South Carolina Education Oversight Committee
Annual Standards Assurance Form
S.C. Budget Proviso 109.15
2016-2017
Document A

Please complete the information requested below concerning your independent school. This information will be listed on the South Carolina Education Oversight Committee's website, www.eoc.sc.gov.

Independent School Name:	Cardinal Newman School
Independent School Contact Person:	Jacqualine Kasprowski
Independent School Address:	2945 Forest Drive
City, State, Zip Code:	Columbia, SC 29443
Independent School Telephone Number:	(803) - 782-2814
Independent School Fax Number:	(803) -782-9314
Independent School E-mail Address:	jkasprowski@cnhs.org
Independent School Website Address:	www.cnhs.org

Please review the standards below based on the 2016-17 General Appropriation Act. An "Eligible school" is defined in the Proviso as "an independent school including those religious in nature, other than a public school, at which the compulsory attendance requirement of Section 59-65-10 may be met and that does not discriminate based on the grounds of race, color, religion, or national origin." Please indicate whether your school has met each standard to ensure the following academic requirements are being met. The S.C. Education Oversight Committee reserves the right to **request additional documentation** to show the school is in compliance with the 2016-17 General Appropriation Act.

STANDARDS	YES	NO
1. Offers a general education to primary or secondary school students.	☒	☐
2. Does not discriminate on the basis of race, color, or national origin.	☒	☐
3. Is located in this state.	☒	☐
4. Has an educational curriculum that includes courses set forth in the state's diploma requirements, graduation certificate requirements (for special needs children), and where the students attending are administered national achievement or state standardized tests, or both, at progressive grade levels to determine student progress.	☒	☐
5. Has school facilities that are subject to applicable federal, state, and local laws.	☒	☐
6. Is a member in good standing of the Southern Association of Colleges and Schools, the South Carolina Association of Christian Schools or the South Carolina Independent Schools Association.	☒	☐
7. Provides a specially designed program or learning resource center to provide needed accommodations based on the needs of exceptional needs students or provides onsite educational services or supports to meet the needs of exceptional needs students, or is a school specifically existing to meet the needs of only exceptional needs students with documented disabilities. Provide evidence of services or supports.	☒	☐
8. Did this school receive any grants last fiscal year (July 1, 2015 until June 30, 2016) from any nonprofit scholarship funding organization under the Educational Credit for Exceptional Needs Children Program? If Yes, then Complete Document B.	☒	☐
9. Will your school provide student test data from school year 2015-16? If Yes, then Complete Document C.	☒	☐
10. Will your school provide a compilation, review, or compliance audit of the organization's financial statements, conducted by a certified public accounting firm? If Yes, then Complete Document D.	☒	☐

I assure that all documents submitted to the SC Education Oversight Committee for the purpose of applying as an eligible school, as defined by the Proviso, is true, accurate, and complete under penalty of perjury in accordance with Section 16-9-10.

Signature: _____

Date: 6/24/2016

Print Name of Signature Above: Michael F. Acquilano, J.D.

Title: Director

Email: macquilano@catholic-doc.org

Return this form to Melanie Barton

- Phone: 803.734.6148
- E-mail: mbarton@eoc.sc.gov
- Mail: (P.O. Box 11867)
  502 Brown Building
  Columbia, S.C. 29211 (29201)

ROMAN CATHOLIC
DIOCESE OF CHARLESTON
CATHOLIC SCHOOLS OFFICE

INCLUSION FRAMEWORK

There are many definitions of inclusion associated with the field of special education. The Individuals with Disabilities Education Act of 2004 (IDEA) identifies 13 types of disabilities that can be diagnosed for the purposes of receiving special education and related/support services. In the Catholic Schools of the Diocese of Charleston, inclusion means engaging a school community in a developmental process of all stakeholders to support and sustain the continuum of inclusive practices, thereby helping schools serve the diversity of families that desire a Catholic education.

For inclusion to be successful, it must be based on a total learning environment that reflects equitability for all students. Essential components of this environment include visionary leadership, a collaborative culture and support of effective instructional practices, a refocused use of assessment, professional growth and adequate funding.

