

**CATHOLIC CHARITIES OF THE  
DIOCESE OF ROCKVILLE CENTRE  
AND AFFILIATES**

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**REPORT ON AUDIT OF  
COMBINING FINANCIAL STATEMENTS**

*Year Ended December 31, 2010 (with comparative  
combined totals for the year ended December 31, 2009)*

**CATHOLIC CHARITIES OF THE  
DIOCESE OF ROCKVILLE CENTRE  
AND AFFILIATES**

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## Report of Independent Public Accountants

Board of Trustees  
Catholic Charities of the Diocese of  
Rockville Centre and Affiliates  
Hicksville, New York

We have audited the accompanying combining statement of financial position of Catholic Charities of the Diocese of Rockville Centre and Affiliates (collectively, the "Organization") as of December 31, 2010, and the related combining statement of activities, statements of activities by program and combining statement of cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these combining financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2009 combining financial statements, and in our report dated May 12, 2010, we expressed an unqualified opinion on those combining financial statements.

We conducted our audit 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 combining financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combining 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of Catholic Charities of the Diocese of Rockville Centre and Affiliates as of December 31, 2010, and the combined changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Holtz Rubenstein Reminick LLP*

Melville, New York  
May 9, 2011

# CATHOLIC CHARITIES OF THE DIOCESE OF ROCKVILLE CENTRE AND AFFILIATES

## Combining Statement of Financial Position

*Year Ended December 31, 2010 (with comparative combined totals for the year ended December 31, 2009)*

		Catholic Charities Corporation	Catholic Charities Health Systems	Regina Maternity Services Corporation	Eliminations	2010 Combined Total	2009 Combined Total	
<b>Assets</b>								
<b>Current Assets:</b>								
Cash	\$	1,959,926	-	69,951	\$ 140,979	\$ -	\$ 2,170,856	\$ 511,598
Accounts receivable (Note 2)		4,767,568	-	86,001	140,512	-	4,994,081	6,437,367
Due from affiliates		1,831,452	1,462,772	-	-	(3,294,224)	-	-
Prepaid expenses and other current assets		311,695	-	7,262	4,149	-	323,106	249,432
Accrued interest receivable		-	49,397	-	-	-	49,397	98,716
Investments (Note 3)		-	17,248,790	-	-	-	17,248,790	15,972,729
<b>Total Current Assets</b>		<b>8,870,641</b>	<b>18,760,959</b>	<b>163,214</b>	<b>285,640</b>	<b>(3,294,224)</b>	<b>24,786,230</b>	<b>23,269,842</b>
<b>Noncurrent Assets:</b>								
Restricted cash		143,901	-	-	-	-	143,901	113,138
Permanently restricted investment (Note 3)		1,475,636	-	-	-	-	1,475,636	1,362,098
Housing advances receivable (Note 5)		236,570	-	-	-	-	236,570	236,570
Housing notes receivable (Note 6)		1,317,423	-	-	-	-	1,317,423	1,317,423
Accrued interest receivable, net (Note 6)		345,139	-	-	-	-	345,139	345,139
Property, plant and equipment, net (Note 4 and Note 9)		12,851,159	583,291	1,893,737	1,610,200	-	16,938,387	15,223,980
Other assets		608,233	-	22,814	-	-	631,047	543,585
<b>Total Noncurrent Assets</b>		<b>16,978,061</b>	<b>583,291</b>	<b>1,916,551</b>	<b>1,610,200</b>	<b>-</b>	<b>21,088,103</b>	<b>19,141,933</b>
<b>Total Assets</b>		<b>\$ 25,848,702</b>	<b>\$19,344,250</b>	<b>\$ 2,079,765</b>	<b>\$1,895,840</b>	<b>\$(3,294,224)</b>	<b>\$ 45,874,333</b>	<b>\$ 42,411,775</b>
<b>Liabilities and Net Assets</b>								
<b>Current Liabilities:</b>								
Accounts payable and accrued expenses	\$	3,815,598	-	11,380	\$ 12,989	\$ -	\$ 3,839,967	\$ 4,244,156
Accrued leave payable		1,163,185	-	-	-	-	1,163,185	1,112,561
Deferred revenue		367,661	-	2,000	53,930	-	423,591	144,834
Note payable (Note 8)		2,550,000	-	-	-	-	2,550,000	2,610,000
Due to affiliates		1,309,321	-	155,982	1,828,921	(3,294,224)	-	-
Current portion of long-term debt (Note 9)		700,321	-	218,592	-	-	918,913	616,938
<b>Total Current Liabilities</b>		<b>9,906,086</b>	<b>-</b>	<b>387,954</b>	<b>1,895,840</b>	<b>(3,294,224)</b>	<b>8,895,656</b>	<b>8,728,489</b>
<b>Noncurrent Liabilities:</b>								
Long-term debt (Note 9)		10,352,950	-	1,691,811	-	-	12,044,761	11,099,552
<b>Total Liabilities</b>		<b>20,259,036</b>	<b>-</b>	<b>2,079,765</b>	<b>1,895,840</b>	<b>(3,294,224)</b>	<b>20,940,417</b>	<b>19,828,041</b>
<b>Commitments (Note 12)</b>								
<b>Net Assets:</b>								
Unrestricted - undesignated		3,854,698	2,046,063	-	-	-	5,900,761	4,876,670
Unrestricted - Board designated		-	17,298,187	-	-	-	17,298,187	16,071,445
<b>Total Unrestricted Net Assets</b>		<b>3,854,698</b>	<b>19,344,250</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,198,948</b>	<b>20,948,115</b>
Temporarily restricted (Note 7)		259,332	-	-	-	-	259,332	273,521
Permanently restricted		1,475,636	-	-	-	-	1,475,636	1,362,098
<b>Total Net Assets</b>		<b>5,589,666</b>	<b>19,344,250</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,933,916</b>	<b>22,583,734</b>
<b>Total Liabilities and Net Assets</b>		<b>\$ 25,848,702</b>	<b>\$19,344,250</b>	<b>\$ 2,079,765</b>	<b>\$1,895,840</b>	<b>\$(3,294,224)</b>	<b>\$ 45,874,333</b>	<b>\$ 42,411,775</b>

# CATHOLIC CHARITIES OF THE DIOCESE OF ROCKVILLE CENTRE AND AFFILIATES

## Combining Statement of Activities

*Year Ended December 31, 2010 (with comparative combined totals for the year ended December 31, 2009)*

