosure requirements regarding pension and other post retirement benefit plans.

	June 30,	
	2001	2000
	(\$ in thousands)	
Benefit obligation at June 30	\$ 867	\$ 811
Accumulated post-retirement benefit obligation in excess of plan assets	867	811
Accrued post-retirement benefit cost	\$ (198)	\$ (55)

**Central Administrative Office of the  
Roman Catholic Diocese of San Jose**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**June 30, 2001 and 2000**

**NOTE L - POST-RETIREMENT BENEFITS (continued)**

Weighted average assumptions as of June 30:

	<u>2001</u>	<u>2000</u>
Discount rate	7.38%	7.75%
Expected return on plan assets	8.00%	8.00%
Expected future increase	3.75%	3.75%

**NOTE M - PENSION PLANS**

Lay Pension Plan

The Central Administrative Office participates in a defined benefit pension plan operated by the Diocese. All full-time lay employees who have completed at least one year of service are eligible.

The plan provides benefits based on the highest final average salary and all years and months of service, counting partial months as whole months.

Although the Diocese is exempt from the funding requirements of ERISA, it has been the Diocese's practice to make contributions annually to the plan that are not less than the ERISA minimum funding requirement as applicable to churches, and not in excess of the amount that could be deducted for federal income tax purposes, assuming the Diocese was not exempt from taxation. In general, it has been the policy of the Diocese to fund any unfunded past service liability over 30 years.

Approximately 51% of the plan assets are invested in common stock, 41% of plan assets are invested in Treasury and corporate bonds, and 8% of plan assets are invested in cash equivalents.

Only the CAO's portion of the accrued benefit cost is reflected in the statement of financial position as part of accrued liabilities.

Priest Retirement Plan

The Diocese also sponsors a defined benefit pension plan for all Diocesan priests who are ordained for or incardinated in the Diocese and in good standing and not on probation.

The plan provides benefits based on a flat benefit prorated for years and months of service less than 35 years.

Since the Diocese is exempt from the funding requirements of ERISA, it has been the Diocese's practice to make contributions annually to the plan based on actuarial principles. In general, it has been the Diocese's policy to fund any unfunded past service liability over 30 years.

Approximately 58% of the plan assets are invested in common stock and 36% of plan assets are invested in Treasury and corporate bonds. The balance is invested in cash equivalents.

**Central Administrative Office of the  
Roman Catholic Diocese of San Jose**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**June 30, 2001 and 2000**

**NOTE M - PENSION PLANS (continued)**

Priest Supplemental Plan

The Diocese sponsors a nonqualified supplemental defined benefit pension plan for certain priests listed in the Appendix A and B of the plan document.

Benefits for priests in Appendix A are based on the excess of their benefit calculated under the regular retirement plan with additional years of service over their actual retirement plan benefit. Benefits for priests in Appendix B are based on the excess of their benefit calculated according to the formula defined in Appendix B over their actual regular retirement plan benefit.

Since the plan is exempt from the funding requirements of ERISA, it has been the Diocese's practice to make contributions annually to the plan not less than that required to pay benefits for that year.

Approximately 91% of the plan assets are invested in mutual funds. The balance is invested in cash equivalents.

**Central Administrative Office of the  
Roman Catholic Diocese of San Jose**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**June 30, 2001 and 2000**

**NOTE M - PENSION PLANS (continued)**

	(\$ in thousands)		
	Lay	Priest Retirement	Priest Supplemental
<u>2001</u>			
Benefit obligation at June 30, 2001	\$ 54,240	\$ 7,122	\$ 1,170
Plan assets at fair value	38,884	4,846	659
Funded status	(15,356)	(2,276)	(511)
Accrued benefit cost for the plan as a whole	(6,630)	(2,276)	(511)
Accrued benefit cost for the Central Administrative Office	(399)	(2,276)	(511)
	Lay	Priest Retirement	Priest Supplemental
Discount rate	7.4%	7.4%	7.4%
Expected return on plan assets	9.0%	8.0%	8.0%
Expected future increases	5.3%	2.0%	2.0%
	(\$ in thousands)		
	Lay	Priest Retirement	Priest Supplemental
Net pension cost for plan as a whole	\$ 3,993	\$ 591	\$ 112
Net pension cost for the Central Administrative Office	240	591	112
Employer contributions	3,899	301	55
Benefits paid	1,424	486	111

**Central Administrative Office of the  
Roman Catholic Diocese of San Jose**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**June 30, 2001 and 2000**

**NOTE M - PENSION PLANS (continued)**

	(\$ in thousands)		
	Lay	Priest Retirement	Priest Supplemental
<u>2000</u>			
Benefit obligation at June 30, 2000	\$ 44,075	\$ 6,703	\$ 1,043
Plan assets at fair value	40,735	4,911	653
Funded status	(3,340)	(1,792)	(390)
Accrued benefit cost for the plan as a whole	(6,536)	(1,792)	(390)
Accrued benefit cost for the Central Administrative Office	(786)	(1,792)	(390)
	Lay	Priest Retirement	Priest Supplemental
Discount rate	7.5%	7.5%	7.5%
Expected return on plan assets	9.0%	8.5%	8.5%
Expected future increases	5.5%	2.0%	2.0%
	(\$ in thousands)		
	Lay	Priest Retirement	Priest Supplemental
Net pension cost for plan as a whole	\$ 2,927	\$ 547	\$ 103
Net pension cost for the Central Administrative Office	368	547	103
Employer contributions	2,141	360	76
Benefits paid	1,261	452	105

**NOTE N - RELATED PARTY TRANSACTIONS**

The Diocese performs various administrative services, including payroll processing, for several related entities. Fees received for these services were \$438,346 and \$390,527 for the year ending June 30, 2001 and 2000, respectively.

During fiscal years 2001 and 2000, \$250,000 was paid by the Diocese to St. Joseph's Cathedral parish to support the operations of the Cathedral.

**Central Administrative Office of the  
Roman Catholic Diocese of San Jose**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**June 30, 2001 and 2000**

**NOTE N - RELATED PARTY TRANSACTIONS (continued)**

During fiscal years 2001 and 2000, \$83,333 was paid by the Diocese to support the operations of Mitty High School.

**NOTE O - SELF-INSURED RISK RETENTION GROUPS**

The Diocese is self-insured with respect to its general liability coverage through its participation with other dioceses in several western states in a risk retention group, incorporated in Vermont. Membership in the risk retention group requires a minimum participation of five years. Each member's participation in the risk retention group is fully assessable and each member is responsible for its share of the risk retention group's liabilities.

The Diocese is also self-insured with respect to its earthquake insurance coverage through its participation with other dioceses in the California Interdiocesan Earthquake Insurance pooling agreement.

