

**THE DIOCESE OF ROCHESTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 1979**

**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. 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. Depreciation is calculated on a straight-line basis. The Pastoral Center building is depreciated over 25 years, all other fixed assets are depreciated over 10 years. Custodial fund fixed assets have not been depreciated.

**NOTE 2 — RECEIVABLES FROM PARISHES:**

The parishes remit support to the Diocese over a twelve-month period beginning September 1 following each fiscal year beginning July 1. Accordingly, accounts receivable include parish assessments unpaid at June 30, 1979 and 1978, but which are not required to be paid until the following August 31 in each year. The allowance for doubtful accounts was \$25,000 at both June 30, 1979 and 1978.

**NOTE 3 — NOTES AND LOANS RECEIVABLE:**

The Diocese has made loans to various Diocesan organizations at interest rates ranging from 0% to 5% and for varying lengths of time. Of the \$583,559 outstanding at June 30, 1979, it is anticipated that approximately \$50,000 will be repaid within one year. No losses are anticipated by Diocesan officials.

In addition, the Diocese is contingently liable for loans made by a bank and one associated organization to three other associated organizations totaling approximately \$127,000 at June 30, 1979.

**NOTE 4 — SECURITIES:**

With a minor exception, all of the securities are held in bank-managed investment accounts. Cost and market values are shown in Exhibit II.

**NOTE 5 — REAL ESTATE AND OTHER BUILDINGS:**

The Diocese owns properties which are either intended for future parish use or for rental purposes. (See Note 1 with respect to carrying value of these properties.) During 1978, land with a book value of \$23,207 was sold resulting in income of \$15,480. During 1978, land with a book value of \$3,605 was sold resulting in a loss of \$186.

In connection with one of the properties sold in fiscal 1975, the Diocese took a mortgage with interest at 7 1/2% to be repaid quarterly. Of the \$20,000 unpaid balance at June 30, 1979, \$4,000 will be repaid in fiscal 1980.

**NOTE 6 — SPECIAL COLLECTIONS:**

The parishes forward special collections and gifts to the Diocese for ultimate distribution to the beneficiary. A summary of funds received and disbursed is as follows:

	Unremitted balance July 1, 1978	Receipts	Payments to beneficiaries	Unremitted balance June 30, 1979
Catholic Welfare and Relief		\$ 81,811	\$ 81,811	
Holy Father	\$32,319	56,014	54,138	\$34,195
Joint Appeal		20,469	20,469	
Hispanic Workshop		600		600
International Justice and Peace	3,454	37,358	37,853	2,959
Holy Land		19,209	19,209	
Catholic University		14,282	14,282	
Communication		25,337	1,102	24,235
Miscellaneous		216	216	
	\$35,773	\$255,296	\$229,080	\$61,989

**NOTE 7 — SPECIAL ASSESSMENTS:**

Beginning June 1, 1977, the Diocese elected to be partially self-insured for property, umbrella liability and employee disability insurance. Minimum funding requirements for the custodial general insurance fund are determined by the insurance consultants on an annual basis. Assessments are made to the parishes and other organizations based on coverage needed as determined by the insurance consultants. In general, claims are paid from the fund up to \$75,000 for each loss occurrence. Claims in excess of this are paid by an insurance company. Also, if the fund is fully depleted, an insurance company will cover the Diocese for losses up to \$10 million.

In addition, the Diocese has elected to be self-funded for priests' disability and retirement and for unemployment insurance on certain classes of employees. Assessments are made to the parishes and other organizations based on their personnel and claims are paid from these funds.

Effective November 1, 1978, the Diocese became fully insured for group health insurance. Prior to this date, the Diocese was required to pay the actual cost of claims to establish an experience rating for future premium payments. In fiscal year 1979, the Diocese encountered an unusually large number of claims requiring substantial payments. The Diocese elected not to assess the parishes and other organizations for payments totaling \$188,200. Accordingly, this amount has been recorded as an expense in the pastoral fund and as special assessment income in the custodial fund.

**NOTE 8 — CUSTODIAL FUND BALANCES:**

Effective July 1, 1978, the Diocese assumed the responsibility for the accounting and record keeping of Catholic Charities, Inc., Camp Stella Maris of Livonia, Inc. and St. Elizabeth Guild House, Inc. The results of the operations of these affiliated organizations have been reflected in the custodial fund for 1979. The custodial fund balance sheet at June 30, 1978 has been restated for comparative purposes. The statement of income, expenses and changes in fund balance for 1978 has not been restated because the results of operations of these organizations were immaterial. A summary of the results of the operations for these organizations for 1979 is as follows:

	Catholic Charities, Inc.	Camp Stella Maris of Livonia, Inc.	St. Elizabeth Guild House, Inc.	Total
Unrestricted income	\$ 50,297	\$110,425	\$ 4,100	\$164,822
Unrestricted expenses	59,173	113,298	2,747	175,218
Excess (deficiency) of unrestricted income over expenses	(8,876)	(2,873)	1,353	(10,396)
Deficiency of restricted income over expenses	(4,716)			(4,716)
Fund balance July 1, 1978	135,444	367,848	44,193	547,485
Fund balance June 30, 1979	\$121,852	\$364,975	\$45,546	\$532,373

In addition to the above-mentioned organizations, the Diocese is custodian for certain other funds in which payments are made to beneficiaries specified when the funds began.

Custodial fund balances at June 30, 1979 and 1978 are as follows:

	June 30,	
	1979	1978
Catholic Charities, Inc.	\$ 121,852	\$ 135,444
Camp Stella Maris of Livonia, Inc.	364,975	367,848
St. Elizabeth Guild House, Inc.	45,546	44,193
Diocesan programs:		
Priests' retirement fund	1,106,128	943,319
Priests' disability fund	81,786	59,970
General insurance fund	430,115	475,885
Unemployment insurance	200,441	162,510
Human development	55,185	36,702
Department of Education	8,199	638
Other:		
Educational trust fund	20,000	20,000
Curran trust fund	22,906	21,688
Sta. Peter and Paul Church	287,843	268,134
	\$2,744,956	\$2,536,331

**NOTE 9 — STATE EDUCATION SUBSIDY:**

In 1975, New York State suspended educational subsidies to parochial schools. Subsequently, this subsidy was reinstated resulting in the Diocese receiving \$573,663 in 1979 for parochial school education subsidies for the period 1975 through 1977. No subsidies have been received for 1978 and 1979.

**NOTE 10 — OPERATING LEASE:**

On October 1, 1977, the Diocese entered into a five-year noncancellable operating lease for certain data processing equipment with a fair market value of approximately \$70,000. Under the terms of the lease, rent is payable in equal monthly installments of \$1,380 over the life of the lease.