	Catholic Charities	Catholic Charities Support Corporation	Catholic Charities Health Systems	Regina Maternity Services Corporation	Eliminations	2010 Combined Total	2009 Combined Total
<b>Changes in Unrestricted Net Assets:</b>							
<b>Operating activities:</b>							
<b>Revenues and other support:</b>							
Catholic Ministries Appeal	\$ 2,308,521	\$ -	\$ -	\$ -	\$ -	\$ 2,308,521	\$ 2,458,410
United Way of Long Island	97,535	-	-	-	-	97,535	127,982
Bequests, contributions and other gifts	975,134	-	30	33,260	-	1,008,424	1,118,972
Foundations and other grants	605,103	-	-	9,000	-	614,103	734,497
Special events	296,049	-	-	-	-	296,049	279,317
Government contracts	10,892,869	-	110,015	614,556	-	11,617,440	10,495,554
Medicaid reimbursements	14,360,175	-	253,490	-	-	14,613,665	14,499,105
Medicare reimbursements	265,458	-	-	-	-	265,458	211,601
Third-party reimbursements	314,141	-	44,701	-	-	358,842	342,133
Participant fees	2,858,681	-	65,364	3,500	-	2,927,545	2,798,848
Contributed goods and services	57,040	-	-	-	-	57,040	121,540
Other	1,177,247	30,284	357,236	13,983	(183,469)	1,395,281	1,098,445
Net assets released from restrictions (Note 7)	197,805	-	-	-	-	197,805	183,415
<b>Total Revenues and Other Support</b>	<b>34,405,758</b>	<b>30,284</b>	<b>830,836</b>	<b>674,299</b>	<b>(183,469)</b>	<b>35,757,708</b>	<b>34,469,819</b>
<b>Expenses:</b>							
Salaries	17,860,712	-	312,817	377,917	-	18,551,446	18,529,344
Payroll taxes and fringe benefits	5,814,564	-	103,338	107,665	-	6,025,567	5,818,107
Purchased services	765,300	-	110,126	5,073	-	880,499	1,058,294
Space occupancy costs	2,658,423	-	115,041	29,883	-	2,803,347	2,632,103
Insurance	551,001	-	26,595	19,053	-	596,649	556,914
Telephone	203,887	-	10,529	5,303	-	219,719	220,090
Supplies and office expenses	791,678	-	119,218	27,968	-	938,864	848,865
Travel and auto expenses	434,852	-	446	4,317	-	439,615	400,856
Dues and subscriptions	48,181	-	1,527	317	-	50,025	65,473
Conferences and meetings	94,929	-	1,965	251	-	97,145	84,275
Food and kitchen supplies	1,641,533	-	-	9,723	-	1,651,256	1,407,841
Equipment	737,190	-	26,612	11,392	-	775,194	593,441
Emergency relief and client assistance	597,911	-	-	-	-	597,911	751,857
Administrative expenses	-	-	86,261	66,924	(153,185)	-	-
Depreciation and amortization	557,693	30,284	53,348	46,393	(30,284)	657,434	637,228
Interest expense	262,909	-	116,580	22,249	-	401,738	440,362
Special events expenses	80,008	-	-	-	-	80,008	83,527
Other program expenses	817,556	-	4,010	8,107	-	829,673	735,148
<b>Total Expenses</b>	<b>33,918,327</b>	<b>30,284</b>	<b>1,088,413</b>	<b>742,535</b>	<b>(183,469)</b>	<b>35,596,090</b>	<b>34,863,725</b>
<b>Increase (Decrease) in Unrestricted Net Assets from Operations</b>	<b>487,431</b>	<b>-</b>	<b>(257,577)</b>	<b>(68,236)</b>	<b>-</b>	<b>161,618</b>	<b>(393,906)</b>
<b>Nonoperating Activities:</b>							
Investment income and realized gains (losses)	39,473	107,474	-	-	-	146,947	(764,448)
Unrealized appreciation in fair market value of investments	-	1,942,268	-	-	-	1,942,268	4,238,986
Gain on sale of property	-	-	-	-	-	-	109,187
<b>Increase (Decrease) in Unrestricted Net Assets</b>	<b>526,904</b>	<b>2,049,742</b>	<b>(257,577)</b>	<b>(68,236)</b>	<b>-</b>	<b>2,250,833</b>	<b>3,189,819</b>
<b>Changes in Temporarily Restricted Net Assets (Note 7):</b>							
Contributions	183,616	-	-	-	-	183,616	205,575
Net assets released from restrictions	(197,805)	-	-	-	-	(197,805)	(183,415)
(Decrease) Increase in temporarily restricted net assets	(14,189)	-	-	-	-	(14,189)	22,160
<b>Changes in Permanently Restricted Net Assets:</b>							
Unrealized appreciation in fair market value of investments	113,538	-	-	-	-	113,538	233,887
Increase in permanently restricted net assets	113,538	-	-	-	-	113,538	233,887
<b>Increase (Decrease) in Net Assets before Intercompany Subsidies</b>							
Intercompany Subsidies	626,253	2,049,742	(257,577)	(68,236)	-	2,350,182	3,445,866
Intercompany Subsidies (Note 2)	497,187	(823,000)	257,577	68,236	-	-	-
<b>Increase in Net Assets</b>	<b>1,123,440</b>	<b>1,226,742</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,350,182</b>	<b>3,445,866</b>
Net Assets, beginning of year	4,466,226	18,117,508	-	-	-	22,583,734	19,137,868
<b>Net Assets, end of year</b>	<b>\$ 5,589,666</b>	<b>\$ 19,344,250</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 24,933,916</b>	<b>\$ 22,583,734</b>

*See notes to combining financial statements.*



**CATHOLIC CHARITIES OF THE  
DIOCESE OF ROCKVILLE CENTRE  
AND AFFILIATES**

**Statement of Activities by Program  
Catholic Charities Health Systems**

*Year Ended December 31, 2010*

	Health Services Center	Dental Services for HIV/AIDS	General Dental Services	Total
Changes in Unrestricted Net Assets:				
Operating activities:				
Revenues and other support:				
Catholic Ministries Appeal	\$ -	\$ -	\$ -	\$ -
United Way of Long Island	-	-	-	-
Bequests, contributions and other gifts	-	30	-	30
Foundations and other grants	-	-	-	-
Special events	-	-	-	-
Government contracts	-	110,015	-	110,015
Medicaid reimbursements	-	67,706	185,784	253,490
Medicare reimbursements	-	-	-	-
Third-party reimbursements	-	39,353	5,348	44,701
Participant fees	-	5,903	59,461	65,364
Contributed goods and services	-	-	-	-
Other	357,221	2	13	357,236
Net assets released from restrictions (Note 7)	-	-	-	-
<b>Total Revenues and Other Support</b>	<b>357,221</b>	<b>223,009</b>	<b>250,606</b>	<b>830,836</b>
Expenses:				
Salaries	36,147	190,241	86,429	312,817
Payroll taxes and fringe benefits	7,060	65,347	30,931	103,338
Purchased services	38,476	56,356	15,294	110,126
Space occupancy costs	68,763	29,500	16,778	115,041
Insurance	14,487	5,830	6,278	26,595
Telephone	8,954	1,534	41	10,529
Supplies and office expenses	17,021	56,132	46,065	119,218
Travel and auto expenses	-	446	-	446
Dues and subscriptions	-	1,527	-	1,527
Conferences and meetings	-	1,965	-	1,965
Food and kitchen supplies	-	-	-	-
Equipment	6,217	15,340	5,055	26,612
Emergency relief and client assistance	-	-	-	-
Administrative expenses	20,942	43,732	21,587	86,261
Depreciation and amortization	53,018	330	-	53,348
Interest expense	116,580	-	-	116,580
Special events expenses	-	-	-	-
Other program expenses	2,101	1,767	142	4,010
<b>Total Expenses</b>	<b>389,766</b>	<b>470,047</b>	<b>228,600</b>	<b>1,088,413</b>
(Decrease) Increase in Unrestricted Net Assets from Operations	<u>\$ (32,545)</u>	<u>\$ (247,038)</u>	<u>\$ 22,006</u>	<u>\$ (257,577)</u>