**Central Administrative Office of the  
Roman Catholic Diocese of San Jose**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**June 30, 2001 and 2000**

**NOTE P – FUNCTIONAL EXPENSE CLASSIFICATIONS**

The expenses of the CAO are classified on a functional basis among its program and supporting services as follows:

	June 30,	
	2001	2000
Program:		
Pastoral	\$ 3,983,507	\$ 3,656,375
Religious personnel development	1,604,416	978,720
Education	1,152,255	868,228
Priest retirement	1,287,878	1,443,120
Insurance premiums and benefits	8,516,786	7,637,310
Newspaper	462,059	396,430
Cemetery	3,325,593	2,822,733
Deposit and loan activities	3,524,826	2,069,989
	23,857,320	19,872,905
Supporting:		
Administrative	2,488,800	2,963,997
Fundraising	604,194	418,242
	3,092,994	3,382,239
	\$ 26,950,314	\$ 23,255,144

**NOTE Q – SUBSEQUENT EVENT**

On August 15, 2001, the Diocese entered into an agreement with Notre Dame High School – San Jose and the Bank of Cherry Creek as a guarantor for the sale of Series 2001A First Mortgage Bonds (“the Bonds”) with proceeds totaling \$3,375,000 and issuance costs of \$92,500. The Bonds are unconditionally guaranteed as to principal and interest by the Diocese. Proceeds from the sale of the bonds are to finance the construction and expansion of the High School, for general corporate purposes and to pay costs of issuance.

**SUPPLEMENTARY INFORMATION**

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

Most Reverend Patrick J. McGrath  
The Roman Catholic Bishop of San Jose

Our audits were made for the purpose of forming an opinion on the basic financial statements, taken as a whole, of the Central Administrative Office of the Roman Catholic Diocese of San Jose for the years ended June 30, 2001 and 2000, which are presented in the preceding section of this report. The supplementary information presented hereinafter is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the audit procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

San Jose, California  
October 5, 2001

Central Administrative Office of the Roman Catholic Diocese of San Jose

BALANCE SHEET - ALL FUNDS

June 30, 2001

ASSETS	Current Funds	Service Funds	Cemetery Fund	Deposit and Loan Fund	Pooled Investment Fund	Fundraising Fund	Priest Retirement Fund	Endowment Fund	Total
Cash and cash equivalents	\$ 3,079,417	\$ 2,451,797	\$ 2,263,661	\$ 20,476,635	\$ -	\$ 5,244,190	\$ 281,911	\$ 1,135,663	\$ 34,933,274
Marketable securities	1,436,537	-	4,176,509	-	4,723,334	-	650,008	6,718,332	17,704,720
Receivables									
Parishes and institutions (net of allowance for doubtful accounts of \$516,541)	-	383,568	-	35,456,842	-	-	-	-	35,840,410
Mortgages and notes	160,000	-	-	367,370	-	-	-	-	527,370
Pledges (net of allowance for doubtful accounts of \$774,952)	-	-	-	-	-	2,180,664	-	-	2,180,664
Other (net of allowance for doubtful accounts of \$107,202)	69,166	-	453,131	177,048	-	-	152,204	486,825	1,338,374
Inventories	-	-	5,674,355	-	-	-	-	-	5,674,355
Deposits and prepaid expenses	144,447	1,087,574	17,720	-	-	958	9,781	-	1,260,480
Bond issuance costs	-	-	-	916,772	-	-	-	-	916,772
Investment in real estate	-	-	607,144	-	-	-	-	232,072	839,216
Assets held in trust	965,472	-	-	-	-	-	-	-	965,472
Land, buildings and equipment (net of accumulated depreciation)	30,007,625	-	2,755,959	-	-	-	-	-	32,763,584
Deposits held in (for) other funds	25,000	(38,296)	13,296	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 35,887,664</b>	<b>\$ 3,884,643</b>	<b>\$ 15,961,775</b>	<b>\$ 57,394,667</b>	<b>\$ 4,723,334</b>	<b>\$ 7,425,812</b>	<b>\$ 1,093,904</b>	<b>\$ 8,572,892</b>	<b>\$ 134,944,691</b>

Central Administrative Office of the Roman Catholic Diocese of San Jose

BALANCE SHEET - ALL FUNDS (continued)

June 30, 2001

LIABILITIES AND NET ASSETS	Current Funds	Service Funds	Cemetery Fund	Deposit and Loan Fund	Pooled Investment Fund	Fundraising Fund	Priest Retirement Fund	Endowment Fund	Total
<b>Liabilities</b>									
Bond payable	\$ -	\$ -	\$ -	\$ 19,420,000	\$ -	\$ -	\$ -	\$ -	\$ 19,420,000
Notes payable	16,995	-	1,363,524	-	-	-	-	-	1,380,519
Accounts payable	525,294	88,273	517,827	974,483	2	10,509	6,000	20,144	2,142,532
Pledges payable to parishes and others	-	-	-	-	-	1,694,991	-	-	1,694,991
Accrued liabilities	1,108,973	580,245	434,320	126,354	-	19,394	3,656,363	-	5,925,649
Deposits payable	-	-	-	36,255,044	-	-	-	-	36,255,044
Trust assets held for parish	965,472	-	-	-	-	-	-	-	965,472
Held for parishes and institutions	1,406,912	440,090	-	-	4,723,332	-	-	-	6,570,334
Deferred revenue	10,188,055	739,198	244,302	-	-	-	-	-	11,171,555
Due to (from) other funds	905,455	(1,167,956)	(400,000)	321,366	-	-	(25,060)	366,195	-
<b>Total liabilities</b>	<b>15,117,156</b>	<b>679,850</b>	<b>2,159,973</b>	<b>57,097,247</b>	<b>4,723,334</b>	<b>1,724,894</b>	<b>3,637,303</b>	<b>386,339</b>	<b>85,526,096</b>
<b>Net assets (deficit)</b>									
<b>Unrestricted</b>									
Undesignated	19,608,320	3,132,141	9,132,253	68,973	-	(1,012)	(2,557,322)	-	29,383,353
Designated	121,915	72,652	1,808,886	228,447	-	-	-	2,185,000	4,416,900
<b>Funds functioning as</b>									
endowment - cemetery endowment care	-	-	2,489,575	-	-	-	-	-	2,489,575
Temporarily restricted	1,040,273	-	371,088	-	-	5,701,930	13,923	3,320,504	10,447,718
Permanently restricted	-	-	-	-	-	-	-	2,681,049	2,681,049
<b>Total net assets (deficit)</b>	<b>20,770,508</b>	<b>3,204,793</b>	<b>13,801,802</b>	<b>297,420</b>	<b>-</b>	<b>5,700,918</b>	<b>(2,543,399)</b>	<b>8,186,553</b>	<b>49,418,595</b>
<b>Total liabilities and net assets</b>	<b>\$ 35,887,664</b>	<b>\$ 3,884,643</b>	<b>\$ 15,961,775</b>	<b>\$ 57,394,667</b>	<b>\$ 4,723,334</b>	<b>\$ 7,425,812</b>	<b>\$ 1,093,904</b>	<b>\$ 8,572,892</b>	<b>\$ 134,944,691</b>

