

THE DIOCESE OF ROCHESTER BALANCE SHEET

Assets: Unrestricted general fund, Restricted funds. Liabilities and Fund Balance: Unrestricted general fund, Restricted funds, Funds held for transmittal. Total all funds: \$6,707,440 / \$6,276,328 (1975) vs \$6,707,440 / \$6,276,328 (1974)

STATEMENT OF INCOME, EXPENSES AND CHANGES IN FUND BALANCE

Income: Parish subsidy, Investment, Gifts and legacies, Fees, Gain (loss) on investments, Special collections, Special assessments, Other. Expenses by program (Exhibit I): Educational, Social and pastoral, Communications, Fund development and planning, Occupancy, Administrative. Payments to beneficiaries.

STATEMENT OF EXPENSES BY NATURAL CLASSIFICATION Exhibit I

Unrestricted Programs: Salaries, Pension, payroll taxes and other benefits, Automobile costs, Subsidies and gifts, Council of Inner-City Parishes (Note 2), Newman Foundation, State and National Commissions on Welfare, Alternative Ministries, Other, Seminarian tuition and other costs, General insurance, Telephone and telegraph, Utilities, Residence expenses, Maintenance contracts, Other maintenance and repairs, Other occupancy expenses, Supplies and postage, Printing and duplicating, Meetings and travel, Legal and professional, Provision for uncollectible parish assessments, In-service programs, Other, Payments to beneficiaries.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 1975 AND 1974

NOTE 1 - BACKGROUND AND SUMMARY OF ACCOUNTING PRINCIPLES:

Background: The Bishop of The Diocese of Rochester directly or indirectly supervises all of the churches and organizations (some of which are separately incorporated) which are affiliated. However, from a financial standpoint, the books and accounts maintained by the Diocese include only those funds over which it has direct control and accountability. The work of the Diocese is supported primarily by assessments to the parishes.

Summary of accounting principles:

The books of the Diocese are maintained on an accrual basis except that depreciation on its fixed assets is not computed and recorded. The land and buildings of the Pastoral Center are recorded at the value carried by St. Bernard's Seminary at the time of transfer which, in turn, was based on an appraisal. Subsequent additions and improvements have been recorded at cost. Other real estate owned by the Diocese is recorded primarily at cost. Improvements which may have been made by tenants have not been recorded.

NOTE 2 - COUNCIL OF INNER-CITY PARISHES:

Certain inner-city parochial schools were placed under the central administration of the Council of Inner-City Parishes to which the Diocese contributed \$200,000 in 1975 and \$250,000 in 1974. In addition, the Diocese made a loan and guaranteed bank loans which, at June 30, 1975, totaled \$154,000 including interest. The Council closed the schools at June 30, 1975 and is unable to repay these loans. Accordingly, the Diocese has classified this amount as an additional subsidy.

NOTE 3 - SECURITIES:

The market value of securities in the unrestricted fund was \$1,143,594 and \$1,153,915 at June 30, 1975 and 1974, respectively. The market value of securities in the restricted fund was \$902,750 and \$859,848 at June 30, 1975 and 1974, respectively.

To the Bishop of The Diocese of Rochester

September 19, 1975

We have examined the balance sheet of The Diocese of Rochester as of June 30, 1975, and the related statement of income, expenses and changes in fund balance for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In 1974, the American Institute of Certified Public Accountants redefined the accounting principles for nonprofit organizations to require, among other things, the depreciation of buildings and equipment. As more fully described in Note 1, The Diocese of Rochester has chosen consistently to exclude depreciation from its balance sheet and statement of income and expenses.

In our opinion, except for the effect of omitting depreciation, as discussed in the preceding paragraph, the financial statements examined by us present fairly the financial position of The Diocese of Rochester at June 30, 1975 and the results of its operations and changes in fund balance for the year then ended, in conformity with generally accepted accounting principles consistently applied.

The financial statements of The Diocese of Rochester for the year ended June 30, 1974 were examined by other independent accountants and are included only for purposes of comparison.

Pruce Waterhouse & Co