*See notes to combining financial statements.*

**CATHOLIC CHARITIES OF THE  
DIOCESE OF ROCKVILLE CENTRE  
AND AFFILIATES**

**Statement of Activities by Program  
Regina Maternity Services Corporation**

*Year Ended December 31, 2010*

	Regina Residence	Mary's Residence	Mentoring Program	Total
Changes in Unrestricted Net Assets:				
Operating activities:				
Revenues and other support:				
Catholic Ministries Appeal	\$ -	\$ -	\$ -	\$ -
United Way of Long Island	-	-	-	-
Bequests, contributions and other gifts	33,260	-	-	33,260
Foundations and other grants	7,000	-	2,000	9,000
Special events	-	-	-	-
Government contracts	556,059	32,572	25,925	614,556
Medicaid reimbursements	-	-	-	-
Medicare reimbursements	-	-	-	-
Third-party reimbursements	-	-	-	-
Participant fees	-	3,500	-	3,500
Contributed goods and services	-	-	-	-
Other	13,784	199	-	13,983
Net assets released from restrictions (Note 7)	-	-	-	-
<b>Total Revenues and Other Support</b>	<b>610,103</b>	<b>36,271</b>	<b>27,925</b>	<b>674,299</b>
Expenses:				
Salaries	365,730	-	12,187	377,917
Payroll taxes and fringe benefits	105,921	-	1,744	107,665
Purchased services	5,073	-	-	5,073
Space occupancy costs	24,840	4,233	810	29,883
Insurance	14,803	4,250	-	19,053
Telephone	4,946	-	357	5,303
Supplies and office expenses	20,747	1,758	5,463	27,968
Travel and auto expenses	4,118	-	199	4,317
Dues and subscriptions	317	-	-	317
Conferences and meetings	251	-	-	251
Food and kitchen supplies	9,723	-	-	9,723
Equipment	9,453	468	1,471	11,392
Emergency relief and client assistance	-	-	-	-
Administrative expenses	63,651	734	2,539	66,924
Depreciation and amortization	28,543	17,850	-	46,393
Interest expense	18,978	3,271	-	22,249
Special events expenses	-	-	-	-
Other program expenses	7,928	12	167	8,107
<b>Total Expenses</b>	<b>685,022</b>	<b>32,576</b>	<b>24,937</b>	<b>742,535</b>
<b>(Decrease) Increase in Unrestricted Net Assets from Operations</b>	<b>\$ (74,919)</b>	<b>\$ 3,695</b>	<b>\$ 2,988</b>	<b>\$ (68,236)</b>

*See notes to combining financial statements.*

**CATHOLIC CHARITIES OF THE  
DIOCESE OF ROCKVILLE CENTRE  
AND AFFILIATES**

**Combining Statement of Cash Flows**

*Year Ended December 31, 2010 (with comparative combined totals for the year ended December 31, 2009)*

	Catholic Charities Corporation	Catholic Charities Health Systems	Regina Maternity Services Corporation	Eliminations	2010 Combined Total	2009 Combined Total	
<b>Cash Flows from Operating Activities:</b>							
Increase in net assets	\$ 1,123,440	\$ 1,226,742	\$ -	\$ -	\$ -	\$ 2,350,182	\$ 3,445,866
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:							
Depreciation and amortization	623,627	30,284	53,348	46,393	(30,284)	723,368	734,031
Intercompany revenue	-	(30,284)	-	-	30,284	-	-
Noncash contribution of property, plant and equipment	-	-	-	-	-	-	(119,640)
Gain on disposal	(6,983)	-	-	-	-	(6,983)	(91,726)
Bad debt expense	193,501	-	-	-	-	193,501	56,727
Net realized and unrealized gains on investments	(113,538)	(1,636,283)	-	-	-	(1,749,821)	(3,221,322)
(Increase) decrease in operating assets:							
Accounts receivable	1,268,151	-	(8,877)	(9,489)	-	1,249,785	(154,785)
Due from affiliates	(15,951)	80,300	158,491	-	-	222,840	215,496
Prepaid expenses and other current assets	(71,555)	-	(1,470)	(649)	-	(73,674)	(5,322)
Accrued interest receivable	-	49,319	-	-	-	49,319	(98,716)
Restricted cash	(30,763)	-	-	-	-	(30,763)	(30,247)
Housing advances receivable	-	-	-	-	-	-	322,722
Other assets	(127,809)	-	-	-	-	(127,809)	1,641
Increase (decrease) in operating liabilities:							
Accounts payable and accrued expenses	(410,760)	-	(3,725)	10,296	-	(404,189)	(1,315,675)
Accrued leave payable	50,624	-	-	-	-	50,624	8,887
Deferred revenue	229,609	-	2,000	47,148	-	278,757	73,455
Due to affiliates	(354,764)	-	146,256	15,951	-	(192,557)	(184,027)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>2,356,829</b>	<b>(279,922)</b>	<b>346,023</b>	<b>109,650</b>	<b>-</b>	<b>2,532,580</b>	<b>(362,635)</b>
<b>Cash Flows from Investing Activities:</b>							
Purchases of property, plant and equipment	(798,663)	(80,300)	(112,216)	(13,637)	-	(1,004,816)	(1,282,581)
Proceeds from sales of property, plant and equipment	10,600	-	-	-	-	10,600	298,963
Sales of investments	-	3,773,813	-	-	-	3,773,813	3,332,972
Purchases of investments	-	(3,413,591)	-	-	-	(3,413,591)	(2,731,640)
<b>Net Cash (Used in) Provided by Investing Activities</b>	<b>(788,063)</b>	<b>279,922</b>	<b>(112,216)</b>	<b>(13,637)</b>	<b>-</b>	<b>(633,994)</b>	<b>(382,286)</b>
<b>Cash Flows from Financing Activities:</b>							
Proceeds from long-term debt	2,220,969	-	-	-	-	2,220,969	1,140,910
Payments of long-term debt	(2,193,950)	-	(206,347)	-	-	(2,400,297)	(689,202)
Proceeds from note payable	-	-	-	-	-	-	767,000
Payments of note payable	(60,000)	-	-	-	-	(60,000)	(315,000)
<b>Net Cash (Used in) Provided by Financing Activities</b>	<b>(32,981)</b>	<b>-</b>	<b>(206,347)</b>	<b>-</b>	<b>-</b>	<b>(239,328)</b>	<b>903,708</b>
<b>Net Increase in Cash</b>	<b>1,535,785</b>	<b>-</b>	<b>27,460</b>	<b>96,013</b>	<b>-</b>	<b>1,659,258</b>	<b>158,787</b>
Cash, beginning of year	424,141	-	42,491	44,966	-	511,598	352,811
<b>Cash, end of year</b>	<b>\$ 1,959,926</b>	<b>\$ -</b>	<b>\$ 69,951</b>	<b>\$ 140,979</b>	<b>\$ -</b>	<b>\$ 2,170,856</b>	<b>\$ 511,598</b>
<b>Supplemental Information:</b>							
Interest paid during the year	\$ 257,899	\$ -	\$ 116,580	\$ 22,249	\$ -	\$ 396,728	\$ 435,353