Central Administrative Office of the Roman Catholic Diocese of San Jose

BALANCE SHEET - ALL FUNDS

June 30, 2000

ASSETS	Current Funds	Service Funds	Cemetery Fund	Deposit and Loan Fund	Pooled Investment Fund	Fundraising Fund	Priest Retirement Fund	Endowment Fund	Total
Cash and cash equivalents	\$ 6,496,471	\$ 3,171,989	\$ 2,904,844	\$ 23,838,144	\$ 317	\$ 5,516,848	\$ 321,614	\$ 980,045	\$ 43,230,272
Marketable securities	1,791,128	-	4,339,542	-	3,824,644	-	604,268	7,124,316	17,683,898
Receivables									
Parishes and institutions (net of allowance for doubtful accounts of \$601,096)	-	291,777	-	26,304,132	-	-	-	-	26,595,909
Mortgages and notes	100,000	-	-	357,988	-	-	-	-	457,988
Pledges (net of allowance for doubtful accounts of \$596,163)	-	-	-	-	-	2,576,139	-	-	2,576,139
Other (net of allowance for doubtful accounts of \$105,259)	48,562	-	657,273	76,846	126,283	-	40,034	439,148	1,388,146
Inventories	-	-	3,885,199	-	-	-	-	-	3,885,199
Deposits and prepaid expenses	61,497	30,091	-	-	-	(764)	9,032	-	99,856
Bond issuance costs	-	-	-	966,552	-	-	-	-	966,552
Investment in real estate	-	-	607,143	-	-	-	-	232,073	839,216
Assets held in trust	1,002,204	-	-	-	-	-	-	-	1,002,204
Land, buildings and equipment (net of accumulated depreciation)	28,586,851	-	2,212,706	-	-	-	-	-	30,799,557
Deposits held in (for) other funds	50,000	(75,858)	25,858	-	-	-	-	-	-
Total assets	<u>\$ 38,136,713</u>	<u>\$ 3,417,999</u>	<u>\$ 14,632,565</u>	<u>\$ 51,543,662</u>	<u>\$ 3,951,244</u>	<u>\$ 8,092,223</u>	<u>\$ 974,948</u>	<u>\$ 8,775,582</u>	<u>\$ 129,524,936</u>

Central Administrative Office of the Roman Catholic Diocese of San Jose

BALANCE SHEET - ALL FUNDS (continued)

June 30, 2000

LIABILITIES AND NET ASSETS	Current Funds	Service Funds	Cemetery Fund	Deposit and Loan Fund	Pooled Investment Fund	Fundraising Fund	Priest Retirement Fund	Endowment Fund	Total
<b>Liabilities</b>									
Bond payable	\$ -	\$ -	\$ -	19,420,000	\$ -	\$ -	\$ -	\$ -	\$ 19,420,000
Notes payable	19,435	-	1,335,425	-	-	-	-	-	1,354,860
Accounts payable	1,186,409	93,943	78,207	1,720,656	-	2,944	13,572	22,652	3,118,383
Pledges payable to parishes and others	-	-	-	-	-	2,519,655	-	-	2,519,655
Accrued liabilities	408,758	440,379	238,531	127,554	317	5,446	2,841,071	-	4,062,056
Deposits payable	-	-	-	29,571,447	-	-	-	-	29,571,447
Trust assets held for parish	1,002,204	-	-	-	-	-	-	-	1,002,204
Held for parishes and institutions	1,904,714	880,180	-	-	3,950,927	-	-	-	6,735,821
Deferred revenue	10,332,567	639,136	272,653	-	-	-	-	-	11,244,356
Due to (from) other funds	1,194,565	(1,167,956)	(400,000)	321,366	-	-	-	52,025	-
<b>Total liabilities</b>	<b>16,048,652</b>	<b>885,682</b>	<b>1,524,816</b>	<b>51,161,023</b>	<b>3,951,244</b>	<b>2,528,045</b>	<b>2,854,643</b>	<b>74,677</b>	<b>79,028,782</b>
<b>Net assets (deficit)</b>									
<b>Unrestricted</b>									
Undesignated	20,283,532	2,533,939	8,583,355	154,192	-	(922,463)	(1,893,618)	-	28,738,937
Designated	38,394	(1,622)	2,054,673	228,447	-	-	-	2,498,345	4,818,237
<b>Funds functioning as</b>									
endowment - cemetery endowment care	-	-	2,098,633	-	-	-	-	-	2,098,633
Temporarily restricted	1,766,135	-	371,088	-	-	6,486,641	13,923	3,521,511	12,159,298
Permanently restricted	-	-	-	-	-	-	-	2,681,049	2,681,049
<b>Total net asset (deficit)</b>	<b>22,088,061</b>	<b>2,532,317</b>	<b>13,107,749</b>	<b>382,639</b>	<b>-</b>	<b>5,564,178</b>	<b>(1,879,695)</b>	<b>8,700,905</b>	<b>50,496,154</b>
<b>Total liabilities and net assets</b>	<b>\$ 38,136,713</b>	<b>\$ 3,417,999</b>	<b>\$ 14,632,565</b>	<b>\$ 51,543,662</b>	<b>\$ 3,951,244</b>	<b>\$ 8,092,223</b>	<b>\$ 974,948</b>	<b>\$ 8,775,582</b>	<b>\$ 129,524,936</b>

