

**CENTRAL CATHOLIC SCHOOLS OF THE
ROMAN CATHOLIC BISHOP OF WORCESTER
(A CORPORATION SOLE)
FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017**



INDEPENDENT AUDITORS' REPORT

February 8, 2019

Most Reverend Robert J. McManus
Central Catholic Schools of the Roman Catholic
Bishop of Worcester (a Corporation Sole)

We have audited the accompanying financial statements of the Central Catholic Schools (the "Schools") of the Roman Catholic Bishop of Worcester (a Corporation Sole) (the "Diocese"), which comprise the statement of financial position as of August 31, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity's 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 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 financial statements referred to above present fairly, in all material respects, the financial position of the Central Catholic Schools of the Roman Catholic Bishop of Worcester (a Corporation Sole) as of August 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

O'Connor, Maloney and Company

Certified Public Accountants

**CENTRAL CATHOLIC SCHOOLS OF THE
ROMAN CATHOLIC BISHOP OF WORCESTER
(A CORPORATION SOLE)
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2018 AND 2017**

ASSETS

	2018	2017
Cash	\$ 180,403	\$ 167,749
Funds on Deposit with Diocesan Expansion Fund	1,103,566	1,182,155
Bookstore Inventory and Instructional Materials	126,472	129,615
Other Assets	-	30,721
Land, Buildings and Equipment, Net	<u>5,898,606</u>	<u>5,663,883</u>
Total Assets	<u><u>\$ 7,309,047</u></u>	<u><u>\$ 7,174,123</u></u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts Payable and Accrued Expenses	\$ 117,441	\$ 132,320
Funds Held for Others	180,384	149,548
Deferred Tuition and Fees	3,571,252	3,402,884
Amount Due to Central Administration	5,856,951	5,682,555
Amount Due to Diocesan Expansion Fund	<u>3,089,288</u>	<u>2,867,066</u>
Total	<u>12,815,316</u>	<u>12,234,373</u>

Net Assets

Unrestricted	(6,332,535)	(6,131,540)
Temporarily Restricted	<u>826,266</u>	<u>1,071,290</u>
Total	<u>(5,506,269)</u>	<u>(5,060,250)</u>

Total Liabilities and Net Assets	<u><u>\$ 7,309,047</u></u>	<u><u>\$ 7,174,123</u></u>
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See accompanying notes to financial statements.

**CENTRAL CATHOLIC SCHOOLS OF THE
ROMAN CATHOLIC BISHOP OF WORCESTER
(A CORPORATION SOLE)
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017**

	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Operating Support and Revenue						
Gross Tuition	\$ 13,303,640		\$ 13,303,640	\$ 13,430,006		\$ 13,430,006
Less: Scholarships, Financial Aid and Credits	2,559,470		2,559,470	2,689,915		2,689,915
Net Tuition	10,744,170	-	10,744,170	10,740,091	-	10,740,091
Parish Assessments	16,800		16,800	17,675		17,675
Fundraising and Other Non-Educational	745,111		745,111	965,130		965,130
Bookstore	24,985		24,985	23,735		23,735
Rental Income	195,474		195,474	173,815		173,815
Beano	48,000		48,000	57,000		57,000
Athletics	108,476		108,476	32,102		32,102
Drama/Musical	19,975		19,975	28,782		28,782
Scholarships	-	\$ 15,940	15,940	-	\$ 72,863	72,863
Net Assets Released from Restrictions	260,964	(260,964)	-	-	-	-
Total	12,163,955	(245,024)	11,918,931	12,038,330	72,863	12,111,193
Operating Expenses						
Salaries	7,661,350		7,661,350	7,538,182		7,538,182
Personnel Benefits	1,942,801		1,942,801	2,031,838		2,031,838
Fundraising and Non-Educational	246,107		246,107	452,839		452,839
School Maintenance	914,547		914,547	874,813		874,813
Administration	269,736		269,736	249,834		249,834
Instructional	231,115		231,115	232,361		232,361
Guidance	120,127		120,127	109,951		109,951
Scholarship	260,964		260,964	-		-
Extra-Curricular	660,918		660,918	619,228		619,228
Convent Residence Maintenance	101,329		101,329	29,703		29,703
Facilities Expenditures	33,202		33,202	53,285		53,285
Interest Expense	164,294		164,294	152,167		152,167
Alumni Office	58,811		58,811	70,929		70,929
Total	12,665,301	-	12,665,301	12,415,130	-	12,415,130
Excess (Deficiency) of Operating Support and Revenue Over Expenses	\$ (501,346)	\$ (245,024)	\$ (746,370)	\$ (376,800)	\$ 72,863	\$ (303,937)

(Continued . . .)