**Noncash Transaction:**

During the year ended December 31, 2010, the Organization incurred costs relating to the purchase and renovation of buildings using proceeds of grant enforcement notes and mortgages from HUD paid directly to the sellers in the amount of \$1,426,512.

# CATHOLIC CHARITIES OF THE DIOCESE OF ROCKVILLE CENTRE AND AFFILIATES

## Notes to Combining Financial Statements

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Year Ended December 31, 2010

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### 1. Organization

The accompanying combining financial statements of Catholic Charities of the Diocese of Rockville Centre ("Catholic Charities" or the "Agency") and Affiliates include the accounts of the Agency's programs and administration, as well as the accounts of three affiliated corporations; Catholic Charities Support Corporation ("CCSC"), Catholic Charities Health Systems of the Diocese of Rockville Centre, Inc. ("CCHS"), and Regina Maternity Services Corporation ("Regina"), (collectively, the "Organization").

CCSC holds the Organization's investments and certain owned real estate. CCHS provides dental services. Regina provides residential and outreach services to pregnant women, mothers and infants. The Agency includes all other programs of the Organization.

The accompanying combining financial statements of the Organization are not required to include the assets, liabilities, net assets, revenues and expenditures of an affiliated corporation, Cleary Deaf Child Center, Inc. ("Cleary"). However, selected financial information related to Cleary has been disclosed in Note 10 to the combining financial statements.

**Income taxes** - The Agency and its affiliates are individually classified as not-for-profit organizations under Section 501(c)(3) and exempt from income taxes under Section 501(a) of the Internal Revenue Code and similar State of New York provisions. Accordingly, donors may generally deduct contributions for income tax purposes.

### 2. Summary of Accounting Policies

**Basis of presentation** - The accompanying combining financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America using the accrual basis of accounting and include the accounts of the Organization's programs and administration. The Organization's financial presentation distinguishes between unrestricted, temporarily restricted, and permanently restricted net assets and changes in net assets, based upon the existence or absence of donor-imposed restrictions, as follows:

**Unrestricted** - Net assets which have not been donor restricted, and are therefore, available for use in carrying out the operations of the Organization. In addition, the Board of Trustees has designated, at their discretion, certain assets for long-term investments and a subsidy for annual operations.

**Temporarily restricted** - Net assets which have been limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by the actions of the Organization pursuant to those stipulations.

**Permanently restricted** - Net assets subject to donor-imposed restrictions that stipulate resources be maintained in perpetuity, but permit the Organization to utilize earnings from such permanently restricted funds for unrestricted purposes.

All significant balances and transactions among the Agency, its affiliates and its programs have been eliminated in the accompanying combining financial statements.

**Cash** - Cash includes cash in operating accounts. Cash held by investment managers is included in investments, as the Agency considers these balances to be invested for long-term purposes.

**Accounts receivable** - At December 31, 2010, the Organization's accounts receivable represented balances principally due from government programs and reimbursements for services rendered and are reported at their estimated realizable value.

# CATHOLIC CHARITIES OF THE DIOCESE OF ROCKVILLE CENTRE AND AFFILIATES

## Notes to Combining Financial Statements

*Year Ended December 31, 2010*

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**Investments** - Investments are carried at fair market value based upon quoted market prices. Investments donated to the Organization are recorded at fair market value as of the date of the contribution.

**Property, plant and equipment** - Property, plant and equipment are carried at cost for those assets purchased by the Organization. Fixed assets donated to the Organization are recorded at fair market value as of the date of the donation.

Property, plant and equipment are depreciated commencing the year after such assets are placed in service. Depreciation is calculated using the straight-line method over the following useful lives:

Buildings	50 years
Building and Leasehold Improvements	10 to 30 years or the life of the lease, whichever is shorter
Furniture and Equipment	5 years
Vehicles	4 years
Computer Hardware and Software	3 years

Costs incurred for repairs and maintenance are charged to expense as incurred.

Certain assets have been acquired under government contracts and have been charged to operations at the date of purchase. Simultaneously, the total contract award for such asset purchases was recorded as revenue. At the end of the contract term, these assets are generally returned to the government funding source.

**Revenue** - The Organization derives revenue from, among other sources, an allocation of the funds from the Catholic Ministries Appeal, United Way of Long Island, contributions, bequests from individuals, foundations, grants, special events, participant fees, third-party reimbursements, including Medicaid and Medicare, and cost reimbursement contracts with New York State, the Federal Government and local government agencies. Sponsored revenues are subject to audit and possible adjustment by third-party payors. The effects of such adjustments, if any, are recorded when reasonably determinable. Management believes that the effect of audit adjustments, if any, will not have a material effect on the accompanying combining financial statements.

**Bequests, contributions and other gifts** - A bequest is a gift made through a will or a living trust at the donor's death. The amount reported as bequest revenue in the accompanying combining financial statements is equal to the fair value at the date of gift, net of legal and brokerage fees, taxes and other direct expenses incurred in clearing the Organization's title to the gift or in converting the bequest to cash.

The Organization records contributions of cash and other assets when an unconditional promise to give such assets is received from a donor. Contributions are recorded at the fair value of the assets received and are classified as either permanently restricted, temporarily restricted or unrestricted, depending on whether the donor has imposed a restriction on the use of such assets.

The Organization reports gifts of cash or other assets 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 expires or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying combining statement of activities as net assets released from restrictions. Temporarily restricted contributions that originate in a given year and are released from restriction in the same year by meeting the donors' restricted purposes are reflected in unrestricted net assets.

