

CENTRAL ADMINISTRATIVE OFFICE OF THE
ROMAN CATHOLIC DIOCESE OF SAN JOSE

**Financial Statements and Report of
Independent Certified Public Accountants**

June 30, 1998 and 1997

CONTENTS

	<u>Page</u>
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	4
FINANCIAL STATEMENTS	
Statement Of Financial Position - 1998 and 1997	5
Statement Of Activities - 1998	7
Statement Of Activities - 1997	8
Statements Of Cash Flows - 1998 and 1997	9
Notes To Financial Statements	11

CONTENTS
(continued)

	<u>Schedule</u>	<u>Page</u>
SUPPLEMENTARY INFORMATION		
Report Of Independent Certified Public Accountants On Supplementary Information		30
ALL FUNDS		
Balance Sheet - 1998	1	31
Balance Sheet - 1997	2	33
Statement of Revenues, Expenses and Changes in Fund Balances - 1998	3	35
Statement of Revenues, Expenses and Changes in Fund Balances - 1997	4	36
CURRENT FUNDS		
Balance Sheet - 1998	5	37
Balance Sheet - 1997	6	38
Statement of Revenues, Expenses and Changes in Fund Balances - 1998	7	39
Statement of Revenues, Expenses and Changes in Fund Balances - 1997	8	40
SERVICE FUNDS, CUSTODIAN AND SIMILAR FUNDS		
Balance Sheet - 1998	9	41
Balance Sheet - 1997	10	42
Statement of Revenues, Expenses and Changes in Fund Balances - 1998	11	43
Statement of Revenues, Expenses and Changes in Fund Balances - 1997	12	44

Report of Independent Certified Public Accountants

Most Reverend Pierre DuMaine
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, 1998 and 1997, 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 generally accepted auditing standards. Those standards require that we plan and perform the audit 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, 1998 and 1997, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

San Jose, California
October 16, 1998

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

STATEMENT OF FINANCIAL POSITION

June 30,

ASSETS

1998

1997

(restated)

Cash and cash equivalents	\$17,993,790	\$17,088,982
Marketable securities	20,636,089	16,467,817
Receivables		
Parishes and institutions (net of allowance for doubtful accounts of \$854,396 in 1998 and \$938,000 in 1997)	13,215,117	10,844,642
Mortgages and notes	877,320	1,190,959
Pledges (net of allowance for doubtful accounts of \$257,431 in 1998 and \$235,431 in 1997)	5,118,491	5,632,953
Other (net of allowance for doubtful accounts of \$102,421 in 1998 and \$77,593 in 1997)	2,172,137	1,504,377
Inventories	4,425,000	4,502,302
Deposits and prepaid expenses	415,285	616,459
Investment in real estate	232,073	232,073
Land, buildings and equipment (net of accumulated depreciation)	39,150,058	39,469,458
Intangible pension asset	692,000	780,000
Total assets	\$104,927,360	\$98,330,022

The accompanying notes are an integral part of these statements.

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

STATEMENT OF FINANCIAL POSITION (continued)

June 30,

LIABILITIES AND NET ASSETS

	1998	1997 (restated)
Bonds payable	\$13,151,000	\$15,041,000
Notes payable	1,305,286	1,333,440
Accounts payable	2,717,705	1,436,790
Pledges payable to parishes and others	2,513,090	2,861,160
Accrued liabilities	10,571,262	9,685,641
Deposits payable	19,290,546	18,109,051
Held for parishes and institutions	5,445,822	4,609,193
Deferred revenue	9,525,233	8,825,117
	Total liabilities	61,901,392
Commitments and contingencies	-	-
Net assets		
Unrestricted		
Undesignated	22,797,959	20,352,550
Designated	4,724,468	4,253,335
	27,522,427	24,605,885
Temporarily restricted	9,543,360	8,481,116
Permanently restricted	3,341,629	3,341,629
	Total net assets	36,428,630
	Total liabilities and net assets	\$104,927,360
		\$98,330,022

The accompanying notes are an integral part of these statements.

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

STATEMENT OF ACTIVITIES

Year ended June 30, 1998

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues				
Gifts, bequests and collections	\$98,562	\$5,939,920	\$-	\$6,038,482
Fees and expense reimbursements	1,705,856	-	-	1,705,856
Rental income	147,049	-	-	147,049
Investment income	3,254,385	1,269,078	-	4,523,463
Insurance premiums	6,493,481	-	-	6,493,481
Newspaper income	325,299	-	-	325,299
Cemetery revenues	3,365,782	-	-	3,365,782
Other income	652,199	-	-	652,199
Net assets released from restrictions	6,146,754	(6,146,754)	-	-
Total revenues	22,189,367	1,062,244	-	23,251,611
Expenses				
Pastoral	2,272,338	-	-	2,272,338
Religious personnel development	680,200	-	-	680,200
Education	776,355	-	-	776,355
Community apostolates	93,629	-	-	93,629
Administrative	2,409,052	-	-	2,409,052
Depreciation expense	658,308	-	-	658,308
Interest expense	1,892,641	-	-	1,892,641
Insurance premiums and benefits	6,510,125	-	-	6,510,125
Property taxes and other carrying costs	85,817	-	-	85,817
Newspaper expenses	325,569	-	-	325,569
Cemetery expenses	2,544,539	-	-	2,544,539
Fundraising expenses	757,729	-	-	757,729
Other	266,523	-	-	266,523
Total expenses	19,272,825	-	-	19,272,825
CHANGE IN NET ASSETS	2,916,542	1,062,244	-	3,978,786
Net assets at beginning of year - restated	24,605,885	8,481,116	3,341,629	36,428,630
Net assets at end of year	\$27,522,427	\$9,543,360	\$3,341,629	\$40,407,416

The accompanying notes are an integral part of this statement.

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

STATEMENT OF ACTIVITIES

**Year ended June 30, 1997
(restated)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues				
Gifts, bequests and collections	\$74,682	\$7,933,341	\$-	\$8,008,023
Fees and expense reimbursements	1,576,894	-	-	1,576,894
Rental income	340,193	-	-	340,193
Investment income	2,366,695	213,687	-	2,580,382
Insurance premiums	6,299,184	-	-	6,299,184
Newspaper income	319,118	-	-	319,118
Cemetery revenues	2,871,829	-	-	2,871,829
Other income	92,922	-	-	92,922
Net assets released from restrictions	5,069,635	(5,069,635)	-	-
Total revenues	19,011,152	3,077,393	-	22,088,545
Expenses				
Pastoral	2,217,506	-	-	2,217,506
Religious personnel development	654,639	-	-	654,639
Education	724,986	-	-	724,986
Community apostolates	93,577	-	-	93,577
Administrative	2,148,090	-	-	2,148,090
Depreciation expense	658,954	-	-	658,954
Interest expense	2,069,595	-	-	2,069,595
Insurance premiums and benefits	6,232,246	-	-	6,232,246
Property taxes and other carrying costs	68,630	-	-	68,630
Newspaper expenses	316,107	-	-	316,107
Cemetery expenses	2,489,281	-	-	2,489,281
Fundraising expenses	1,134,695	-	-	1,134,695
Other	327,508	-	-	327,508
Total expenses	19,135,814	-	-	19,135,814
CHANGE IN NET ASSETS	(124,662)	3,077,393	-	2,952,731
Net assets at beginning of year, as previously reported	30,192,962	5,403,723	3,341,629	38,938,314
Prior period adjustment	(5,462,415)	-	-	(5,462,415)
Net assets at the beginning of the year, as restated	24,730,547	5,403,723	3,341,629	33,475,899
Net assets at end of year, as restated	\$24,605,885	\$8,481,116	\$3,341,629	\$36,428,630

The accompanying notes are an integral part of this statement.