**CENTRAL CATHOLIC SCHOOLS OF THE
ROMAN CATHOLIC BISHOP OF WORCESTER
(A CORPORATION SOLE)
STATEMENTS OF ACTIVITIES (CONTINUED)
FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017**

	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Other Changes in Assets						
Non-Operating Support						
Subsidy from Central Administration	\$ 450,673		\$ 450,673	\$ 425,000		\$ 425,000
Designated Income	182,378		182,378	138,000		138,000
Non-Operating Expense						
Depreciation	(332,700)		(332,700)	(306,319)		(306,319)
Net	300,351	\$ -	300,351	256,681	\$ -	256,681
Increase (Decrease) in Net Assets	(200,995)	(245,024)	(446,019)	(120,119)	72,863	(47,256)
Net Assets, Beginning	(6,131,540)	1,071,290	(5,060,250)	(6,011,421)	998,427	(5,012,994)
Net Assets, Ending	<u>\$ (6,332,535)</u>	<u>\$ 826,266</u>	<u>\$ (5,506,269)</u>	<u>\$ (6,131,540)</u>	<u>\$ 1,071,290</u>	<u>\$ (5,060,250)</u>

See accompanying notes to financial statements.

(Concluded)

**CENTRAL CATHOLIC SCHOOLS OF THE
ROMAN CATHOLIC BISHOP OF WORCESTER
(A CORPORATION SOLE)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017**

	2018	2017
Cash Flows from Operating Activities		
Decrease in Net Assets	\$ (446,019)	\$ (47,256)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	332,700	306,319
Decrease in Funds on Deposit with Diocesan Expansion Fund	78,589	81,838
Decrease in Bookstore Inventory and Instructional Materials	3,143	5,611
(Increase) Decrease in Other Assets	30,721	(30,721)
Increase (Decrease) in Accounts Payable and Accrued Expenses	(14,879)	55,231
Increase (Decrease) in Funds Held for Others	30,836	(4,909)
Increase in Deferred Tuition and Fees	168,368	6,868
Total Adjustments	629,478	420,237
Net Cash Provided by Operating Activities	183,459	372,981
Cash Flows from Investing Activities		
Capital Expenditures	(567,423)	(233,417)
Cash Flows from Financing Activities		
Proceeds from (Repayments of) Amounts Due to Central Administration	174,396	(4,595)
Proceeds from (Repayments of) Amounts Due to Diocesan Expansion Fund	222,222	(127,997)
Net Cash Provided by (Used in) Financing Activities	396,618	(132,592)
Net Increase in Cash	12,654	6,972
Cash, Beginning	167,749	160,777
Cash, Ending	\$ 180,403	\$ 167,749

See accompanying notes to financial statements.

**CENTRAL CATHOLIC SCHOOLS OF THE
ROMAN CATHOLIC BISHOP OF WORCESTER (A CORPORATION SOLE)
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017**

Note 1. Organization

The financial statements of the Central Catholic Schools of the Roman Catholic Bishop of Worcester (a Corporation Sole) include the accounts of Holy Name Junior-Senior High School, Saint Peter-Marian Junior-Senior High School, St. Peter Central Catholic Elementary School, and Saint Bernard's High School. Total student enrollment was 1,407 in 2018 and 1,495 in 2017.

These financial statements do not included expenses incurred on the Schools' behalf by the Diocesan Catholic Schools Department of the Chancery Offices of the Diocese of Worcester totaling \$562,585 in 2018 and \$543,690 in 2017. These costs were offset by fees, contributions and other revenue of \$299,286 in 2018 and \$298,755 in 2017. In addition, the central administration of the Diocese provided subsidies to the Schools totaling \$450,673 in 2018 and \$425,000 in 2017. Those subsidies are included in the accompanying statement of activities.

Note 2. Summary of Significant Accounting Policies

The Schools present their financial statements on the accrual method of accounting.

The Schools present their financial statements in accordance with U.S. generally accepted accounting and reporting principles which requires classification of net assets and revenue, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of three classes of net assets - permanently restricted, temporarily restricted, and unrestricted be displayed in a statement of activities.

Contributions are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the 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 statement of activities as net assets released from restrictions. Net assets are restricted for providing scholarships to students.

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Funds on Deposit with Diocesan Expansion Fund earn interest at a variable rate, adjusted quarterly. At August 31, 2018, the rate was 3.25%. The Schools are charged interest at a variable rate, adjusted quarterly, on Amounts Due to the Diocesan Expansion Fund. At August 31, 2018, the interest rate was 6.5%.

**CENTRAL CATHOLIC SCHOOLS OF THE
ROMAN CATHOLIC BISHOP OF WORCESTER (A CORPORATION SOLE)
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017**

Note 2. Summary of Significant Accounting Policies (cont.)

Bookstore Inventory and Instructional Materials are stated at the lower of cost or market on a first-in, first-out basis.