# CATHOLIC CHARITIES OF THE DIOCESE OF ROCKVILLE CENTRE AND AFFILIATES

## Notes to Combining Financial Statements

*Year Ended December 31, 2010*

The Organization reports gifts of property, plant and equipment as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire assets are reported as temporarily restricted support. Absent explicit donor stipulations of how long those assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**Contributed goods and services** - Not-for-profit entities are required to record contributed goods and services revenue if those services create or enhance nonfinancial assets or are provided by individuals who possess specialized skills that would typically need to be purchased, if not provided by donation. For the year ended December 31, 2010, the Organization recorded contributed goods and services revenue of \$57,040, with an equivalent amount capitalized or recorded as expense.

**Fair market value** - In accordance with Accounting Standards Codification ("ASC") 820, the Organization must determine whether its assets and liabilities recorded at fair value are valued based on Level 1 (valued based on quoted prices in an active market for identical assets), Level 2 (valued based on significant other observable inputs) or Level 3 (valued based on significant unobservable inputs) measurements.

**Uncertain tax positions** - As of December 31, 2010, the Organization does not believe it has any uncertain tax positions that would require either recognition or disclosure in the accompanying financial statements.

**Intercompany subsidies** - On an annual basis, CCSC liquidates investments and transfers cash to Catholic Charities to fund operations and certain capital expenditures of the Agency. During 2010, the Organization's Board of Trustees authorized CCSC to transfer \$823,000 to Catholic Charities for use in current operations of the Agency. During 2010, Catholic Charities subsidized the operating deficit of CCHS and Regina.

**Presentation of certain prior year information** - The accompanying combining statement of financial position of the Organization, and the related combining statements of activities and cash flows include prior year summarized information for comparative purposes only. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Accordingly, such information should be read in conjunction with the Organization's combining financial statements, as of, and for the year ended December 31, 2009, from which the summarized information was derived.

**Evaluation of subsequent events** - Management has evaluated subsequent events through May 9, 2011, the date the financial statements are available for issuance, for inclusion or disclosure in the financial statements.

### 3. **Investments**

Investments in equity securities with readily determinable fair market values and all investments in debt securities are carried at fair market value with gains and losses reported in the accompanying combining statement of activities.

At December 31, 2010, the unrestricted investments are valued based on Level 1 inputs under ASC 820 and consisted of the following:

Unrestricted (Catholic Charities Support Corporation)	Market Value	Cost
Cash and Cash Equivalents	\$ 607,271	\$ 607,271
Common Stock	9,252,117	8,229,757
Fixed Income Mutual Funds	7,389,402	6,793,628
	<u>\$ 17,248,790</u>	<u>\$ 15,630,656</u>

# CATHOLIC CHARITIES OF THE DIOCESE OF ROCKVILLE CENTRE AND AFFILIATES

## Notes to Combining Financial Statements

Year Ended December 31, 2010

The Agency is the sole beneficiary of a perpetual trust fulfilled in 1979. The investments of the trust are held in perpetuity by a bank as trustee with the annual income from such investments, excluding unrealized gains, available for the unrestricted use of the Agency.

At December 31, 2010, the permanently restricted investment is valued based on Level 3 inputs under ASC 820 and consist of the following:

Permanently Restricted - Perpetual Trust (Catholic Charities)	Market Value	Cost
Beneficial Interest in Perpetual Trust	\$ 1,475,636	\$ 174,181

The underlying assets of the perpetual trust are invested in Level 1 assets.

The Organization's unrestricted investments are designated as an endowment fund by the Board of Trustees. The following applies to the board designated and permanently restricted endowment funds:

**Interpretation of relevant law** - In September 2010, the New York Prudent Management of Institutional Funds Act ("NYPMIFA") was enacted. The Organization's investments are not subject to NYPMIFA, as they are either board designated endowments or perpetual trusts not controlled by the Organization. The Organization has interpreted NYPMIFA as requiring the preservation of the fair value of an original gift as of the gift date of a donor restricted endowment fund absent explicit donor stipulations to the contrary. The Organization classifies as permanently restricted net assets (a) the original value of gifts donated to a permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of a donor restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization.

**Spending policy** - The Organization establishes a spending rate each year in accordance with the investment guidelines. The rate permits the Organization to make an approved withdrawal from the Board Designated Investment Fund to fund expenditures as management deems necessary. The rate is closely aligned with budgeted investment income in a given year.

**Endowment investment policy** - The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of returns that can be utilized to fund its programs while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor restricted funds that are held in perpetuity and board-designated funds.

Under this policy, as approved by the investment committee, the endowment assets are invested in a manner that is intended to achieve investment returns that are competitive versus pools of assets of similar nature and circumstances.

The following presents the composition of endowment net assets by fund type at December 31, 2010:

	Unrestricted	Permanently Restricted
Board-Designated Endowment Funds	\$ 17,298,187	\$ -
Donor Restricted Beneficial Interest in Perpetual Trust	-	1,475,636

**CATHOLIC CHARITIES OF THE  
DIOCESE OF ROCKVILLE CENTRE  
AND AFFILIATES**

**Notes to Combining Financial Statements**

*Year Ended December 31, 2010*

The changes in endowment net assets for the year ended December 31, 2010 was as follows:

	Board Designated	Permanently Restricted
Net Assets, beginning of year	\$ 16,071,445	\$ 1,362,098
Investment Income	550,321	-
Unrealized Gain on Investments	1,942,268	113,538
Realized Loss on Investments	(305,985)	-
Intercompany Subsidies	(823,000)	-
Investment Fees	(136,862)	-
Net Assets, end of year	<u>\$ 17,298,187</u>	<u>\$ 1,475,636</u>

At December 31, 2010, the cumulative unrealized appreciation for unrestricted and permanently restricted investments is \$1,618,134 and \$1,301,455, respectively.

**4. Property, Plant and Equipment, Net**

At December 31, 2010, property, plant and equipment, net, consisted of the following:

	Catholic Charities	Catholic Charities Support Corporation	Catholic Charities Health Systems	Regina Maternity Services Corporation	Total
Land	\$ 2,145,795	\$ 237,500	\$ 330,000	\$ 835,626	\$ 3,548,921
Buildings and Improvements	12,006,195	1,713,527	2,054,748	949,077	16,723,547
Leasehold Improvements	1,737,183	-	3,295	-	1,740,478
Furniture and Equipment	536,077	-	138,308	2,510	676,895
Vehicles	915,295	-	-	40,900	956,195
Computer Hardware and Software	465,359	-	-	1,250	466,609
Construction-in- Progress	-	-	4,835	-	4,835
	<u>17,805,904</u>	<u>1,951,027</u>	<u>2,531,186</u>	<u>1,829,363</u>	<u>24,117,480</u>
Less Accumulated Depreciation and Amortization	<u>4,954,745</u>	<u>1,367,736</u>	<u>637,449</u>	<u>219,163</u>	<u>7,179,093</u>
	<u>\$12,851,159</u>	<u>\$ 583,291</u>	<u>\$ 1,893,737</u>	<u>\$ 1,610,200</u>	<u>\$ 16,938,387</u>

At December 31, 2010, the Organization incurred costs related to the development of one site, which is presented above as construction-in-progress. Total project costs are expected to approximate \$32,500.