Central Administrative Office of the Roman Catholic Diocese of San Jose

Schedule 3

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - ALL FUNDS

Year ended June 30, 2001

	Current Funds	Service Funds	Cemetery Fund	Deposit and Loan Fund	Pooled Investment Fund	Fundraising Fund	Priest Retirement Fund	Endowment Fund	Total
<b>Revenues</b>									
Gifts, bequests and collections	\$ 321,973	\$ -	\$ -	\$ -	\$ -	\$ 5,626,361	\$ 7,428	\$ -	\$ 5,955,762
Fees and expense reimbursements	1,079,555	438,386	-	-	-	-	408,765	-	1,926,706
Rental income	149,788	-	-	-	-	-	-	84,579	234,367
Investment income (loss)	655,712	117,742	(170,449)	3,437,237	-	-	25,430	(299,341)	3,766,331
Insurance premiums	-	9,218,730	-	-	-	-	-	-	9,218,730
Newspaper income	366,921	-	-	-	-	-	-	-	366,921
Cemetery revenues	-	-	4,174,813	-	-	-	-	-	4,174,813
Other income (loss)	148,423	78,066	15,282	2,370	-	-	-	(15,016)	229,125
Total revenues	2,722,372	9,852,924	4,019,646	3,439,607	-	5,626,361	441,623	(229,778)	25,872,755
<b>Expenses</b>									
Pastoral	3,548,176	-	-	-	-	59,016	156,895	-	3,764,087
Religious personnel development	1,604,416	-	-	-	-	-	-	-	1,604,416
Education	1,152,255	-	-	-	-	-	-	-	1,152,255
Pension, priest retirement	-	-	-	-	-	-	1,105,466	-	1,105,466
Administrative	1,409,815	660,260	-	322,242	-	267,449	-	6,186	2,665,952
Depreciation expense	474,764	-	114,107	-	-	-	-	-	588,871
Interest expense	24,655	3,402	-	3,202,584	-	-	812	2,003	3,233,456
Insurance premiums and benefits	-	8,516,786	-	-	-	-	-	-	8,516,786
Newspaper expense	462,059	-	-	-	-	-	-	-	462,059
Cemetery expense	-	-	3,211,486	-	-	-	-	-	3,211,486
Fundraising expense	22,000	-	-	-	-	582,194	-	-	604,194
Other	16,581	-	-	-	-	-	24,705	-	41,286
Total expenses	8,714,721	9,180,448	3,325,593	3,524,826	-	908,659	1,287,878	8,189	26,950,314
Excess (deficiency) of revenues and other additions over expenses and other deductions before transfers	(5,992,349)	672,476	694,053	(85,219)	-	4,717,702	(846,255)	(237,967)	(1,077,559)
<b>Transfers</b>									
Annual appeal transfer	4,415,214	-	-	-	-	(4,415,214)	-	-	-
Other	259,582	-	-	-	-	(165,748)	182,551	(276,385)	-
Total transfers	4,674,796	-	-	-	-	(4,580,962)	182,551	(276,385)	-
INCREASE (DECREASE) IN NET ASSETS	(1,317,553)	672,476	694,053	(85,219)	-	136,740	(663,704)	(514,352)	(1,077,559)
Net assets (deficit) at beginning of year	22,088,061	2,532,317	13,107,749	382,639	-	5,564,178	(1,879,695)	8,700,905	50,496,154
Net assets (deficit) at end of year	\$ 20,770,508	\$ 3,204,793	\$ 13,801,802	\$ 297,420	\$ -	\$ 5,700,918	\$ (2,543,399)	\$ 8,186,553	\$ 49,418,595

Central Administrative Office of the Roman Catholic Diocese of San Jose

Schedule 4

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - ALL FUNDS

Year ended June 30, 2000

	Current Funds	Service Funds	Cemetery Fund	Deposit and Loan Fund	Pooled Investment Fund	Fundraising Fund	Priest Retirement Fund	Endowment Fund	Total
<b>Revenues</b>									
Gifts, bequests and collections	\$ 1,182,525	\$ -	\$ -	\$ -	\$ -	\$ 5,241,107	\$ 172,595	\$ -	\$ 6,596,227
Fees and expense reimbursements	1,072,576	390,527	-	-	-	-	373,798	-	1,836,901
Rental income	155,210	-	-	-	-	-	-	63,379	218,589
Investment income	1,078,399	110,733	58,345	2,043,913	-	-	17,269	611,696	3,920,355
Insurance premiums	-	7,620,272	-	-	-	-	-	-	7,620,272
Newspaper income	367,613	-	-	-	-	-	-	-	367,613
Cemetery revenues	-	-	3,852,255	-	-	-	-	-	3,852,255
Other income	-	379,462	121,698	-	-	-	2,768	7,126	511,054
<b>Total revenues</b>	<b>3,856,323</b>	<b>8,500,994</b>	<b>4,032,298</b>	<b>2,043,913</b>	<b>-</b>	<b>5,241,107</b>	<b>566,430</b>	<b>682,201</b>	<b>24,923,266</b>
<b>Expenses</b>									
Pastoral	2,779,712	-	-	-	-	445,301	154,386	-	3,379,399
Religious personnel development	978,720	-	-	-	-	-	(3,432)	-	975,288
Education	868,228	-	-	-	-	-	-	-	868,228
Pension, priest retirement	-	-	-	-	-	-	1,217,579	-	1,217,579
Administrative	1,408,108	752,870	-	29,038	-	564,234	-	20,390	2,774,640
Depreciation expense	461,239	-	95,418	-	-	-	50,986	-	607,643
Interest expense	81,589	3,136	-	2,040,951	-	-	637	1,570	2,127,883
Insurance premiums and benefits	-	7,637,310	-	-	-	-	-	-	7,637,310
Newspaper expense	396,430	-	-	-	-	-	-	-	396,430
Cemetery expense	-	-	2,727,315	-	-	-	-	-	2,727,315
Fundraising expense	-	-	-	-	-	418,242	-	-	418,242
Other	102,223	-	-	-	-	-	22,964	-	125,187
<b>Total expenses</b>	<b>7,076,249</b>	<b>8,393,316</b>	<b>2,822,733</b>	<b>2,069,989</b>	<b>-</b>	<b>1,427,777</b>	<b>1,443,120</b>	<b>21,960</b>	<b>23,255,144</b>
Excess (deficiency) of revenues and other additions over expenses and other deductions before transfers	(3,219,926)	107,678	1,209,565	(26,076)	-	3,813,330	(876,690)	660,241	1,668,122
<b>Transfers</b>									
Annual appeal transfer	4,532,230	-	-	-	-	(4,532,230)	-	-	-
Annual appeal distribution	(104,380)	-	-	-	-	154,380	(50,000)	-	-
Other	(392,010)	(283,886)	-	-	-	315,144	325,233	35,519	-
<b>Total transfers</b>	<b>4,035,840</b>	<b>(283,886)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,062,706)</b>	<b>275,233</b>	<b>35,519</b>	<b>-</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>815,914</b>	<b>(176,208)</b>	<b>1,209,565</b>	<b>(26,076)</b>	<b>-</b>	<b>(249,376)</b>	<b>(601,457)</b>	<b>695,760</b>	<b>1,668,122</b>
Net assets (deficit) at beginning of year	21,272,147	2,708,525	11,898,184	408,715	-	5,813,554	(1,278,238)	8,005,145	48,828,032
Net assets (deficit) at end of year	\$ 22,088,061	\$ 2,532,317	\$ 13,107,749	\$ 382,639	\$ -	\$ 5,564,178	\$ (1,879,695)	\$ 8,700,905	\$ 50,496,154