Land, Buildings and Equipment are stated at cost. The basis of school land and buildings has been determined from historical cost data for property purchased or constructed by the Diocese. No value has been assigned to property of the Roman Catholic Bishop of Worcester (a Corporation Sole) which was originally transferred to the Diocese by parishes. Land, Buildings and Equipment consist of:

	2018	2017
Land, Buildings and Improvements	\$ 16,328,992	\$ 15,776,068
Equipment	435,130	420,630
	<u>16,764,122</u>	<u>16,196,698</u>
Less: Accumulated Depreciation	10,865,516	10,532,815
Total	<u><u>\$ 5,898,606</u></u>	<u><u>\$ 5,663,883</u></u>

Funds Held for Others represent funds received and held by the Schools as fiscal agent for others.

Deposits and advances received for tuition and fees that relate to the following academic year are deferred and recognized as revenue when earned.

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The Schools are exempt from income tax under Section 501(c)(3) of the Internal Revenue Code under the group exemption of the United States Conference of Catholic Bishops and, accordingly, is not required to file federal or state information returns. Management does not believe the financial statements contain any uncertain tax positions.

Advertising Costs are expensed as incurred and totaled \$56,022 in 2018 and \$44,281 in 2017.

**CENTRAL CATHOLIC SCHOOLS OF THE
ROMAN CATHOLIC BISHOP OF WORCESTER (A CORPORATION SOLE)
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017**

Note 3. Retirement Plan

The employees of the Roman Catholic Bishop of Worcester (a Corporation Sole) participate in a 403(b) salary deferral plan that covers all eligible employees of the Diocese. Those who have at least three years of credited service at the beginning of a plan year are eligible to receive an employer matching contribution to their account in the 403(b) plan. The employer will contribute an equal amount for deferrals up to 2%. For deferrals of 3% or more, the employer will contribute 4%. Diocesan contributions to the plan for School employees totaled \$146,152 in 2018 and \$155,291 in 2017.

Note 4. Contingencies

The Schools may be exposed to various liability claims for which insurance is carried. Management is not aware of any uninsured claims or other matters that would have a material effect on the financial statements or its liability coverage.

Note 5. Concentrations

The Schools have financial instruments, consisting primarily of cash, which potentially expose the Schools to concentrations of credit and market risk. Cash is held at local banks. The Schools have not experienced any losses on its cash and cash equivalents. In the ordinary course of business, the Schools have, at various times, cash deposits with a bank which are in excess of federally insured limits.

Note 6. Date Through Which Subsequent Events Have Been Evaluated

The Schools have evaluated all material subsequent events from the end of the fiscal year through February 8, 2019, the date the financial statements were available to be issued.

**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS
ON SUPPLEMENTARY INFORMATION**

February 8, 2019

Most Reverend Robert J. McManus
Central Catholic Schools of the

Our report on our audits of the basic financial statements of the Central Catholic Schools of the Roman Catholic Bishop of Worcester (a Corporation Sole) as of and for the years ended August 31, 2018 and 2017 appears on page 1. We conducted our audits in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits 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.

O'Connor, Maloney and Company

Certified Public Accountants

**CENTRAL CATHOLIC SCHOOLS OF THE
ROMAN CATHOLIC BISHOP OF WORCESTER
(A CORPORATION SOLE)
SUPPLEMENTAL SCHEDULE OF ACTIVITIES BY SCHOOL
FOR THE YEAR ENDED AUGUST 31, 2018**