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

STATEMENTS OF CASH FLOWS

Year ended June 30,

	1998	1997 (restated)
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Increase in net assets	\$3,978,786	\$2,952,731
Adjustment to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	658,308	658,954
Amortization	31,986	36,582
Realized and unrealized gains	(1,664,448)	(808,760)
Changes in assets and liabilities:		
Receivables	(2,210,134)	(3,003,807)
Inventories	77,302	(500,402)
Deposits and prepaid expenses	169,188	(87,699)
Intangible pension asset	88,000	895,000
Accounts payable	932,845	2,905,092
Accrued liabilities	896,328	(79,062)
Deposits payable	1,181,495	6,621,313
Held for parishes and institutions	836,629	1,290,580
Deferred revenue	700,116	857,995
Net cash provided by operating activities	5,676,401	11,738,517
Cash flows from investing activities:		
Purchase of plant assets	(306,136)	(264,658)
Purchase of marketable securities	(14,015,533)	(8,011,147)
Proceeds from sale of marketable securities	11,478,937	7,604,107
Net cash used in investing activities	(2,842,732)	(671,698)
Cash flows from financing activities:		
Principal payments on capital lease	(10,707)	(8,462)
Payments on notes and bonds payable	(1,918,154)	(6,091,603)
Net cash used in financing activities	(1,928,861)	(6,100,065)
NET INCREASE IN CASH AND CASH EQUIVALENTS	904,808	4,966,754
Cash and cash equivalents at beginning of year	17,088,982	12,122,228
Cash and cash equivalents at end of year	\$17,993,790	\$17,088,982

The accompanying notes are an integral part of these statements.

Central Administrative Office of the
Roman Catholic Diocese of San Jose

STATEMENTS OF CASH FLOWS (continued)

Year ended June 30,

	1998	1997
<u>Supplemental disclosure of cash paid for:</u>		
Interest	\$2,024,715	\$2,318,605

The accompanying notes are an integral part of these statements.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 1998 and 1997

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 various 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, and Sierra Vista/Charities Housing Corporation.

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

Unrestricted net assets

- Current Funds

- Operating Fund and Newspaper Fund

- This fund group contains the unrestricted resources available for the support of the CAO and 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. Certain net assets are designated for potential claims and a medicare supplemental plan for priests.

- 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, 1998 and 1997

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, 1998 and 1997, the effective rates were 4.68% and 5.61%, 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.

- Investment in Plant Fund

This fund contains 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.

- 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 and parish payments.

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 revenue and are released from restriction in the following year, which is the period for which the funds are solicited 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.

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

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 1998 and 1997

NOTE A - ORGANIZATION (continued)

- Debt Retirement Fund

This fund contains proceeds from the sale of certain properties restricted for repayment of principal and interest on the bonds (see Note G).

- 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.

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 are the following funds:

- Custodian and Similar Funds

- Custodian Fund

This fund contains resources held by the CAO for parishes and institutions within the Diocese as well as special purpose funds held for transmittal to third parties such as special collections and disaster appeals.

- 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.

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

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 1998 and 1997

NOTE B - SUMMARY OF ACCOUNTING POLICIES

The accounting policies of the CAO conform to generally accepted accounting principles 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.

- 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.

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

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 1998 and 1997

NOTE B - SUMMARY OF ACCOUNTING POLICIES (continued)

- 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 a straight-line method over the estimated 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.

- Reclassifications

Certain 1997 data has been reclassified to conform to the 1998 presentation.

NOTE C - PRIOR PERIOD ADJUSTMENT

The Diocese has adjusted the liability for the priest retirement and priest supplemental retirement plans as of July 1, 1996 to agree with actuarial calculations of those liabilities. The impact of that adjustment was to decrease unrestricted net assets by \$5,462,415.

The effect of this prior period adjustment is summarized as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net assets at July 1, 1997, as previously reported	\$30,192,962	\$5,403,723	\$3,341,629	\$38,938,314
Prior period adjustment				
Adjustment to pension liability	<u>(5,462,415)</u>	<u>-</u>	<u>-</u>	<u>(5,462,415)</u>
Net assets at July 1, 1997, as restated	<u>\$24,730,547</u>	<u>\$5,403,723</u>	<u>\$3,341,629</u>	<u>\$33,475,899</u>

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

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 1998 and 1997

NOTE D - PLEDGES RECEIVABLE AND PAYABLE

Pledges receivable are as follows at June 30:

	1998	1997
Capital Campaign		
Due within one year	\$ 2,042,897	\$ 973,511
Due in one to five years	2,000,000	3,662,253
	4,042,897	4,635,764
Less provision for uncollectible pledges	185,431	185,431
	3,857,466	4,450,333
Annual Appeal		
Due within one year	1,333,025	1,232,620
Less provision for uncollectible pledges	72,000	50,000
	1,261,025	1,182,620
	\$ 5,118,491	\$ 5,632,953
Capital campaign pledges payable to parishes and other organizations at June 30:	\$ 2,513,090	\$ 2,861,160

NOTE E - MARKETABLE SECURITIES

Marketable securities at June 30, 1998 and 1997 consist of the following:

	June 30, 1998			June 30, 1997		
	Market	Cost	Unrealized Gain (Loss)	Market	Cost	Unrealized Gain (Loss)
Certificate of deposit	\$ -	\$ -	\$ -	\$ 49,044	\$ 49,044	\$ -
Corporate stocks	12,641,013	9,920,138	2,720,875	8,652,385	6,563,056	2,089,329
Corporate bonds	1,001,521	1,111,478	(109,957)	468,906	555,625	(86,719)
Mutual and bond funds	-	-	-	1,805,332	1,776,123	29,209
Mutual funds	792,396	738,097	54,299	134,066	126,749	7,317
U.S. Government securities	4,562,314	4,319,351	242,963	3,414,874	3,327,379	87,495
Other	1,638,845	1,638,845	-	1,943,210	1,943,210	-
Total	\$ 20,636,089	\$ 17,727,909	\$ 2,908,180	\$ 16,467,817	\$ 14,341,186	\$ 2,126,631
Service fund	\$ 149,781	\$ 128,765	\$ 21,016	\$ 49,044	\$ 49,044	\$ -
Cemetery fund	4,263,051	3,664,886	598,165	3,361,956	2,989,858	372,098
Priest retirement fund	5,710,124	4,886,400	823,724	4,614,816	3,821,093	793,723
Endowment fund	6,780,467	5,764,894	1,015,573	5,586,078	4,950,167	635,911
	16,903,423	14,444,945	2,458,478	13,611,894	11,810,162	1,801,732
Custodian and similar funds	3,732,666	3,282,964	449,702	2,855,923	2,531,024	324,899
Total	\$ 20,636,089	\$ 17,727,909	\$ 2,908,180	\$ 16,467,817	\$ 14,341,186	\$ 2,126,631

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

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 1998 and 1997

NOTE E - MARKETABLE SECURITIES (continued)

Investment income consists of the following:

	Year Ended June 30,	
	1998	1997
Interest and dividends	\$ 721,884	\$ 604,337
Realized and unrealized gains, net	2,282,809	933,755
Total earnings	3,004,693	1,538,092
Less portfolio manager's and custodian's fees	8,460	10,674
Net earnings from investment pool activities	2,996,233	1,527,418
Investment income - other than pool	2,286,566	1,307,627
Total earnings from investment activities	5,282,799	2,835,045
Less income attributed to custodial and similar funds		
Interest and dividends (net of manager fees of \$3,046 in 1998 and \$3,522 in 1997)	140,975	129,668
Realized and unrealized gains, net	618,361	124,995
Total earnings from investment activities excluding custodian and similar funds	759,336	254,663
	\$ 4,523,463	\$ 2,580,382

Subsequent to June 30, 1998, the marketable securities held by the Diocese experienced a decline in value due to market conditions. The investments are subject to market risks, therefore the value will continually fluctuate to reflect current market conditions.