# CATHOLIC CHARITIES OF THE DIOCESE OF ROCKVILLE CENTRE AND AFFILIATES

## Notes to Combining Financial Statements

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*Year Ended December 31, 2010*

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### 5. Housing Advances Receivable

The Agency has made various advances to certain Housing Corporations sponsored by the Diocese of Rockville Centre, primarily for development costs. Such advances, which are non-interest bearing and have no specific payment terms, are recorded as noncurrent assets in the accompanying combining statement of financial position to reflect their long-term nature.

### 6. Housing Notes Receivable

In February 1997, St. Hedwigs Gardens Limited Partnership (the "Partnership") was formed for the purpose of developing a 27-unit senior affordable housing complex in Floral Park, New York. In March 1998, the Agency entered into a contract with Nassau County, whereby, the county provided federal pass-through funds, in the form of a grant for the development of the property. In May 1998, the Agency loaned \$300,000 to the Partnership. This loan is secured by the St. Hedwigs property but is subordinate to first and second mortgage notes on that property. All principal, in addition to the accrued and unpaid interest under the note is due and payable at the earlier of (a) December 31, 2028, (b) the date that the housing project is sold, or (c) the date the note is refinanced. The note bears interest at a rate of 5.94% per annum. No payments of principal or interest are required prior to maturity, except to the extent the housing project generates excess cash, as defined in the note. In January 1999, an additional \$56,625 was loaned to the Partnership. This note bears interest at a rate of 5.75% per annum and will mature on the same date as the original note described above. Accrued interest receivable relating to these notes total \$374,644, net of an allowance of \$232,461, equaling \$142,183, has been recorded through December 31, 2010.

In addition, the Agency had other receivables that were converted into a note receivable amounting to \$66,044 on January 12, 2000. These other receivables related primarily to start-up advances provided by the Agency to the Partnership. The promissory note (the "Note") is payable to the Agency by St. Hedwigs Gardens Housing Development Fund Company Inc. ("HDFC"). The Note bears interest at a rate of 5.94% per annum and will mature on January 12, 2030. No payments of principal or interest were made as of December 31, 2010. Any outstanding principal balance on this Note shall be payable in one lump-sum balloon payment due and payable on January 12, 2030.

A developer's fee was incurred during the Partnership's development pursuant to an agreement with the Agency. The balance of the unpaid developer's fee at December 31, 2008 was \$91,081, represented by a deferred development fee note payable, dated January 7, 2000 that was due December 31, 2008. At January 1, 2010, the General partner, HDFC, made a capital contribution in satisfaction of the developer fee note payable and accrued interest pursuant to the Limited Partnership Agreement. In making this contribution, the HDFC assumed the limited partnership's liability to Catholic Charities for the outstanding developer fee note payable and accrued interest. The note bears interest at an annual rate of 6.45%. Accrued interest receivable totaling \$89,495, net of allowance of \$58,126 equaling \$31,369, has been recorded through December 31, 2010.

In May 1999, St. Anne's Gardens Limited Partnership (the "St. Anne's Gardens Partnership") was formed for the purpose of developing a 100-unit senior affordable housing complex in Brentwood, New York. The Agency's developer's fee charged to the St. Anne's Gardens Partnership is evidenced by a development note dated April 20, 2001 for \$803,673. The note bears interest at 5.78% per annum and matures on December 31, 2011, at which time, the note will be transferred to the general partner. The note is payable from excess income pursuant to the St. Anne's Gardens Partnership agreement. Accrued interest receivable totaling \$541,737, net of an allowance of \$370,150, equaling \$171,587 has been recorded through December 31, 2010.

**CATHOLIC CHARITIES OF THE  
DIOCESE OF ROCKVILLE CENTRE  
AND AFFILIATES**

**Notes to Combining Financial Statements**

*Year Ended December 31, 2010*

**7. Temporarily Restricted Net Assets**

The activities of the Agency's temporarily restricted net assets for the year ended December 31, 2010 were as follows:

	Balance at January 1, 2010	Temporarily Restricted Contributions	Net Assets Released from Restrictions	Balance at December 31, 2010
Help-A-Family Fund	\$ 215,131	\$ 125,226	\$ 139,415	\$ 200,942
United Way	58,390	58,390	58,390	58,390
	<u>\$ 273,521</u>	<u>\$ 183,616</u>	<u>\$ 197,805</u>	<u>\$ 259,332</u>

**8. Note Payable**

The Agency has a master grid note with JP Morgan Chase Bank in the aggregate amount of \$3,440,000. The note, which is secured and collateralized by the fixed income mutual funds included in unrestricted board designated investments, is available to the Agency for drawdowns and bears interest at a rate 1-1/2% over the 30 day LIBOR rate. The collateral loan value is based on a calculation of 70% of the current market value as determined by the bank's lending criteria. At December 31, 2010, there was \$2,550,000 outstanding, at a rate of 1.76%. The note is due and payable in full on June 30, 2011, at which time, it is expected to be renewed.

**9. Long-Term Debt**

At December 31, 2010, long-term debt consisted of the following:

Catholic Charities

Dormitory Authority of the State of New York Bonds (a)	\$ 21,638
Dormitory Authority of the State of New York Bonds (b)	165,828
Dormitory Authority of the State of New York Bonds (c)	186,450
Dormitory Authority of the State of New York Bonds (d)	229,970
Dormitory Authority of the State of New York Bonds (e)	568,347
Dormitory Authority of the State of New York Bonds (f)	725,278
Suffolk County Industrial Development Agency Bonds (g)	535,000
Town of Islip Community Development Agency Grant Enforcement Note and Mortgage (h)	212,000
Town of Islip Community Development Agency Grant Enforcement Note and Mortgage (i)	986,679
Town of Islip Community Development Agency Grant Enforcement Note and Mortgage (j)	1,092,947
Town of Islip Community Development Agency Grant Enforcement Note and Mortgage (k)	787,866
Town of Islip Community Development Agency Grant Enforcement Note and Mortgage (l)	764,724
Town of Islip Community Development Agency Grant Enforcement Note and Mortgage (m)	713,483
Town of Islip Community Development Agency Grant Enforcement Note and Mortgage (n)	246,797
Suffolk County Industrial Development Agency Bonds (o)	875,000
Town of Islip Community Development Agency Mortgage (p)	196,306
Promissory Note - State Bank of Long Island (q)	2,159,815
Promissory Note - JP Morgan Chase Bank (r)	338,531
Vehicle Loans	246,612
	<u>\$ 11,053,271</u>