**Central Administrative Office of the  
Roman Catholic Diocese of San Jose**

**BALANCE SHEET  
CURRENT FUNDS**

**June 30, 2001**

	Operating Fund	Newspaper Fund	Total
	<u>          </u>	<u>          </u>	<u>          </u>
ASSETS			
Cash and cash equivalents	\$ 3,726,801	\$ (647,384)	\$ 3,079,417
Marketable securities	1,436,537	-	1,436,537
Receivables			
Mortgages and notes	160,000	-	160,000
Other receivables (net of allowance for doubtful accounts of \$33,434)	32,258	36,908	69,166
Deposits and prepaid expenses	138,411	6,036	144,447
Assets held in trust	965,472	-	965,472
Land, buildings and equipment (net of accumulated depreciation)	30,007,625	-	30,007,625
Deposits held in other funds	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Total assets	<u>\$ 36,492,104</u>	<u>\$ (604,440)</u>	<u>\$ 35,887,664</u>
LIABILITIES AND NET ASSETS (DEFICIT)			
Notes payable	\$ 16,995	\$ -	\$ 16,995
Accounts payable	518,315	6,979	525,294
Accrued liabilities	1,003,556	105,417	1,108,973
Trust assets held for parish	965,472	-	965,472
Held for parishes and institutions	1,406,912	-	1,406,912
Deferred revenue	10,188,055	-	10,188,055
Due to other funds	<u>381,048</u>	<u>524,407</u>	<u>905,455</u>
Total liabilities	14,480,353	636,803	15,117,156
Net assets (deficit)			
Unrestricted			
Undesignated	20,849,563	(1,241,243)	19,608,320
Designated	121,915	-	121,915
Temporarily restricted	<u>1,040,273</u>	<u>-</u>	<u>1,040,273</u>
Total net assets (deficit)	<u>22,011,751</u>	<u>(1,241,243)</u>	<u>20,770,508</u>
Total liabilities and net assets	<u>\$ 36,492,104</u>	<u>\$ (604,440)</u>	<u>\$ 35,887,664</u>

**Central Administrative Office of the  
Roman Catholic Diocese of San Jose**

**BALANCE SHEET  
CURRENT FUNDS**

**June 30, 2000**

	ASSETS		
	Operating Fund	Newspaper Fund	Total
	<u>          </u>	<u>          </u>	<u>          </u>
Cash and cash equivalents	\$ 7,101,067	\$ (604,596)	\$ 6,496,471
Marketable securities	1,791,128	-	1,791,128
Receivables			
Mortgages and notes	100,000	-	100,000
Other receivables (net allowance for doubtful accounts of \$31,492)	15,190	33,372	48,562
Deposits and prepaid expenses	56,644	4,853	61,497
Assets held in trust	1,002,204	-	1,002,204
Land, buildings and equipment (net of accumulated depreciation)	28,586,851	-	28,586,851
Deposits held in other funds	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total assets	<u>\$ 38,703,084</u>	<u>\$ (566,371)</u>	<u>\$ 38,136,713</u>
LIABILITIES AND NET ASSETS (DEFICIT)			
Notes payable	\$ 19,435	\$ -	\$ 19,435
Accounts payable	1,180,783	5,626	1,186,409
Accrued liabilities	361,416	47,342	408,758
Trust assets held for parish	1,002,204	-	1,002,204
Held for parishes and institutions	1,904,714	-	1,904,714
Deferred revenue	10,332,567	-	10,332,567
Due to other funds	<u>670,158</u>	<u>524,407</u>	<u>1,194,565</u>
Total liabilities	15,471,277	577,375	16,048,652
Net assets (deficit)			
Unrestricted			
Undesignated	21,427,278	(1,143,746)	20,283,532
Designated	38,394	-	38,394
Temporarily restricted	<u>1,766,135</u>	<u>-</u>	<u>1,766,135</u>
Total net assets (deficit)	<u>23,231,807</u>	<u>(1,143,746)</u>	<u>22,088,061</u>
Total liabilities and net assets	<u>\$ 38,703,084</u>	<u>\$ (566,371)</u>	<u>\$ 38,136,713</u>

**Central Administrative Office of the  
Roman Catholic Diocese of San Jose**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
CURRENT FUNDS**

**Year ended June 30, 2001**

	Operating Fund	Newspaper Fund	Total
<b>Revenues</b>			
Gifts, bequests and collections	\$ 321,973	\$ -	\$ 321,973
Fees and expense reimbursements	1,079,555	-	1,079,555
Rental income	149,788	-	149,788
Investment income	655,712	-	655,712
Newspaper income	-	366,921	366,921
Other Income	148,151	272	148,423
Total revenues	2,355,179	367,193	2,722,372
<b>Expenses</b>			
Pastoral	3,548,176	-	3,548,176
Religious personnel development	1,604,416	-	1,604,416
Education	1,152,255	-	1,152,255
Administrative	1,407,184	2,631	1,409,815
Depreciation expense	474,764	-	474,764
Interest expense	24,655	-	24,655
Fundraising expense	22,000	-	22,000
Newspaper expense	-	462,059	462,059
Other	16,581	-	16,581
Total expenses	8,250,031	464,690	8,714,721
Deficiency of revenues and other additions over expenses and other deductions before transfers	(5,894,852)	(97,497)	(5,992,349)
<b>Transfers</b>			
Annual appeal transfer	4,415,214	-	4,415,214
Other	259,582	-	259,582
Total transfers	4,674,796	-	4,674,796
<b>INCREASE (DECREASE) IN NET ASSETS</b>	(1,220,056)	(97,497)	(1,317,553)
Net assets (deficit) at beginning of year	23,231,807	(1,143,746)	22,088,061
Net assets (deficit) at end of year	\$ 22,011,751	\$ (1,241,243)	\$ 20,770,508

**Central Administrative Office of the  
Roman Catholic Diocese of San Jose**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
CURRENT FUNDS**

**Year ended June 30, 2000**

	Operating Fund	Newspaper Fund	Total
Revenues			
Gifts, bequests and collections	\$ 1,182,525	\$ -	\$ 1,182,525
Fees and expense reimbursements	1,072,576	-	1,072,576
Rental income	155,210	-	155,210
Investment income	1,078,399	-	1,078,399
Newspaper income	<u>-</u>	<u>367,613</u>	<u>367,613</u>
Total revenues	3,488,710	367,613	3,856,323
Expenses			
Pastoral	2,779,712	-	2,779,712
Religious personnel development	978,720	-	978,720
Education	868,228	-	868,228
Administrative	1,408,108	-	1,408,108
Depreciation expense	461,239	-	461,239
Interest expense	81,589	-	81,589
Newspaper expense	-	396,430	396,430
Other	<u>102,223</u>	<u>-</u>	<u>102,223</u>
Total expenses	<u>6,679,819</u>	<u>396,430</u>	<u>7,076,249</u>
Excess (deficiency) of revenues and other additions over expenses and other deductions before transfers	(3,191,109)	(28,817)	(3,219,926)
Transfers			
Annual appeal transfer	4,532,230	-	4,532,230
Annual appeal distribution	(104,380)	-	(104,380)
Other	<u>(392,010)</u>	<u>-</u>	<u>(392,010)</u>
Total transfers	<u>4,035,840</u>	<u>-</u>	<u>4,035,840</u>
INCREASE (DECREASE) IN NET ASSETS	844,731	(28,817)	815,914
Net assets (deficit) at beginning of year	<u>22,387,076</u>	<u>(1,114,929)</u>	<u>21,272,147</u>
Net assets (deficit) at end of year	<u>\$ 23,231,807</u>	<u>\$ (1,143,746)</u>	<u>\$ 22,088,061</u>