NOTE F - LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment consist of the following:

	June 30,	
	1998	1997
Cemetery Fund		
Buildings and improvements	\$ 2,166,692	\$ 2,148,762
Furniture and fixtures	372,335	335,933
Vehicles	735,464	701,152
Turf equipment	190,793	186,185
Tools and equipment	154,137	154,137
Construction in progress	63,427	41,478
	3,682,848	3,567,647
Less accumulated depreciation	1,913,670	1,784,111
	1,769,178	1,783,536
Land	426,102	426,102
	2,195,280	2,209,638

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

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 1998 and 1997

NOTE F - LAND, BUILDINGS AND EQUIPMENT (continued)

Priest Retirement Fund

Leasehold improvements	400,058	348,772
Less accumulated depreciation	<u>269,060</u>	<u>194,178</u>
	130,998	154,594
Land	<u>-</u>	<u>57,966</u>
	130,998	212,560

Plant Fund

Buildings and improvements	26,914,836	26,665,526
Furniture and equipment	1,102,101	1,062,656
Vehicles	<u>25,610</u>	<u>25,610</u>
	28,042,547	27,753,792
Less accumulated depreciation	<u>3,678,195</u>	<u>3,257,101</u>
	24,364,352	24,496,691
Land		
Site formerly occupied by the Seminary and currently held for sale	10,779,839	10,779,839
Sites for future parishes and institutions	648,606	648,626
Land held for sale	117,000	208,121
Land under operating lease (see Note K)	616,554	616,554
Operating properties	<u>297,429</u>	<u>297,429</u>
	<u>12,459,428</u>	<u>12,550,569</u>
	<u>36,823,780</u>	<u>37,047,260</u>

\$39,150,058 \$39,469,458

In September 1995 the Diocese of San Jose received final approval for a general plan amendment allowing the building of 178 homes on the site formerly occupied by St. Joseph's Seminary as well as adjacent Diocesan property. As a condition of the amendment the Diocese has pledged to dedicate approximately 66% of the total 208 acres for open space. On July 9, 1998, the Diocese sold the property for an amount in excess of the cost of the property plus any necessary costs incurred to prepare the property for sale. The Diocese also carried back a note payable on the property due in full in October 1999. The proceeds from this sale are designated for the retirement of debt.

NOTE G - BONDS PAYABLE

On August 25, 1993 the Diocese concluded the sale of two series of bonds with an issue date of August 1, 1993. The first series, for \$12,650,000, has maturities that begin in 1995 and conclude in 2000 with coupon rates ranging from 6.125% to 7.375%. The second series, for \$9,371,000, has maturities that begin in the year 2004 and conclude in 2014 with coupon rates ranging from 7.875% to 8.5%. The net proceeds to the Diocese, after underwriting fees and costs, totaled \$21,561,590.

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

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 1998 and 1997

NOTE G - BONDS PAYABLE (continued)

Principal and interest payments will be made from the sale of certain designated assets, a San Jose office building and lands in Cupertino, as well as future rental income and fundraising. Proceeds from the sale of the San Jose office building and the loan repayment from Archbishop Mitty High School were set aside in the debt retirement fund to pay principal and interest payments on the bond issues. The Diocese has the option to call the bonds at any time after August 1, 1998. Bond interest expense was approximately \$1,088,942 and \$1,400,000, respectively, for the years ended June 30, 1998 and 1997.

Aggregate maturities of bonds payable at June 30, 1998 are as follows:

Year ending June 30,

1999	\$ 1,890,000
2000	1,890,000
2001	-
2002	-
2003	-
Thereafter	<u>9,371,000</u>
	<u>\$13,151,000</u>

NOTE H - NOTES PAYABLE

Notes payable consist of the following at June 30,:

	<u>1998</u>	<u>1997</u>
Noninterest 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%	\$ 1,279,525	\$ 1,305,863
4% note payable in monthly installments of \$343 through 2007, collateralized by a deed of trust	<u>25,761</u>	<u>27,577</u>
	<u>\$ 1,305,286</u>	<u>\$ 1,333,440</u>

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

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 1998 and 1997

NOTE H - NOTES PAYABLE (continued)

Aggregate maturities of notes payable as of June 30, 1998 are as follows:

Year ending June 30,

1999	\$ 101,978
2000	102,153
2001	102,344
2002	102,552
2003	102,779
Thereafter	<u>1,845,915</u>
	2,357,721
Less amount representing interest	<u>1,052,435</u>
	<u>\$ 1,305,286</u>

NOTE I - RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods :

	<u>June 30,</u>	
	<u>1998</u>	<u>1997</u>
Current Fund:		
Scholarships	\$ 1,091,437	\$ 768,523
Other	<u>454,615</u>	<u>321,503</u>
	1,546,062	1,090,026
Cemetery Fund:		
Future Cemetery expenditures	371,088	371,088
Annual Appeal Fund:		
Programs and general operations for years ending June 30, 1999 and 1998	4,231,816	3,901,764
Endowment Fund:		
Trust agreements and scholarships	1,132,979	829,907
Capital Campaign Fund:		
Debt retirement, priest retirement, scholarships, new parishes	<u>2,261,425</u>	<u>2,288,331</u>
	<u>\$ 9,543,360</u>	<u>\$ 8,481,116</u>

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

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 1998 and 1997

NOTE I - RESTRICTED NET ASSETS (continued)

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

	June 30,	
	1998	1997
Priest education and retirement	\$ 857,427	\$ 857,427
Scholarships	2,454,412	2,454,412
General operations	29,790	29,790
	<u>\$ 3,341,629</u>	<u>\$ 3,341,629</u>

NOTE J - 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.

	June 30,	
	1998	1997
Purpose restrictions accomplished:		
Education	\$ 111,916	\$ 99,852
Capital campaign expenses	272,778	705,571
New parishes	212,000	146,024
Parish ministry scholarships	58,556	145,232
Priest retirement	186,251	145,232
Debt retirement	1,406,860	-
	2,248,361	1,241,911
Time restrictions expired:		
Annual Diocesan Appeal for the years ended June 30, 1998 and 1997	3,898,393	3,827,724
Total restrictions released	<u>\$ 6,146,754</u>	<u>\$ 5,069,635</u>

NOTE K - 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 are due each October 1 from 1995 through 1999. The payments received in 1990 and later years are being recognized as income ratably over the remaining term of the lease.

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

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 1998 and 1997

NOTE K - 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, 1998 are as follows:

Year ending June 30,

1999	\$ 1,056,237
2000	1,056,237
2001	56,237
2002	56,237
2003	56,237
Thereafter	<u>23,432</u>
Total	<u>\$ 2,304,617</u>

Rental income recognized for 1998 was approximately \$148,000.

NOTE L - 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 year ended June 30, 1998 was \$305,820.

Future minimum rental payments are as follows:

Year ending June 30,

1999	\$ 341,964
2000	204,593
2001	62,502
2002	41,715
2003	65,928
Thereafter	<u>33,392</u>
Total	<u>\$ 750,094</u>

The Diocese has entered into several construction agreements for various parishes. At June 30, 1998, construction commitments approximated \$9,700,000. The total amount expended as of June 30, 1998 on these commitments was approximately \$3,000,000.

The Diocese is party to various litigation matters in the normal course of business. Management believes that the resolution of these matters will have no material impact on the financial condition of the CAO.

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

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 1998 and 1997

NOTE M - POST-RETIREMENT BENEFITS

The Diocese sponsors a post-retirement medicare supplement 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 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. 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 plan is funded on a current basis.

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

The following table (based upon projected actuarial data) sets forth the plan's funded status and amounts recognized.

	June 30,	
	1998	1997
	(000's)	(000's)
Actuarial present value of accumulated post-retirement benefit obligation		
Retired priests	\$ 394	\$ 296
Fully eligible active priests	145	177
Other active priests	402	335
	941	808
Plan assets at fair value	151	-
Accumulated post-retirement benefit obligation in excess of plan assets	(790)	(808)
Unrecognized net gain	(144)	(245)
Unrecognized net obligation at transition	616	668
Accrued post-retirement benefit cost	\$ (318)	\$ (385)

Net periodic post-retirement benefit cost for the year was determined as follows:

Service cost - benefits earned during the period	\$ 15	\$ 19
Interest cost on accumulated post-retirement benefit obligation	61	59
Actual return on plan assets	(10)	-
Net amortization and deferral	52	41
Net periodic post-retirement benefit costs	\$ 118	\$ 119

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

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 1998 and 1997

NOTE M - POST-RETIREMENT BENEFITS (continued)

The weighted average discount rate and the health care cost trend rate ("HCCTR") used in determining the actuarial liabilities and net periodic post-retirement benefit cost was 6.75% and 7.75% for the years ended June 30, 1998 and 1997, respectively. The expected long-term rate of return on assets was 3.25% and 4% for years end June 30, 1998 and 1997.