# CATHOLIC CHARITIES OF THE DIOCESE OF ROCKVILLE CENTRE AND AFFILIATES

## Notes to Combining Financial Statements

*Year Ended December 31, 2010*

### Catholic Charities Health Systems

Mortgage and Term Note - JP Morgan Chase Bank (s)	<u>\$ 1,910,403</u>
Total Current and Long-Term Debt	\$ 12,963,674
Less Current Portion of Long-Term Debt	918,913
	<u>\$ 12,044,761</u>

- (a) During August 1997, the Organization financed the purchase of the Alhambra Residence in Huntington Station through DASNY bonds in the amount of \$297,500, payable in semi-annual installments over 14 years. The bonds bear interest at 5.6076% per annum and are collateralized by the residence. At December 31, 2010, \$21,638 was outstanding, with \$21,638 due in 2011.
- (b) During June 1996, the Organization financed the purchase of the Teaching Family Model Residence in Islip through DASNY bonds in the amount of \$297,000, payable over 24 years in semi-annual installments. The bonds bear interest at 6.75% per annum and are collateralized by the residence. At December 31, 2010, \$165,828 was outstanding, with \$12,992 due in 2011.
- (c) During April 1998, the Organization financed the purchase of the Teaching Family Model Residence in Farmingdale through DASNY bonds in the amount of \$316,000, payable over 22 years in semi-annual installments. The bonds bear interest at 5.604% per annum and are collateralized by the residence. At December 31, 2010, \$186,450 was outstanding, with \$14,364 due in 2011.
- (d) During February 1999, the Organization financed the purchase of the Teaching Family Model Residence in Bethpage through DASNY bonds in the amount of \$353,000, payable over 22 years in semi-annual installments. The bonds bear interest at 5.7835% per annum and are collateralized by the residence. At December 31, 2010, \$229,970 was outstanding, with \$14,567 due in 2011.
- (e) During June 2006, the Organization financed the purchase of the Teaching Family Model Residence in Plainview through DASNY bonds in the amount of \$638,800, payable over 24 years in semi-annual installments. The bonds bear interest at 5.2561% per annum and are collateralized by the residence. At December 31, 2010, \$568,347 was outstanding, with \$18,018 due in 2011.
- (f) During May 2007, the Organization financed the purchase of the Teaching Family Model Residence in Manorville through DASNY bonds in the amount of \$797,200, payable over 24 years in semi-annual installments. The bonds bear interest at 4.9469% per annum and are collateralized by the residence. At December 31, 2010, \$725,278 was outstanding, with \$20,287 due in 2011.
- (g) During June 2001, the Organization financed the purchase of the Mother Teresa Community Residence in Amityville and the Wyandanch Commodity Supplemental Food Program ("CSFP") site through Suffolk County Industrial Development Agency bonds in the amount of \$1,060,000. Of this amount, \$1,025,000 is classified as tax-exempt bonds, which bear interest at a rate of 7.00% and are payable in annual installments over 15 years. The balance of \$35,000 were taxable bonds, which bore interest at a rate of 8.00% and were payable in annual installments over five years. The full amounts of the bonds are collateralized by the two facilities. At December 31, 2010, \$535,000 was outstanding, with \$75,000 due in 2011.
- (h) During October 1998, the Organization entered into an agreement with the Town of Islip Community Development Agency to purchase and renovate a residence for the Special Needs Housing program in Hempstead. In accordance with the grant enforcement note, \$212,000 will be deemed satisfied upon completion of ten years of operations in March 2011. Accordingly, at such time, the Organization will record the extinguishment of debt, which will be reflected as income in its financial statements. The grant enforcement note is non-interest bearing and does not require the Organization to make installment payments over the ten year period.

# CATHOLIC CHARITIES OF THE DIOCESE OF ROCKVILLE CENTRE AND AFFILIATES

## Notes to Combining Financial Statements

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*Year Ended December 31, 2010*

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- (i) During March 2000, the Organization entered into an agreement with the Town of Islip Community Development Agency to purchase and renovate several cottages for the Special Needs Housing program in Hampton Bays. In accordance with the grant enforcement note, \$986,679 will be deemed satisfied upon completion of ten years of operations in June 2012. Accordingly, at such time, the Organization will record the extinguishment of debt, which will be reflected as income in its financial statements. The grant enforcement note is non-interest bearing and does not require the Organization to make installment payments over the ten year period.
- (j) During May 2004, the Organization entered into an agreement with the Town of Islip Community Development Agency to purchase a residence for the Special Needs Housing program in Islip Terrace. In May 2005, the Organization entered into an additional agreement to renovate this residence. In accordance with the grant enforcement notes, \$588,021 and \$504,926, respectively, will be deemed satisfied upon ten years of operations in October 2016. Accordingly, at such time, the Organization will record the extinguishment of debt, which will be reflected as income in its financial statements. The grant enforcement notes are non-interest bearing and do not require the Organization to make installment payments over the ten year period.
- (k) During May 2004, the Organization entered into an agreement with the Town of Islip Community Development Agency to purchase a residence for the Special Needs Housing program in Freeport. In September 2006, the Organization entered into an additional agreement to renovate this residence. In accordance with the grant enforcement notes, \$397,601, \$359,876 and \$30,389, respectively, will be deemed satisfied upon ten years of operations in November 2017. Accordingly, at such time, the Organization will record extinguishment of debt, which will be reflected as income in its financial statements. The grant enforcement notes are non-interest bearing and do not require the Organization to make installment payments over the ten year period.
- (l) During March 2008, the Organization entered into an agreement with the Town of Islip Community Development Agency to purchase a residence for the Special Needs Housing program in Long Beach. In February 2010, the Organization entered into an additional agreement to renovate this residence. In accordance with the grant enforcement notes, \$298,492 and \$466,232, respectively, will be deemed satisfied upon ten years of operations once open. Accordingly, at such time, the Organization will record extinguishment of debt, which will be reflected as income in its financial statements. The grant enforcement notes are non-interest bearing and do not require the Organization to make installment payments over the ten year period.
- (m) During February 2010, the Organization entered into an agreement with the Town of Islip Community Development Agency to purchase a residence for the Special Needs Housing program in Farmingdale. In November 2010, the Organization entered into an additional agreement to renovate this residence. In accordance with the grant enforcement notes, \$370,162 and \$343,321, respectively, will be deemed satisfied upon ten years of operations once open. Accordingly, at such time, the Organization will record extinguishment of debt, which will be reflected as income in its financial statements. The grant enforcement notes are non-interest bearing and do not require the Organization to make installment payments over the ten year period.
- (n) During September 2010, the Organization entered into an agreement with the Town of Islip Community Development Agency to purchase a residence for the Special Needs Housing program in Patchogue. In accordance with the grant enforcement note, \$246,797 will be deemed satisfied upon ten years of operations once open. Accordingly, at such time, the Organization will record extinguishment of debt which will be reflected as income in its financial statements. The grant enforcement note is non-interest bearing and does not require the Organization to make installment payments over the ten year period.