**Central Administrative Office of the  
Roman Catholic Diocese of San Jose**

**BALANCE SHEET  
SERVICE FUNDS**

**June 30, 2001**

ASSETS	Payroll Fund	Benefit Fund	Compre- hensive Insurance Fund	Total
Cash and cash equivalents	\$ 512,658	\$ 1,583,900	\$ 355,239	\$ 2,451,797
Receivables				
Parishes (net of allowance for doubtful accounts of \$516,541)	72,854	68,425	242,289	383,568
Deposits and prepaid expenses	-	565,550	522,024	1,087,574
Deposit held for other funds	<u>(38,296)</u>	<u>-</u>	<u>-</u>	<u>(38,296)</u>
 Total assets	 <u>\$ 547,216</u>	 <u>\$ 2,217,875</u>	 <u>\$ 1,119,552</u>	 <u>\$ 3,884,643</u>
 LIABILITIES AND NET ASSETS				
Accounts payable	\$ 1,104	\$ 5,145	\$ 82,024	\$ 88,273
Accrued liabilities	280,321	281,996	17,928	580,245
Held for parishes and institutions	440,090	-	-	440,090
Deferred revenue	-	453,429	285,769	739,198
Due from other funds	<u>(500,000)</u>	<u>(667,956)</u>	<u>-</u>	<u>(1,167,956)</u>
Total liabilities	221,515	72,614	385,721	679,850
Net assets (deficit)				
Unrestricted				
Undesignated	325,701	2,146,883	659,557	3,132,141
Designated	<u>-</u>	<u>(1,622)</u>	<u>74,274</u>	<u>72,652</u>
Total net assets	<u>325,701</u>	<u>2,145,261</u>	<u>733,831</u>	<u>3,204,793</u>
 Total liabilities and net assets	 <u>\$ 547,216</u>	 <u>\$ 2,217,875</u>	 <u>\$ 1,119,552</u>	 <u>\$ 3,884,643</u>

**Central Administrative Office of the  
Roman Catholic Diocese of San Jose**

**BALANCE SHEET  
SERVICE FUNDS**

**June 30, 2000**

ASSETS	Payroll Fund	Benefit Fund	Compre- hensive Insurance Fund	Total
Cash and cash equivalents	\$ 405,469	\$ 2,029,369	\$ 737,151	\$ 3,171,989
Receivables				
Parishes (net of allowance for doubtful accounts of \$601,096)	213,087	17,085	61,605	291,777
Deposits and prepaid expenses	-	29,151	940	30,091
Deposits held for other funds	(75,858)	-	-	(75,858)
 Total assets	 <u>\$ 542,698</u>	 <u>\$ 2,075,605</u>	 <u>\$ 799,696</u>	 <u>\$ 3,417,999</u>
 LIABILITIES AND NET ASSETS				
Accounts payable	\$ (11,304)	\$ 10,851	\$ 94,396	\$ 93,943
Accrued liabilities	151,951	279,892	8,536	440,379
Held for parishes and institutions	880,180	-	-	880,180
Deferred revenue	-	302,822	336,314	639,136
Due to (from) other funds	(500,000)	(667,956)	-	(1,167,956)
Total liabilities	520,827	(74,391)	439,246	885,682
Net assets (deficit)				
Unrestricted				
Undesignated	21,871	2,151,618	360,450	2,533,939
Designated	-	(1,622)	-	(1,622)
Total net assets	<u>21,871</u>	<u>2,149,996</u>	<u>360,450</u>	<u>2,532,317</u>
 Total liabilities and net assets	 <u>\$ 542,698</u>	 <u>\$ 2,075,605</u>	 <u>\$ 799,696</u>	 <u>\$ 3,417,999</u>

**Central Administrative Office of the  
Roman Catholic Diocese of San Jose**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
SERVICE FUNDS**

**Year ended June 30, 2001**

	Payroll Fund	Benefit Fund	Compre- hensive Insurance Fund	Total
<b>Revenues</b>				
Fees and expense reimbursements	\$ 438,386	\$ -	\$ -	\$ 438,386
Investment income	-	103,407	14,335	117,742
Insurance premiums	-	7,054,431	2,164,299	9,218,730
Other income	74,269	-	3,796	78,065
Total revenues	<u>512,655</u>	<u>7,157,838</u>	<u>2,182,430</u>	<u>9,852,923</u>
<b>Expenses</b>				
Administrative	183,561	138,684	338,014	660,259
Interest expense	-	3,402	-	3,402
Insurance premiums and benefits	25,264	7,020,487	1,471,035	8,516,786
Total expenses	<u>208,825</u>	<u>7,162,573</u>	<u>1,809,049</u>	<u>9,180,447</u>
 INCREASE (DECREASE) IN NET ASSETS	 303,830	 (4,735)	 373,381	 672,476
Net assets at beginning of year	<u>21,871</u>	<u>2,149,996</u>	<u>360,450</u>	<u>2,532,317</u>
Net assets at end of year	<u>\$ 325,701</u>	<u>\$ 2,145,261</u>	<u>\$ 733,831</u>	<u>\$ 3,204,793</u>

**Central Administrative Office of the  
Roman Catholic Diocese of San Jose**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
SERVICE FUNDS**

**Year ended June 30, 2000**

	Payroll Fund	Benefit Fund	Compre- hensive Insurance Fund	Total
<b>Revenues</b>				
Fees and expense reimbursements	\$ 390,527	\$ -	\$ -	\$ 390,527
Investment income	-	90,503	20,230	110,733
Insurance premiums	-	5,782,444	1,837,828	7,620,272
Other income	<u>151,000</u>	<u>29,000</u>	<u>199,462</u>	<u>379,462</u>
Total revenues	541,527	5,901,947	2,057,520	8,500,994
<b>Expenses</b>				
Administrative	198,133	45,822	508,915	752,870
Interest expense	-	3,136	-	3,136
Insurance premiums and benefits	<u>43,006</u>	<u>6,120,012</u>	<u>1,474,292</u>	<u>7,637,310</u>
Total expenses	<u>241,139</u>	<u>6,168,970</u>	<u>1,983,207</u>	<u>8,393,316</u>
Excess (deficiency) of revenues over expenses before transfers	300,388	(267,023)	74,313	107,678
Transfers	<u>-</u>	<u>(283,846)</u>	<u>(40)</u>	<u>(283,886)</u>
INCREASE (DECREASE) IN NET ASSETS	300,388	(550,869)	74,273	(176,208)
Net assets (deficit) at beginning of year	<u>(278,517)</u>	<u>2,700,865</u>	<u>286,177</u>	<u>2,708,525</u>
Net assets (deficit) at end of year	<u>\$ 21,871</u>	<u>\$ 2,149,996</u>	<u>\$ 360,450</u>	<u>\$ 2,532,317</u>