The effect of 1% increase in HCCTR on the service cost and interest cost components of net periodic post-retirement benefit is as follows:

	June 30,	
	1998	1997
	(000's)	(000's)
Service cost	\$ (15)	\$ (17)
Actual interest cost	(61)	(59)
Service cost assuming 1% increase in HCCTR	18	22
Interest cost assuming 1% increase in HCCTR	73	66
Aggregate effect of 1% increase in HCCTR on service cost and interest cost	\$ 15	\$ 12

The effect of 1% increase in HCCTR on accumulated post-retirement benefit obligation is as follows:

	June 30,	
	1998	1997
	(000's)	(000's)
Actual accumulated post-retirement benefit obligation	\$ 941	\$ 808
Accumulated post-retirement benefit obligation assuming 1% increase in HCCTR	1,006	969
Effect of 1% increase in HCCTR on accumulated post-retirement benefit obligation	\$ 65	\$ 161

NOTE N - PENSION PLANS

Lay Pension Plan

The Central Administrative Office participates in a defined benefit 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.

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

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 1998 and 1997

NOTE N - PENSION PLANS (continued)

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 47% of the plan assets are invested in common stock, 42% of plan assets are invested in Treasury and corporate bonds, and 11% of plan assets are invested in cash equivalents.

Priest Retirement Plan

The Diocese 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.

About 63% of the plan assets are invested in common stock and 34% of plan assets are invested in Treasury and corporate bonds. The balance is invested in cash equivalents.

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.

About 99% 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, 1998 and 1997

NOTE N - PENSION PLANS (continued)

The following table (based on projected actuarial data) sets forth the plans' funded status and amounts recognized as of June 30, 1998:

	<u>Lay</u> (000's)	<u>Priest Retirement</u> (000's)	<u>Priest Supplemental</u> (000's)
Actuarial present value of benefit obligations:			
Accumulated benefit obligation, which includes vested benefits of \$36,364,000, \$6,273,000 and \$805,000, respectively.	<u>\$ 39,187</u>	<u>\$ 6,479</u>	<u>\$ 961</u>
Projected benefit obligation for service rendered to date	\$ (50,390)	\$ (8,124)	\$ (1,161)
Plan assets at fair value	<u>37,264</u>	<u>5,094</u>	<u>652</u>
Projected benefit obligation in excess of plan assets	(13,126)	(3,030)	(509)
Unrecognized net (gain) or loss	5,760	(343)	254
Prior service cost not yet recognized in net periodic pension cost	1,287	-	-
Unrecognized net obligation at transition	799	2,184	496
Adjustment required to recognize minimum liability	<u>-</u>	<u>(196)</u>	<u>(550)</u>
Accrued pension liability for the plan as a whole	<u>\$ (5,280)</u>	<u>\$ (1,385)</u>	<u>\$ (309)</u>
Accrued pension liability for the Central Administrative Office	<u>\$ (86)</u>	<u>\$ (192)</u>	<u>\$ (105)</u>

The following table (based on projected actuarial data) sets forth the plans' funded status and amounts recognized as of June 30, 1997:

	<u>Lay</u> (000's)	<u>Priest Retirement</u> (000's)	<u>Priest Supplemental</u> (000's)
Actuarial present value of benefit obligations:			
Accumulated benefit obligation, which includes vested benefits of \$28,288,000, \$5,703,000 and \$821,000, respectively.	<u>\$ 30,494</u>	<u>\$ 5,877</u>	<u>\$ 825</u>
Projected benefit obligation for service rendered to date	\$ (40,425)	\$ (7,259)	\$ (997)
Plan assets at fair value	<u>30,423</u>	<u>4,610</u>	<u>82</u>
Projected benefit obligation in excess of plan assets	(10,002)	(2,649)	(915)
Unrecognized net (gain) or loss	2,395	(714)	137
Prior service cost not yet recognized in net periodic pension cost	1,453	-	-
Unrecognized net obligation at transition	960	2,366	545
Adjustment required to recognize minimum liability	<u>-</u>	<u>(270)</u>	<u>(510)</u>
Accrued pension liability for the plan as a whole	<u>\$ (5,194)</u>	<u>\$ (1,267)</u>	<u>\$ 743</u>
Accrued pension liability for the Central Administrative Office	<u>\$ (623)</u>	<u>\$ (248)</u>	<u>\$ (105)</u>

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

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 1998 and 1997

NOTE N - PENSION PLANS (continued)

SFAS No. 87, *Employers Accounting for Pensions*, requires the recognition of a minimum liability in the amount of the excess of the accumulated benefit obligation over the plan assets with an equal amount to be recognized as either an intangible asset or a reduction of equity. SFAS No. 87 limits the intangible asset to no greater than the sum of the balance of the unrecognized prior service cost and unrecognized net obligation upon adoption of SFAS No. 87. Accordingly, the Organization was able to recognize an intangible asset equal to \$692,000 and \$780,000 as of June 30 1998 and 1997, respectively.

	<u> Lay </u>	<u>Priest Retirement</u>	<u>Priest Supplemental</u>
	(Dollars in thousands)		
Net pension cost for the year ended June 30, 1998 was determined as follows:			
Service cost - benefits earned during the period	\$ 2,340	\$ 129	\$ -
Interest cost on projected benefit obligation	3,091	543	75
Actual return on plan assets	(5,001)	(677)	(55)
Net amortization and deferral	<u>2,530</u>	<u>480</u>	<u>100</u>
Net periodic pension cost for the plan as a whole	<u>\$ 2,960</u>	<u>\$ 475</u>	<u>\$ 120</u>
Net pension cost for the Central Administrative Office	<u>\$ 422</u>	<u>\$ 475</u>	<u>\$ 120</u>
Rates used to determine the actuarial present value of the projected benefit obligation:			
Discount rate	6.75%	7.75%	7.75%
Rate of increase of future compensation levels	4.75%	-	-
Expected long-term rate of return on assets	9.00%	8.50%	8.50%
Expected future benefit increases	-	2.00%	2.00%
Net pension cost for the year ended June 30, 1997 was determined as follows:			
Service cost - benefits earned during the period	\$ 2,180	\$ 130	\$ -
Interest cost on projected benefit obligation	2,775	488	74
Actual return on plan assets	(3,896)	(718)	(4)
Net amortization and deferral	<u>1,930</u>	<u>547</u>	<u>47</u>
Net periodic pension cost for the plan as a whole	<u>\$ 2,989</u>	<u>\$ 447</u>	<u>\$ 117</u>
Net pension cost for the Central Administrative Office	<u>\$ 415</u>	<u>\$ 447</u>	<u>\$ 117</u>

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

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 1998 and 1997

NOTE N - PENSION PLANS (continued)

	<u>Lay</u>	<u>Priest Retirement</u>	<u>Priest Supplemental</u>
Rates used to determine the actuarial present value of the projected benefit obligation:			
Discount rate	7.75%	7.75%	7.75%
Rate of increase of future compensation levels	5.25%	-	-
Expected long-term rate of return on assets	9.00%	8.50%	8.50%
Expected future benefit increases	-	2.00%	2.00%

NOTE O - RELATED PARTY TRANSACTIONS

The Diocese performs various administrative services including payroll processing, for several related entities. Fees received for these services approximated \$335,807 and \$315,267 for the year ending June 30, 1998 and 1997, respectively.

During fiscal years 1998 and 1997, approximately \$250,000 and \$350,000, respectively, was paid by the Diocese to St. Joseph's Cathedral parish to support the operations of the Cathedral.

During fiscal years 1998 and 1997, \$83,333 was paid by the Diocese to support the operations of Mitty High School.

The Investment Pool Fund includes deposits of approximately \$1,510,471 and \$1,130,000 from the Roman Catholic Cemeteries of San Jose as of June 30, 1998 and 1997, respectively.