# CATHOLIC CHARITIES OF THE DIOCESE OF ROCKVILLE CENTRE AND AFFILIATES

## Notes to Combining Financial Statements

*Year Ended December 31, 2010*

- (o) During October 2005, the Organization financed the purchase of the Beebe and Bustamonte Community Residences in West Babylon through Suffolk County Industrial Development Agency bonds in the amount of \$1,199,000. Of this amount, \$1,160,000 is classified as tax-exempt bonds, which bear interest at a rate of 6.00% and are payable in annual installments over 15 years. The balance of \$39,000 were taxable bonds, which bore interest at a rate of 6.75% and were payable in annual installments over five years. The full amount of the bonds is collateralized by the two residences. At December 31, 2010, \$875,000 was outstanding, with \$65,000 due in 2011.
- (p) During April 2008, the Organization financed the purchase of the Siena Residence in Bay Shore through an agreement with the Town of Islip Community Development Agency in the amount of \$226,507, payable over 20 years in monthly installments. The mortgage is non-interest bearing and is collateralized by the residence. At December 31, 2010, \$196,306 was outstanding, with \$11,325 due in 2011.
- (q) On December 16, 2010, the Organization entered into a mortgage note with the State Bank of Long Island in the amount of \$2,159,815 which was used to purchase and renovate the Christopher Residence in Valley Stream. The note is payable in monthly installments, maturing on December 16, 2025. The note bears interest at the rate of 6.25% for the first five years and will be adjusted for the second and third five year periods. The full amount of the mortgage note is collateralized by residence. At December 31, 2010, \$2,159,815 was outstanding, with \$89,221 due in 2011.
- (r) On February 2, 2005, the Organization financed the purchase of the Regina Residence in Merrick through a promissory note with JP Morgan Chase Bank in the amount of \$560,000. The note is payable in monthly installments, maturing on January 5, 2015 and bears interest at the rate of 5.26%. The note is secured and collateralized by the fixed income mutual funds included in the unrestricted board designated investments. The collateral loan value is based on a calculation of 70% of the current market value as determined by the bank's lending criteria. At December 31, 2010, \$338,531 was outstanding, with \$37,966 due in 2011.
- (s) During September 1997, the Organization financed the purchase of the current Health Services Center, formerly the AIDS Day Treatment Facility, in Freeport through DASNY bonds in the amount of \$4,170,000, payable in semi-annual installments over 23 years. Due to the close of the Adult Day Healthcare Program in January 2008, it became necessary to defease the outstanding debt with DASNY. In March 2008, the Organization entered into an agreement with JP Morgan Chase in the amount of \$2,450,000. The \$2,450,000 is comprised of a mortgage in the amount of \$2,344,000, which is secured by the building and payable in monthly installments, maturing in March 2018 and bears interest at a rate of 5.74% and a term note in the amount of \$106,000, which is payable in monthly installments, maturing in March 2018 and bears interest at a rate of 4.74%. This term note is secured and collateralized by the fixed income mutual funds included in the unrestricted board designated investments. At December 31, 2010, \$1,910,403 was outstanding, comprised of \$1,828,712 from the mortgage and \$81,691 from the term note, with \$218,592 due in 2011.

The future minimum payments on debt and extinguishments of grant enforcement notes at December 31, 2010 are as follows:

<i>Years Ending December 31,</i>	Payments	Extinguishments
2011	\$ 706,913	\$ 212,000
2012	689,990	986,679
2013	695,301	-
2014	690,102	-
2015	873,204	-
Thereafter	4,503,668	3,605,817
Total	<u>\$ 8,159,178</u>	<u>\$ 4,804,496</u>

**CATHOLIC CHARITIES OF THE  
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**Notes to Combining Financial Statements**

*Year Ended December 31, 2010*

**10. Cleary**

The following presents selected financial data of Cleary, as audited by other auditors, as of, and for the year ended June 30, 2010, which is not included in the accompanying combining financial statements. See Note 1 for further information regarding Cleary.

<u>Assets</u>	<u>Liabilities</u>	<u>Net Assets</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Unrealized Loss on Investments</u>	<u>Decrease in Net Assets</u>
<u>\$2,212,260</u>	<u>\$1,177,866</u>	<u>\$1,034,394</u>	<u>\$8,866,738</u>	<u>\$8,964,131</u>	<u>\$(5,955)</u>	<u>\$(103,348)</u>

**11. Related Parties**

**Pension plan** - The Organization is a participant in the Diocese of Rockville Centre Pension Plan. This Plan is a noncontributory defined benefit plan, which covers eligible employees of the Organization. Due to the nature of the Plan, it is not practicable to determine the extent to which the assets of the Plan cover the actuarially computed value of vested benefits for the Organization alone. In addition, because the Plan is considered a multi-employer plan, it is only subject to certain minimum reporting requirements. The total pension expense for the year ended December 31, 2010, was \$1,382,127.

**Diocesan insurance department** - The Organization is insured with regard to property and casualty insurance through the Protected Self Insurance Program of the Diocese of Rockville Centre (the "PSIP"). In addition, the Health Insurance Program of the Diocese of Rockville Centre (the "Health Insurance Program") provides health coverage to the Organization's employees. Insurance premiums charged to the Organization by the PSIP totaled \$617,057 for the year ended December 31, 2010. The Organization also incurred insurance premiums of \$2,948,328 to the Health Insurance Program for the year ended December 31, 2010.

**Revenue** - The Agency received an allocation of funds from the Diocese of Rockville Centre's Catholic Ministries Appeal totaling \$2,308,521 for the year ended December 31, 2010.

**Related party leases** - The Organization leases space from certain related parties (including some parishes) under leases, which expire on varying dates through August 2015. Certain leases include renewal options which have not been included in the minimum lease commitments presented below. Future minimum lease commitments to related parties were as follows:

*Years Ending December 31,*

2011	\$ 406,708
2012	296,906
2013	108,804
2014	111,689
2015	<u>67,265</u>
Total	<u>\$ 991,372</u>

**Other** - Refer to Note 5 for additional information on other related party transactions.

**CATHOLIC CHARITIES OF THE  
DIOCESE OF ROCKVILLE CENTRE  
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**Notes to Combining Financial Statements**

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*Year Ended December 31, 2010*

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**12. Commitments**

The Organization is obligated under various long-term leases, which expire on varying dates through September 2018. Future minimum lease commitments for all noncancellable operating leases at December 31, 2010, excluding related party leases disclosed in Note 11, were as follows:

*Years Ending December 31,*

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2011	\$	335,542
2012		243,543
2013		250,302
2014		256,140
2015		191,372
Thereafter		310,639
Total	\$	<u>1,587,538</u>