**Central Administrative Office of the  
Roman Catholic Diocese of San Jose**

**BALANCE SHEET  
PRIEST RETIREMENT FUNDS**

**June 30, 2001**

	ASSETS			
	Priest Retirement Fund	Supplemental Plan Fund	Post Retirement Fund	Total
Cash and cash equivalents	\$ 236,870	\$ 44,452	\$ 589	\$ 281,911
Other receivables	273	2,499	149,432	152,204
Investments	-	-	650,008	650,008
Deposits and prepaid expenses	-	-	9,781	9,781
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 237,143</u>	<u>\$ 46,951</u>	<u>\$ 809,810</u>	<u>\$ 1,093,904</u>
LIABILITIES AND NET ASSETS (DEFICIT)				
Accounts payable	\$ 6,000	\$ -	\$ -	\$ 6,000
Accrued liabilities	2,276,098	513,265	867,000	3,656,363
Due to (from) other funds	(25,060)	-	-	(25,060)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	2,257,038	513,265	867,000	3,637,303
Net assets (deficit)				
Unrestricted				
Undesignated	(2,019,895)	(466,314)	(71,113)	(2,557,322)
Temporarily restricted	-	-	13,923	13,923
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total net assets (deficit)	<u>(2,019,895)</u>	<u>(466,314)</u>	<u>(57,190)</u>	<u>(2,543,399)</u>
Total liabilities and net assets	<u>\$ 237,143</u>	<u>\$ 46,951</u>	<u>\$ 809,810</u>	<u>\$ 1,093,904</u>

**Central Administrative Office of the  
Roman Catholic Diocese of San Jose**

**BALANCE SHEET  
PRIEST RETIREMENT FUNDS**

**June 30, 2000**

	ASSETS			
	Priest Retirement Fund	Supplemental Plan Fund	Post Retirement Fund	Total
Cash and cash equivalents	\$ 274,452	\$ 39,861	\$ 7,301	\$ 321,614
Other receivables	-	2,500	37,534	40,034
Investments	-	-	604,268	604,268
Deposits and prepaid expenses	-	-	9,032	9,032
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 274,452</u>	<u>\$ 42,361</u>	<u>\$ 658,135</u>	<u>\$ 974,948</u>
LIABILITIES AND NET ASSETS (DEFICIT)				
Accounts payable	\$ -	\$ -	\$ 13,572	\$ 13,572
Accrued liabilities	<u>1,791,801</u>	<u>390,002</u>	<u>659,268</u>	<u>2,841,071</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	1,791,801	390,002	672,840	2,854,643
Net assets (deficit)				
Unrestricted				
Undesignated	(1,517,349)	(347,641)	(28,628)	(1,893,618)
Temporarily restricted	<u>-</u>	<u>-</u>	<u>13,923</u>	<u>13,923</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total net assets (deficit)	<u>(1,517,349)</u>	<u>(347,641)</u>	<u>(14,705)</u>	<u>(1,879,695)</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and net assets	<u>\$ 274,452</u>	<u>\$ 42,361</u>	<u>\$ 658,135</u>	<u>\$ 974,948</u>

**Central Administrative Office of the  
Roman Catholic Diocese of San Jose**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
PRIEST RETIREMENT FUNDS**

**Year ended June 30, 2001**

	Priest Retirement Fund	Supplemental Plan Fund	Post Retirement Fund	Total
<b>Revenues</b>				
Gifts, bequests and collections	\$ -	\$ 7,428	\$ -	\$ 7,428
Fees and expense reimbursements	408,572	193	-	408,765
Investment income	<u>19,555</u>	<u>3,066</u>	<u>2,809</u>	<u>25,430</u>
Total revenues	428,127	10,687	2,809	441,623
<b>Expenses</b>				
Pastoral	-	111,223	45,672	156,895
Pension, priest retirement	793,320	62,258	249,888	1,105,466
Interest expense	630	98	84	812
Other	<u>21,924</u>	<u>2,781</u>	<u>-</u>	<u>24,705</u>
Total expenses	<u>815,874</u>	<u>176,360</u>	<u>295,644</u>	<u>1,287,878</u>
Deficiency of revenues and other additions over expenses and other deductions before transfers	(387,747)	(165,673)	(292,835)	(846,255)
<b>Transfers</b>				
Other	<u>(114,799)</u>	<u>47,000</u>	<u>250,350</u>	<u>182,551</u>
	<u>(114,799)</u>	<u>47,000</u>	<u>250,350</u>	<u>182,551</u>
DECREASE IN NET ASSETS	(502,546)	(118,673)	(42,485)	(663,704)
Net assets (deficit) at beginning of year	<u>(1,517,349)</u>	<u>(347,641)</u>	<u>(14,705)</u>	<u>(1,879,695)</u>
Net assets (deficit) at end of year	<u>\$ (2,019,895)</u>	<u>\$ (466,314)</u>	<u>\$ (57,190)</u>	<u>\$ (2,543,399)</u>

**Central Administrative Office of the  
Roman Catholic Diocese of San Jose**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
PRIEST RETIREMENT FUNDS**

**Year ended June 30, 2000**

	Priest Retirement Fund	Supplemental Plan Fund	Post Retirement Fund	Total
Revenues				
Gifts, bequests and collections	\$ 34,985	\$ 36,610	\$ 101,000	\$ 172,595
Fees and expense reimbursements	373,393	405	-	373,798
Investment income	14,411	1,553	1,305	17,269
Other income	2,768	-	-	2,768
Total revenues	<u>425,557</u>	<u>38,568</u>	<u>102,305</u>	<u>566,430</u>
Expenses				
Pastoral	-	104,814	49,572	154,386
Religious personnel development	-	-	(3,432)	(3,432)
Pension, priest retirement	664,021	(7,239)	560,797	1,217,579
Depreciation expense	50,986	-	-	50,986
Interest expense	538	49	50	637
Other	19,848	3,116	-	22,964
Total expenses	<u>735,393</u>	<u>100,740</u>	<u>606,987</u>	<u>1,443,120</u>
Excess (deficiency) of revenues and other additions over expenses and other deductions before transfers	(309,836)	(62,172)	(504,682)	(876,690)
Transfers				
Annual appeal distribution	(50,000)			(50,000)
Other	(215,244)	50,500	489,977	325,233
	<u>(265,244)</u>	<u>50,500</u>	<u>489,977</u>	<u>275,233</u>
DECREASE IN NET ASSETS	(575,080)	(11,672)	(14,705)	(601,457)
Net assets (deficit) at beginning of year	<u>(942,269)</u>	<u>(335,969)</u>	<u>-</u>	<u>(1,278,238)</u>
Net assets (deficit) at end of year	<u>\$ (1,517,349)</u>	<u>\$ (347,641)</u>	<u>\$ (14,705)</u>	<u>\$ (1,879,695)</u>