SUPPLEMENTARY INFORMATION

Report of Independent Certified Public Accountants
on Supplementary Information

Most Reverend Pierre DuMaine
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, 1998 and 1997, 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 16, 1998

Central Administrative Office of the Roman Catholic Diocese of San Jose

BALANCE SHEET - ALL FUNDS

June 30, 1998

ASSETS	Current Funds	Service Funds	Cemetery Fund	Deposit and Loan Fund	Custodian & Similar Funds	Annual Appeal Fund	Capital Campaign Fund	Priest Retirement Fund	Endowment & Similar Funds	Debt Retirement Fund	Plant Funds	Total
Cash and cash equivalents	\$(823,929)	\$2,570,849	\$1,288,851	\$7,996,633	\$806,760	\$3,401,748	\$1,618,065	\$197,679	\$(162,901)	\$860,779	\$239,256	\$17,993,790
Marketable securities	-	149,781	4,263,052	-	3,732,666	-	-	5,710,124	6,780,466	-	-	20,636,089
Receivables												
Parishes and institutions (net of allowance for doubtful accounts of \$854,396)	-	511,039	-	12,704,078	-	-	-	-	-	-	-	13,215,117
Mortgages and notes	-	-	-	119,798	-	-	-	-	-	757,522	-	877,320
Pledges (net of allowance for doubtful accounts of \$257,431)	-	-	-	-	-	1,261,024	3,857,467	-	-	-	-	5,118,491
Other (net of allowance for doubtful accounts of \$102,421)	924,908	2,957	733,819	-	26,216	(50)	-	114,046	370,241	-	-	2,172,137
Inventories	-	-	4,425,000	-	-	-	-	-	-	-	-	4,425,000
Deposits and prepaid expenses	333,406	48,034	18,301	-	-	-	-	15,544	-	-	-	415,285
Investment in real estate	-	-	-	-	-	-	-	-	232,073	-	-	232,073
Land, buildings and equipment (net of accumulated depreciation)	-	-	2,195,281	-	-	-	-	130,997	-	-	36,823,780	39,150,058
Deposit held in (for) other funds	50,000	(75,858)	25,858	-	-	-	-	-	-	-	-	-
Intangible pension asset	-	-	-	-	-	-	-	692,000	-	-	-	692,000
Total assets	\$484,385	\$3,206,802	\$12,950,162	\$20,820,509	\$4,565,642	\$4,662,722	\$5,475,532	\$6,860,390	\$7,219,879	\$1,618,301	\$37,063,036	\$104,927,360

Central Administrative Office of the Roman Catholic Diocese of San Jose

BALANCE SHEET - ALL FUNDS (continued)

June 30, 1998

LIABILITIES AND FUND BALANCES	Current Funds	Service Funds	Cemetery Fund	Deposit and Loan Fund	Custodian & Similar Funds	Annual Appeal Fund	Capital Campaign Fund	Priest Retirement Fund	Endowment & Similar Funds	Debt Retirement Fund	Plant Funds	Total
Liabilities												
Bonds payable	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$13,151,000	\$13,151,000
Notes payable	-	-	1,279,525	-	-	-	-	-	-	-	25,761	1,305,286
Accounts payable	290,039	12,405	110,992	933,479	-	430,906	-	6,109	933,775	-	-	2,717,705
Pledges payable to parishes	-	-	-	-	-	-	2,513,090	-	-	-	-	2,513,090
Accrued liabilities	340,486	744,564	214,389	-	-	-	-	8,101,324	-	1,142,103	-	10,542,866
Deposits payable	-	-	-	19,290,546	-	-	-	-	-	-	-	19,290,546
Held for parishes and institutions	-	880,180	-	-	4,565,642	-	-	-	-	-	-	5,445,822
Obligation under capital lease	-	-	28,396	-	-	-	-	-	-	-	-	28,396
Deferred revenue	8,621,591	670,628	233,014	-	-	-	-	-	-	-	-	9,525,233
Due to (from) other funds	686,067	(2,167,955)	(400,000)	290,436	-	-	-	-	91,452	1,500,000	-	-
Total liabilities	9,938,183	139,822	1,466,316	20,514,461	4,565,642	430,906	2,513,090	8,107,433	1,025,227	2,642,103	13,176,761	64,519,944
Commitments and contingencies												
Fund balances (deficit)												
Unrestricted												
Undesignated	(11,176,358)	2,939,733	7,074,300	77,601	-	-	-	-	-	-	23,882,683	22,797,959
Designated	176,508	127,247	4,038,458	228,447	-	-	701,017	(1,247,043)	1,720,044	(1,023,802)	3,592	4,724,468
Temporarily restricted	1,546,052	-	371,088	-	-	4,231,816	2,261,425	-	1,132,979	-	-	9,543,360
Permanently restricted	-	-	-	-	-	-	-	-	3,341,629	-	-	3,341,629
Total fund balances (deficit)	(9,453,798)	3,066,980	11,483,846	306,048	-	4,231,816	2,962,442	(1,247,043)	6,194,652	(1,023,802)	23,886,275	40,407,416
Total liabilities and fund balances	\$484,385	\$3,206,802	\$12,950,162	\$20,820,509	\$4,565,642	\$4,662,722	\$5,475,532	\$6,860,390	\$7,219,879	\$1,618,301	\$37,063,036	\$104,927,360

Central Administrative Office of the Roman Catholic Diocese of San Jose

BALANCE SHEET - ALL FUNDS

June 30, 1997
(restated)

ASSETS	Current Funds	Service Funds	Cemetery Fund	Deposit and Loan Fund	Custodian & Similar Funds	Annual Appeal Fund	Capital Campaign Fund	Priest Retirement Fund	Endowment & Similar Funds	Debt Retirement Fund	Plant Funds	Total
Cash and cash equivalents	\$(927,130)	\$1,838,484	\$856,900	\$8,753,453	\$835,843	\$2,976,328	\$699,158	\$327,690	\$(436,463)	\$2,018,589	\$146,130	\$17,088,982
Marketable securities	-	49,044	3,361,956	-	2,855,923	-	-	4,614,816	5,586,078	-	-	16,467,817
Receivables												
Parishes and institutions (net of allowance for doubtful accounts of \$938,000)	-	734,864	-	10,109,778	-	-	-	-	-	-	-	10,844,642
Mortgages and notes	-	-	-	119,798	-	-	-	-	-	1,071,161	-	1,190,959
Pledges (net of allowance for doubtful accounts of \$235,431)	-	-	-	-	-	1,182,620	4,450,333	-	-	-	-	5,632,953
Other (net of allowance for doubtful accounts of \$77,593)	476,212	2,957	538,858	-	37,247	-	-	62,690	386,413	-	-	1,504,377
Inventories	-	-	4,502,302	-	-	-	-	-	-	-	-	4,502,302
Deposits and prepaid expenses	340,131	249,387	18,301	-	-	-	-	8,640	-	-	-	616,459
Investment in real estate	-	-	-	-	-	-	-	-	232,073	-	-	232,073
Land, buildings and equipment (net of accumulated depreciation)	-	-	2,209,638	-	-	-	-	212,560	-	-	37,047,260	39,469,458
Deposit held in (for) other funds	50,000	(75,858)	25,858	-	-	-	-	-	-	-	-	-
Intangible pension asset	-	-	-	-	-	-	-	780,000	-	-	-	780,000
Total assets	\$(60,787)	\$2,798,878	\$11,513,813	\$18,983,029	\$3,729,013	\$4,158,948	\$5,149,491	\$6,006,396	\$5,768,101	\$3,089,750	\$37,193,390	\$98,330,022

Central Administrative Office of the Roman Catholic Diocese of San Jose

BALANCE SHEET - ALL FUNDS (continued)

June 30, 1997
(restated)