	Saint Peter-Marian High School	Holy Name High School	Saint Bernard's High School	Saint Peter Elementary	Total
Operating Support and Revenue					
Gross Tuition	\$ 4,407,414	\$ 5,457,662	\$ 1,680,442	\$ 1,758,122	\$ 13,303,640
Less: Scholarships, Financial Aid and Credits	799,159	1,118,388	301,052	340,871	2,559,470
Net Tuition	3,608,255	4,339,274	1,379,390	1,417,251	10,744,170
Parish Assessments	2,450	6,650	2,800	4,900	16,800
Fundraising and Other Non-Educational	193,434	222,748	31,075	297,854	745,111
Bookstore	1,503	7,726	-	15,756	24,985
Rental Income	172,343	4,720	18,411	-	195,474
Beano	0	-	-	48,000	48,000
Athletics	98,760	2,940	5,796	980	108,476
Drama/Musical	2,621	5,192	-	12,162	19,975
Scholarships	-	-	15,940	-	15,940
Total	4,079,366	4,589,250	1,453,412	1,796,903	11,918,931
Operating Expenses					
Salaries	2,359,580	2,841,648	1,097,451	1,362,671	7,661,350
Personnel Benefits	649,543	673,996	265,845	353,417	1,942,801
Fundraising and Non-Educational	64,933	37,110	123,085	20,979	246,107
School Maintenance	327,906	288,472	190,307	107,862	914,547
Administration	80,146	106,603	44,443	38,544	269,736
Instructional	71,670	106,541	4,899	48,005	231,115
Guidance	79,852	24,650	6,178	9,447	120,127
Scholarship	218,971	41,051	-	942	260,964
Extra-Curricular	348,577	191,415	94,798	26,128	660,918
Convent Residence Maintenance	64,299	37,030	-	-	101,329
Facilities Expenditures	2,856	30,346	-	-	33,202
Interest Expense	106,280	58,014	-	-	164,294
Alumni Office	-	54,314	4,497	-	58,811
Total	4,374,613	4,491,190	1,831,503	1,967,995	12,665,301
Excess (Deficiency) of Operating Support and Revenue Over Expenses	(295,247)	98,060	(378,091)	(171,092)	(746,370)
Other Changes in Net Assets					
Non-Operating Support:					
Subsidy from Central Administration	-	-	280,523	170,150	450,673
Designated Income	-	158,126	24,252	-	182,378
Non-Operating Expense:					
Depreciation	(165,949)	(130,592)	(28,315)	(7,844)	(332,700)
Total Other Changes in Net Assets	(165,949)	27,534	276,460	162,306	300,351
Increase (Decrease) in Net Assets	(461,196)	125,594	(101,631)	(8,786)	(446,019)
Net Assets, Beginning	(3,103,520)	(1,151,850)	(502,941)	(301,939)	(5,060,250)
Net Assets, Ending	\$ (3,564,716)	\$ (1,026,256)	\$ (604,572)	\$ (310,725)	\$ (5,506,269)

**CENTRAL CATHOLIC SCHOOLS OF THE
ROMAN CATHOLIC BISHOP OF WORCESTER
(A CORPORATION SOLE)
SUPPLEMENTAL SCHEDULE OF ACTIVITIES BY SCHOOL
FOR THE YEAR ENDED AUGUST 31, 2017**

	Saint Peter-Marian High School	Holy Name High School	Saint Bernard's High School	Saint Peter Elementary	Total
Operating Support and Revenue					
Gross Tuition	\$ 4,560,900	\$ 5,310,240	\$ 1,761,172	\$ 1,797,694	\$ 13,430,006
Less: Scholarships, Financial Aid and Credits	912,709	1,157,490	273,147	346,569	2,689,915
Net Tuition	3,648,191	4,152,750	1,488,025	1,451,125	10,740,091
Parish Assessments	3,150	8,225	1,925	4,375	17,675
Fundraising and Other Non-Educational	207,612	398,380	35,159	323,979	965,130
Bookstore	2,598	5,291	-	15,846	23,735
Rental Income	146,792	5,870	21,153	-	173,815
Beano	-	-	-	57,000	57,000
Athletics	16,015	2,463	11,695	1,929	32,102
Drama/Musical	8,690	6,709	-	13,383	28,782
Scholarships	36,612	30,405	4,564	1,282	72,863
Total	4,069,660	4,610,093	1,562,521	1,868,919	12,111,193
Operating Expenses					
Salaries	2,389,841	2,768,992	1,054,613	1,324,736	7,538,182
Personnel Benefits	693,918	723,249	263,996	350,675	2,031,838
Fundraising and Non-Educational	91,149	217,576	109,826	34,288	452,839
School Maintenance	346,912	251,838	184,200	91,863	874,813
Administration	67,908	95,064	44,093	42,769	249,834
Instructional	85,334	87,612	4,254	55,161	232,361
Guidance	88,018	16,678	5,255	-	109,951
Extra-Curricular	324,230	173,055	95,270	26,673	619,228
Convent Residence Maintenance	2,696	27,007	-	-	29,703
Facilities Expenditures	10,170	43,115	-	-	53,285
Interest Expense	115,863	36,304	-	-	152,167
Alumni Office	-	65,280	5,649	-	70,929
Total	4,216,039	4,505,770	1,767,156	1,926,165	12,415,130
Excess (Deficiency) of Operating Support and Revenue Over Expenses	(146,379)	104,323	(204,635)	(57,246)	(303,937)
Other Changes in Net Assets					
Non-Operating Support:					
Subsidy from Central Administration	157,273	-	209,199	58,528	425,000
Designated Income	-	138,000	-	-	138,000
Non-Operating Expense:					
Depreciation	(165,949)	(110,445)	(27,203)	(2,722)	(306,319)
Total Other Changes in Net Assets	(8,676)	27,555	181,996	55,806	256,681
Increase (Decrease) in Net Assets	(155,055)	131,878	(22,639)	(1,440)	(47,256)
Net Assets, Beginning	(2,948,465)	(1,283,728)	(480,302)	(300,499)	(5,012,994)
Net Assets, Ending	\$ (3,103,520)	\$ (1,151,850)	\$ (502,941)	\$ (301,939)	\$ (5,060,250)