**Central Administrative Office of the  
Roman Catholic Diocese of San Jose**

**BALANCE SHEET  
FUNDRAISING FUNDS**

**June 30, 2001**

ASSETS				
	Annual Appeal Fund	Capital Campaign Fund	Fundraising Fund	Total
Cash and cash equivalents	\$ 4,422,140	\$ 779,439	\$ 42,611	\$ 5,244,190
Receivables				
Pledges (net of allowance for doubtful accounts of \$774,952)	1,592,473	588,191	-	2,180,664
Deposits and prepaid expenses	958	-	-	958
Total assets	<u>\$ 6,015,571</u>	<u>\$ 1,367,630</u>	<u>\$ 42,611</u>	<u>\$ 7,425,812</u>
LIABILITIES AND NET ASSETS (DEFICIT)				
Accounts payable	\$ -	\$ -	\$ 10,509	\$ 10,509
Pledges payable to parishes and others	1,247,164	447,827	-	1,694,991
Accrued liabilities	660	-	18,734	19,394
Total liabilities	1,247,824	447,827	29,243	1,724,894
Net assets (deficit)				
Unrestricted				
Undesignated	-	(14,380)	13,368	(1,012)
Temporarily restricted	4,767,747	934,183	-	5,701,930
Total net assets (deficit)	<u>4,767,747</u>	<u>919,803</u>	<u>13,368</u>	<u>5,700,918</u>
Total liabilities and net assets	<u>\$ 6,015,571</u>	<u>\$ 1,367,630</u>	<u>\$ 42,611</u>	<u>\$ 7,425,812</u>

**Central Administrative Office of the  
Roman Catholic Diocese of San Jose**

**BALANCE SHEET  
FUNDRAISING FUNDS**

**June 30, 2000**

ASSETS				
	Annual Appeal Fund	Capital Campaign Fund	Fundraising Fund	Total
Cash and cash equivalents	\$ 4,176,905	\$ 1,333,907	\$ 6,036	\$ 5,516,848
Receivables				
Pledges (net of allowance for doubtful accounts of \$596,163)	1,421,836	1,154,303	-	2,576,139
Deposits and prepaid expenses	<u>(588)</u>	<u>-</u>	<u>(176)</u>	<u>(764)</u>
Total assets	<u>\$ 5,598,153</u>	<u>\$ 2,488,210</u>	<u>\$ 5,860</u>	<u>\$ 8,092,223</u>
LIABILITIES AND NET ASSETS (DEFICIT)				
Accounts payable	\$ -	\$ -	\$ 2,944	\$ 2,944
Pledges payable to parishes and others	1,217,416	1,302,239	-	2,519,655
Accrued liabilities	<u>660</u>	<u>-</u>	<u>4,786</u>	<u>5,446</u>
Total liabilities	1,218,076	1,302,239	7,730	2,528,045
Net assets (deficit)				
Unrestricted				
Undesignated	-	(920,593)	(1,870)	(922,463)
Temporarily restricted	<u>4,380,077</u>	<u>2,106,564</u>	<u>-</u>	<u>6,486,641</u>
Total net assets	<u>4,380,077</u>	<u>1,185,971</u>	<u>(1,870)</u>	<u>5,564,178</u>
Total liabilities and net assets	<u>\$ 5,598,153</u>	<u>\$ 2,488,210</u>	<u>\$ 5,860</u>	<u>\$ 8,092,223</u>

**Central Administrative Office of the  
Roman Catholic Diocese of San Jose**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FUNDRAISING FUNDS**

**Year ended June 30, 2001**

	Annual Appeal Fund	Capital Campaign Fund	Fundraising Fund	Total
Revenues				
Gifts, bequests and collections	\$ 5,411,891	\$ 214,470	\$ -	\$ 5,626,361
Total revenues	5,411,891	214,470	-	5,626,361
Expenses				
Pastoral	-	59,016	-	59,016
Administrative	23,962	242,746	741	267,449
Fundraising expense	359,115	13,128	209,951	582,194
Total expenses	383,077	314,890	210,692	908,659
Deficiency of revenues and other additions over expenses and other deductions before transfers	5,028,814	(100,420)	(210,692)	4,717,702
Transfers				
Annual appeal transfer	(4,415,214)	-	-	(4,415,214)
Annual appeal distribution	(225,930)	-	225,930	-
Other	-	(165,748)	-	(165,748)
	(4,641,144)	(165,748)	225,930	(4,580,962)
INCREASE (DECREASE) IN NET ASSETS	387,670	(266,168)	15,238	136,740
Net assets (deficit) at beginning of year	4,380,077	1,185,971	(1,870)	5,564,178
Net assets at end of year	\$ 4,767,747	\$ 919,803	\$ 13,368	\$ 5,700,918

**Central Administrative Office of the  
Roman Catholic Diocese of San Jose**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FUNDRAISING FUNDS**

**Year ended June 30, 2000**

	Annual Appeal Fund	Capital Campaign Fund	Fundraising Fund	Total
Revenues				
Gifts, bequests and collections	\$ 4,684,188	\$ 556,919	\$ -	\$ 5,241,107
Total revenues	<u>4,684,188</u>	<u>556,919</u>	<u>-</u>	<u>5,241,107</u>
Expenses				
Pastoral	-	445,301	-	445,301
Administrative	60,000	504,234	-	564,234
Fundraising	243,145	18,847	156,250	418,242
Total expenses	<u>303,145</u>	<u>968,382</u>	<u>156,250</u>	<u>1,427,777</u>
Excess (deficiency) of revenues and other additions over expenses and other deductions before transfers	4,381,043	(411,463)	(156,250)	3,813,330
Transfers				
Annual appeal transfers	(4,532,230)	-	-	(4,532,230)
Annual appeal distribution	-	-	154,380	154,380
Other	-	315,144	-	315,144
	<u>(4,532,230)</u>	<u>315,144</u>	<u>154,380</u>	<u>(4,062,706)</u>
DECREASE IN NET ASSETS	(151,187)	(96,319)	(1,870)	(249,376)
Net assets at beginning of year	<u>4,531,264</u>	<u>1,282,290</u>	<u>-</u>	<u>5,813,554</u>
Net assets (deficit) at end of year	<u>\$ 4,380,077</u>	<u>\$ 1,185,971</u>	<u>\$ (1,870)</u>	<u>\$ 5,564,178</u>