LIABILITIES AND FUND BALANCES	Current Funds	Service Funds	Cemetery Fund	Deposit and Loan Fund	Custodian & Similar Funds	Annual Appeal Fund	Capital Campaign Fund	Priest Retirement Fund	Endowment & Similar Funds	Debt Retirement Fund	Plant Funds	Total
Liabilities												
Bonds payable	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$15,041,000	\$15,041,000
Notes payable	-	-	1,305,863	-	-	-	-	-	-	-	27,577	1,333,440
Accounts payable	315,578	12,396	82,772	201,202	-	257,184	-	2,015	565,643	-	-	1,436,790
Pledges payable to parishes	-	-	-	-	-	-	2,861,160	-	-	-	-	2,861,160
Accrued liabilities	349,683	849,503	232,943	-	-	-	-	7,472,415	-	741,994	-	9,646,538
Deposits payable	-	-	-	18,109,051	-	-	-	-	-	-	-	18,109,051
Held for parishes and institutions	-	880,180	-	-	3,729,013	-	-	-	-	-	-	4,609,193
Obligation under capital lease	-	-	39,103	-	-	-	-	-	-	-	-	39,103
Deferred revenue	7,766,103	673,058	385,956	-	-	-	-	-	-	-	-	8,825,117
Due to (from) other funds	696,302	(2,167,956)	(400,000)	249,272	-	-	-	-	122,382	1,500,000	-	-
Total liabilities	9,127,666	247,181	1,646,637	18,559,525	3,729,013	257,184	2,861,160	7,474,430	688,025	2,241,994	15,068,577	61,901,392
Commitments and contingencies												
Fund balances (deficit)												
Unrestricted												
Undesignated	(10,507,628)	2,535,785	6,231,915	(28,743)	-	-	-	-	-	-	22,121,221	20,352,550
Designated	229,149	15,912	3,264,173	452,247	-	-	-	(1,468,034)	908,540	847,756	3,592	4,253,335
Temporarily restricted	1,090,026	-	371,088	-	-	3,901,764	2,288,331	-	829,907	-	-	8,481,116
Permanently restricted	-	-	-	-	-	-	-	-	3,341,629	-	-	3,341,629
Total fund balances (deficit)	(9,188,453)	2,551,697	9,867,176	423,504	-	3,901,764	2,288,331	(1,468,034)	5,080,076	847,756	22,124,813	36,428,630
Total liabilities and fund balances	\$(60,787)	\$2,798,878	\$11,513,813	\$18,983,029	\$3,729,013	\$4,158,948	\$5,149,491	\$6,006,396	\$5,768,101	\$3,089,750	\$37,193,390	\$98,330,022

Central Administrative Office of the Roman Catholic Diocese of San Jose

Schedule 3

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES - ALL FUNDS

Year ended June 30, 1998

	Current Funds	Service Funds	Cemetery Fund	Deposit and Loan Fund	Custodian & Similar Funds	Annual Appeal Fund	Capital Campaign Fund	Priest Retirement Fund	Endowment & Similar Funds	Debt Retirement Fund	Plant Fund	Total
Revenues												
Gifts, bequests and collections	\$42,325	\$-	\$-	\$-	\$-	\$4,341,319	\$1,598,601	\$-	\$56,237	\$-	\$-	\$6,038,482
Fees and expense reimbursements	701,504	511,354	-	-	-	-	-	492,998	-	-	-	1,705,856
Rental income	147,049	-	-	-	-	-	-	-	-	-	-	147,049
Investment income	373,139	55,569	831,880	915,043	-	-	-	778,474	1,461,973	107,385	-	4,523,463
Insurance premiums	-	6,493,481	-	-	-	-	-	-	-	-	-	6,493,481
Newspaper income	325,299	-	-	-	-	-	-	-	-	-	-	325,299
Cemetery revenues	-	-	3,365,782	-	-	-	-	-	-	-	-	3,365,782
Other income	70,564	-	125,878	-	-	-	-	455,757	-	-	-	652,199
Total revenues	1,659,880	7,060,404	4,323,540	915,043	-	4,341,319	1,598,601	1,727,229	1,518,210	107,385	-	23,251,611
Expenses												
Pastoral	1,731,760	-	-	-	-	-	-	540,578	-	-	-	2,272,338
Religious personnel development	680,200	-	-	-	-	-	-	-	-	-	-	680,200
Education	695,533	-	-	-	-	-	-	-	80,822	-	-	776,355
Community apostolates	93,629	-	-	-	-	-	-	-	-	-	-	93,629
Administrative	1,501,100	191,043	-	-	-	-	-	716,909	-	-	-	2,409,052
Depreciation expense	-	-	162,331	-	-	-	-	74,883	-	-	421,094	658,308
Interest expense	-	-	-	803,698	-	-	-	-	-	1,088,943	-	1,892,641
Insurance premiums and benefits	-	6,510,125	-	-	-	-	-	-	-	-	-	6,510,125
Property taxes and other carrying costs	85,817	-	-	-	-	-	-	-	-	-	-	85,817
Newspaper expenses	325,569	-	-	-	-	-	-	-	-	-	-	325,569
Cemetery expenses	-	-	2,544,539	-	-	-	-	-	-	-	-	2,544,539
Fundraising expenses	484,951	-	-	-	-	-	272,778	-	-	-	-	757,729
Other	-	-	-	-	-	-	-	266,523	-	-	-	266,523
Total expenses	5,598,559	6,701,168	2,706,870	803,698	-	-	272,778	1,598,893	80,822	1,088,943	421,094	19,272,825
Excess (deficiency) of revenues and other additions over expenses and other deductions before transfers	(3,938,679)	359,236	1,616,670	111,345	-	4,341,319	1,325,823	128,336	1,437,388	(981,558)	(421,094)	3,978,786
Transfers												
Annual appeal transfer	4,011,267	-	-	-	-	(4,011,267)	-	-	-	-	-	-
Annual appeal distribution	(51,000)	-	-	-	-	-	-	51,000	-	-	-	-
Debt service	(1,001,816)	-	-	(228,801)	-	-	-	-	-	(890,000)	2,120,617	-
Other	714,883	156,047	-	-	-	-	(651,712)	41,655	(322,812)	-	61,939	-
Total transfers	3,673,334	156,047	-	(228,801)	-	(4,011,267)	(651,712)	92,655	(322,812)	(890,000)	2,182,556	-
INCREASE (DECREASE) IN FUND BALANCES	(265,345)	515,283	1,616,670	(117,456)	-	330,052	674,111	220,991	1,114,576	(1,871,558)	1,761,462	3,978,786
Fund balances (deficit) at beginning of year, restated	(9,188,453)	2,551,697	9,867,176	423,504	-	3,901,764	2,288,331	(1,468,034)	5,080,076	847,756	22,124,813	36,428,630
Fund balances (deficit) at end of year	\$(9,453,798)	\$3,066,980	\$11,483,846	\$306,048	\$-	\$4,231,816	\$2,962,442	\$(1,247,043)	\$6,194,652	\$(1,023,802)	\$23,886,275	\$40,407,416

Schedule 4

Central Administrative Office of the Roman Catholic Diocese of San Jose

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES - ALL FUNDS

Year ended June 30, 1997
(restated)

	Current Funds	Service Funds	Cemetery Fund	Deposit and Loan Fund	Custodian & Similar Funds	Annual Appeal Fund	Capital Campaign Fund	Priest Retirement Fund	Endowment & Similar Funds	Debt Retirement Fund	Plant Fund	Total
Revenues												
Gifts, bequests and collections	\$74,682	\$-	\$-	\$-	\$-	\$3,898,393	\$3,713,187	\$7,165	\$314,596	\$-	\$-	\$8,008,023
Fees and expense reimbursements	750,807	315,267	-	-	-	-	-	510,820	-	-	-	1,576,894
Rental income	340,193	-	-	-	-	-	-	-	-	-	-	340,193
Investment income	205,040	71,830	267,373	941,881	-	-	-	755,716	177,519	161,023	-	2,580,382
Insurance premiums	-	6,299,184	-	-	-	-	-	-	-	-	-	6,299,184
Newspaper income	319,118	-	-	-	-	-	-	-	-	-	-	319,118
Cemetery revenues	-	-	2,871,829	-	-	-	-	-	-	-	-	2,871,829
Other income	23,714	-	69,208	-	-	-	-	-	-	-	-	92,922
Total revenues	1,713,554	6,686,281	3,208,410	941,881	-	3,898,393	3,713,187	1,273,701	492,115	161,023	-	22,088,545
Expenses												
Pastoral	1,740,278	-	-	-	-	-	-	477,228	-	-	-	2,217,506
Religious personnel development	654,639	-	-	-	-	-	-	-	-	-	-	654,639
Education	661,448	-	-	-	-	-	-	-	63,538	-	-	724,986
Community apostolates	93,577	-	-	-	-	-	-	-	-	-	-	93,577
Administrative	1,466,940	329,247	-	-	-	-	-	351,903	-	-	-	2,148,090
Depreciation expense	-	-	166,326	-	-	-	-	66,864	-	-	425,764	658,954
Interest expense	-	-	-	669,743	-	-	-	-	-	1,399,852	-	2,069,595
Insurance premiums and benefits	-	6,232,246	-	-	-	-	-	-	-	-	-	6,232,246
Property taxes and other carrying costs	68,630	-	-	-	-	-	-	-	-	-	-	68,630
Newspaper expenses	316,107	-	-	-	-	-	-	-	-	-	-	316,107
Cemetery expenses	-	-	2,489,281	-	-	-	-	-	-	-	-	2,489,281
Fundraising expenses	429,124	-	-	-	-	-	705,571	-	-	-	-	1,134,695
Other	-	-	-	5,000	-	-	-	243,281	79,227	-	-	327,508
Total expenses	5,430,743	6,561,493	2,655,607	674,743	-	-	705,571	1,139,276	142,765	1,399,852	425,764	19,135,814
Excess (deficiency) of revenues and other additions over expenses and other deductions before transfers	(3,717,189)	124,788	552,803	267,138	-	3,898,393	3,007,616	134,425	349,350	(1,238,829)	(425,764)	2,952,731
Transfers												
Annual appeal transfer	3,824,353	-	-	-	-	(3,824,353)	-	-	-	-	-	-
Annual appeal distribution	(51,000)	-	-	-	-	-	-	51,000	-	-	-	-
Debt service	(1,001,667)	-	-	(5,109,263)	-	-	-	-	-	44,263	6,066,667	-
Other	202,818	92,000	-	-	-	-	(1,007,621)	53,232	429,694	-	229,877	-
Total transfers	2,974,504	92,000	-	(5,109,263)	-	(3,824,353)	(1,007,621)	104,232	429,694	44,263	6,296,544	-
INCREASE (DECREASE) IN FUND BALANCES	(742,685)	216,788	552,803	(4,842,125)	-	74,040	1,999,995	238,657	779,044	(1,194,566)	5,870,780	2,952,731
Fund balances (deficit) at beginning of year	(8,445,768)	2,334,909	9,314,373	5,265,629	-	3,827,724	288,336	3,755,724	4,301,032	2,042,322	16,254,033	38,938,314
Prior period adjustment	-	-	-	-	-	-	-	(5,462,415)	-	-	-	(5,462,415)
Fund balances (deficit) at beginning of year, as restated	(8,445,768)	2,334,909	9,314,373	5,265,629	-	3,827,724	288,336	(1,706,691)	4,301,032	2,042,322	16,254,033	33,475,899
Fund balances (deficit) at end of year, as restated	\$(9,188,453)	\$2,551,697	\$9,867,176	\$423,504	\$-	\$3,901,764	\$2,288,331	\$(1,468,034)	\$5,080,076	\$847,756	\$22,124,813	\$36,428,630

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

**BALANCE SHEET
CURRENT FUNDS**

June 30, 1998

ASSETS

	Operating Fund	Newspaper Fund	Total
Cash and cash equivalents	\$(256,553)	\$(567,376)	\$(823,929)
Other receivables (net of allowance for doubtful allowance of \$20,891)	877,481	47,427	924,908
Deposits and prepaid expenses	329,033	4,373	333,406
Deposits held in other funds	50,000	-	50,000
Total assets	<u>\$999,961</u>	<u>\$(515,576)</u>	<u>\$484,385</u>

LIABILITIES AND FUND BALANCES (Deficit)

Accounts payable	\$283,305	\$6,734	\$290,039
Accrued liabilities	302,356	38,130	340,486
Unrestricted deferred revenue	8,621,591	-	8,621,591
Due to other funds	161,660	524,407	686,067
Total liabilities	<u>9,368,912</u>	<u>569,271</u>	<u>9,938,183</u>
Fund balances			
Unrestricted			
Undesignated	(10,091,521)	(1,084,847)	(11,176,368)
Designated	176,508	-	176,508
Temporarily restricted	1,546,062	-	1,546,062
Total fund balances (deficit)	<u>(8,368,951)</u>	<u>(1,084,847)</u>	<u>(9,453,798)</u>
Total liabilities and fund balances	<u>\$999,961</u>	<u>\$(515,576)</u>	<u>\$484,385</u>

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

**BALANCE SHEET
CURRENT FUNDS**

**June 30, 1997
(restated)**

ASSETS	Operating Fund	Newspaper Fund	Total
Cash and cash equivalents	\$(370,393)	\$(556,737)	\$(927,130)
Other receivables (net of allowance for doubtful allowance of \$20,891)	443,202	33,010	476,212
Deposits and prepaid expenses	337,742	2,389	340,131
Deposits held in other funds	50,000	-	50,000
Total assets	\$460,551	\$(521,338)	\$(60,787)
LIABILITIES AND FUND BALANCES (Deficit)			
Accounts payable	\$314,317	\$1,261	\$315,578
Accrued liabilities	312,112	37,571	349,683
Unrestricted deferred revenue	7,766,103	-	7,766,103
Due to other funds	171,895	524,407	696,302
Total liabilities	8,564,427	563,239	9,127,666
Fund balances			
Unrestricted			
Undesignated	(9,423,051)	(1,084,577)	(10,507,628)
Designated	229,149	-	229,149
Temporarily restricted	1,090,026	-	1,090,026
Total fund balances (deficit)	(8,103,876)	(1,084,577)	(9,188,453)
Total liabilities and fund balances	\$460,551	\$(521,338)	\$(60,787)

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

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
CURRENT FUNDS**

June 30, 1998

	Operating Fund	Newspaper Fund	Total
Revenues and other additions			
Gifts, bequests and collections	\$42,325	\$-	\$42,325
Fees and expense reimbursements	701,504	-	701,504
Rental income	147,049	-	147,049
Investment income	373,139	-	373,139
Newspaper income	-	325,299	325,299
Other income	70,564	-	70,564
Total revenues and other additions	1,334,581	325,299	1,659,880
Expenses and other deductions			
Pastoral	1,731,760	-	1,731,760
Religious personnel development	680,200	-	680,200
Education	695,533	-	695,533
Community apostolates	93,629	-	93,629
Administrative	1,501,100	-	1,501,100
Fundraising expenses	484,951	-	484,951
Property taxes and other carrying costs	85,817	-	85,817
Newspaper expenses	-	325,569	325,569
Total expenses and other deductions	5,272,990	325,569	5,598,559
Excess (deficiency) of revenues and other additions over expenses and other deductions before transfers	(3,938,409)	(270)	(3,938,679)
Transfers			
Annual appeal transfer	4,011,267	-	4,011,267
Annual appeal distribution	(51,000)	-	(51,000)
Debt service	(1,001,816)	-	(1,001,816)
Other	714,883	-	714,883
Total transfers	3,673,334	-	3,673,334
INCREASE (DECREASE) IN FUND BALANCES	(265,075)	(270)	(265,345)
Fund balances (deficit) at beginning of year, as restated	(8,103,876)	(1,084,577)	(9,188,453)
Fund balances (deficit) at end of year	\$(8,368,951)	\$(1,084,847)	\$(9,453,798)

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

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
CURRENT FUNDS**

**June 30, 1997
(restated)**

	Operating Fund	Newspaper Fund	Total
Revenues and other additions			
Gifts, bequests and collections	\$74,682	\$-	\$74,682
Fees and expense reimbursements	750,807	-	750,807
Rental income	340,193	-	340,193
Investment income	205,040	-	205,040
Newspaper income	-	319,118	319,118
Other income	23,714	-	23,714
Total revenues and other additions	1,394,436	319,118	1,713,554
Expenses and other deductions			
Pastoral	1,740,278	-	1,740,278
Religious personnel development	654,639	-	654,639
Education	661,448	-	661,448
Community apostolates	93,577	-	93,577
Administrative	1,466,940	-	1,466,940
Fundraising expenses	429,124	-	429,124
Property taxes and other carrying costs	68,630	-	68,630
Newspaper expenses	-	316,107	316,107
Total expenses and other deductions	5,114,636	316,107	5,430,743
Excess (deficiency) of revenues and other additions over expenses and other deductions before transfers	(3,720,200)	3,011	(3,717,189)
Transfers			
Annual appeal transfer	3,824,353	-	3,824,353
Annual appeal distribution	(51,000)	-	(51,000)
Debt service	(1,001,667)	-	(1,001,667)
Other	202,818	-	202,818
Total transfers	2,974,504	-	2,974,504
INCREASE (DECREASE) IN FUND BALANCES	(745,696)	3,011	(742,685)
Fund balances (deficit) at beginning of year	(7,358,180)	(1,087,588)	(8,445,768)
Fund balances (deficit) at end of year	\$(8,103,876)	\$(1,084,577)	\$(9,188,453)

Central Administrative Office of the Roman Catholic Diocese of San Jose

BALANCE SHEET
SERVICE FUNDS AND CUSTODIAN AND SIMILAR FUNDS

June 30, 1998

ASSETS	Service Funds				Custodian and Similar Funds		
	Payroll Fund	Benefit Fund	Compre- hensive Insurance Fund	Total	Custodian Fund	Pooled Investment Fund	Total
Cash and cash equivalents	\$241,733	\$1,479,013	\$850,103	\$2,570,849	\$806,760	\$-	\$806,760
Marketable securities	-	149,781	-	149,781	73,139	3,659,527	3,732,666
Receivables							
Parishes (net of allowance for doubtful accounts of \$854,396)	402,095	44,559	64,385	511,039	-	-	-
Other (net allowance for doubtful accounts of \$27,257)	-	2,957	-	2,957	-	26,216	26,216
Deposits and prepaid expenses	-	38,183	9,851	48,034	-	-	-
Deposits held in (for) other funds	(75,858)	-	-	(75,858)	-	-	-
Total assets	\$567,970	\$1,714,493	\$924,339	\$3,206,802	\$879,899	\$3,685,743	\$4,565,642
LIABILITIES AND FUND BALANCES							
Accounts payable	\$-	\$6,025	\$6,380	\$12,405	\$-	\$-	\$-
Accrued liabilities	140,698	597,882	5,984	744,564	-	-	-
Held for parishes and institutions	880,180	-	-	880,180	879,899	3,685,743	4,565,642
Deferred revenue, unrestricted	-	377,303	293,325	670,628	-	-	-
Due to (from) other funds	-	(2,167,955)	-	(2,167,955)	-	-	-
Total liabilities	1,020,878	(1,186,745)	305,689	139,822	879,899	3,685,743	4,565,642
Fund balances (deficit) unrestricted, undesignated	(452,908)	2,773,991	618,650	2,939,733	-	-	-
Fund balances unrestricted, designated	-	127,247	-	127,247	-	-	-
Total fund balances	(452,908)	2,901,238	618,650	3,066,980	-	-	-
Total liabilities and fund balances	\$567,970	\$1,714,493	\$924,339	\$3,206,802	\$879,899	\$3,685,743	\$4,565,642

Central Administrative Office of the Roman Catholic Diocese of San Jose
BALANCE SHEET
SERVICE FUNDS AND CUSTODIAN AND SIMILAR FUNDS

June 30, 1997
(restated)

	Service Funds				Custodian and Similar Funds		
	Payroll Fund	Benefit Fund	Compre- hensive Insurance Fund	Total	Custodian Fund	Pooled Investment Fund	Total
ASSETS							
Cash and cash equivalents	\$177,731	\$1,255,476	\$405,277	\$1,838,484	\$835,843	\$-	\$835,843
Marketable securities	-	-	49,044	49,044	119,487	2,736,436	2,855,923
Receivables							
Parishes (net of allowance for doubtful accounts of \$938,000)	310,912	244,018	179,934	734,864	-	-	-
Other (net allowance for doubtful accounts of \$27,257)	-	2,957	-	2,957	-	37,247	37,247
Deposits and prepaid expenses	-	42,351	207,036	249,387	-	-	-
Deposits held in (for) other funds	(75,858)	-	-	(75,858)	-	-	-
Total assets	\$412,785	\$1,544,802	\$841,291	\$2,798,878	\$955,330	\$2,773,683	\$3,729,013
LIABILITIES AND FUND BALANCES							
Accounts payable	\$-	\$6,778	\$5,618	\$12,396	\$-	\$-	\$-
Accrued liabilities	175,296	667,921	6,286	849,503	-	-	-
Held for parishes and institutions	880,180	-	-	880,180	955,330	2,773,683	3,729,013
Deferred revenue, unrestricted	-	363,036	310,022	673,058	-	-	-
Due to (from) other funds	-	(2,167,956)	-	(2,167,956)	-	-	-
Total liabilities	1,055,476	(1,130,221)	321,926	247,181	955,330	2,773,683	3,729,013
Fund balances (deficit) unrestricted, undesignated	(642,691)	2,659,111	519,365	2,535,785	-	-	-
Fund balances unrestricted, designated	-	15,912	-	15,912	-	-	-
Total fund balances	(642,691)	2,675,023	519,365	2,551,697	-	-	-
Total liabilities and fund balances	\$412,785	\$1,544,802	\$841,291	\$2,798,878	\$955,330	\$2,773,683	\$3,729,013

Central Administrative Office of the Roman Catholic Diocese of San Jose

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
SERVICE FUNDS AND CUSTODIAN AND SIMILAR FUNDS

June 30, 1998

	Service Funds				Custodian and Similar Funds		
	Payroll Fund	Benefit Fund	Compre-hensive Insurance Fund	Total	Custodian Fund	Pooled Investment Fund	Total
Revenues and other additions							
Fees and expense reimbursements	\$332,807	\$-	\$178,547	\$511,354	\$-	\$-	\$-
Investment income	-	45,597	9,972	55,569	-	-	-
Insurance premium	-	4,691,370	1,802,111	6,493,481	-	-	-
Total revenues and other additions	332,807	4,736,967	1,990,630	7,060,404	-	-	-
Expenses and other deductions							
Administrative	106,508	(18,398)	102,933	191,043	-	-	-
Insurance premiums and benefits	36,516	4,685,197	1,788,412	6,510,125	-	-	-
Total expenses and other deductions	143,024	4,666,799	1,891,345	6,701,168	-	-	-
Excess (deficiency) of revenues over expenses	189,783	70,168	99,285	359,236	-	-	-
Transfers	-	156,047	-	156,047	-	-	-
INCREASE IN FUND BALANCES	189,783	226,215	99,285	515,283	-	-	-
Fund balances (deficit) at beginning of year	(642,691)	2,675,023	519,365	2,551,697	-	-	-
Fund balances (deficit) at end of year	\$(452,908)	\$2,901,238	\$618,650	\$3,066,980	\$-	\$-	\$-

Central Administrative Office of the Roman Catholic Diocese of San Jose

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
SERVICE FUNDS AND CUSTODIAN AND SIMILAR FUNDS**

**June 30, 1997
(restated)**

	Service Funds				Custodian and Similar Funds		
	Payroll Fund	Benefit Fund	Compre- hensive Insurance Fund	Total	Custodian Fund	Pooled Investment Fund	Total
Revenues and other additions							
Fees and expense reimbursements	\$315,267	\$-	\$-	\$315,267	\$-	\$-	\$-
Investment income	-	64,021	7,809	71,830	-	-	-
Insurance premium	-	4,425,763	1,873,421	6,299,184	-	-	-
Total revenues and other additions	315,267	4,489,784	1,881,230	6,686,281	-	-	-
Expenses and other deductions							
Administrative	159,065	130,695	39,487	329,247	-	-	-
Insurance premiums and benefits	53,330	4,416,427	1,762,489	6,232,246	-	-	-
Total expenses and other deductions	212,395	4,547,122	1,801,976	6,561,493	-	-	-
Excess (deficiency) of revenues over expenses	102,872	(57,338)	79,254	124,788	-	-	-
Transfers	-	92,000	-	92,000	-	-	-
INCREASE IN FUND BALANCES	102,872	34,662	79,254	216,788	-	-	-
Fund balances (deficit) at beginning of year	(745,563)	2,640,361	440,111	2,334,909	-	-	-
Fund balances (deficit) at end of year	\$(642,691)	\$2,675,023	\$519,365	\$2,551,697	\$-	\$-	\$-