CONTINUUM OF SERVICES

INFORMAL

- Accepts student with minimal special needs
- No specialized school-based support services
- Accommodations on testing
- Possible curricular modifications and supports available to all students
- May recommend outside tutoring and counseling

DEVELOPING

- Resource allocation for defined programs and services
- Faculty includes individual/s with specialized expertise
- Students receive direct support and consultative services
- School staff professional development on learning differences and related instructional practice

RESPONSIVE

- Expanded curricula
- Direct support services
- Preparatory curriculum
- Special education and academic teachers collaborate
- May have modified curriculum for functional and life skills development

Through reflection and self-examination, guided by the teachings of Catholic social justice, each school community determines where it currently stands on the inclusion continuum.

Maintaining Inclusive Practices

- Assignment of teachers and students that reflect organizational needs for operational flexibility and classroom needs for instructional complexity.
- Construct the curriculum around diverse knowledge that reflects a pluralistic cultural heritage.
- Teaching and learning fits the demands of personal, interactive relationships between teachers and students.
- Planning is participatory that involves teachers, parents, students and administrators in collaboration to achieving desirable outcomes for the immediate and long-term future.
- Decision making processes require professional staff to identify and select a range of alternative options consistent with principles of teaching and learning and the mission of the school.
- Assessment is a collaborative process between teachers and students in order to understand and embrace student learning and possibilities for student growth.
- The school's work is evaluated through regularized assessments of educational processes, professional practices, and student outcomes by professional staff, students, parents and other stakeholders.

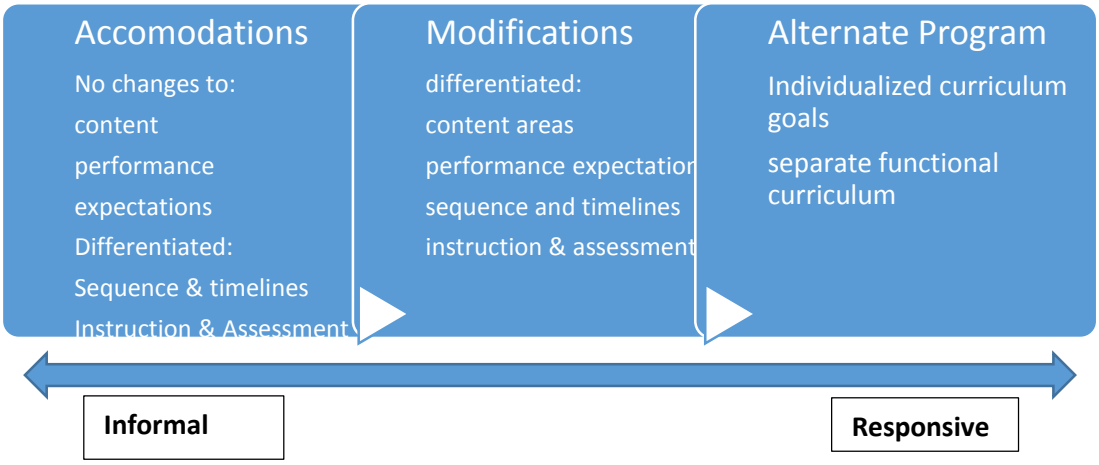
Accommodations and Modifications

Accommodations – Services or supports that help a student successfully access the subject matter and instruction to demonstrate knowledge. Accommodations do not lower academic standards.

- Content enhancements
- Alternative acquisition
- Physical changes
- Alternative responses

Modifications – Curriculum change made when a student is either taught something different from the rest of the class or taught the same information but at a different level of complexity.

- Teaching less content
- Teaching different content
- Performance expectations



Support services are most effective when the special educator works with the student's teachers to collaborate in determining important skills and concepts in the curriculum that are essential for academic achievement. These services should focus on development of skills and strategies required to learn across content areas as well as key concepts. Accommodations are most effective when students receive direct instruction and ongoing support in learning how to use accommodations identified as most appropriate for their individual learning needs.

Presentation accommodations - allow students to work with instructional materials to eliminate or reduce the need to read standard print.

- Large print materials
- Use of visual cues to highlight important information
- Written notes, outlines, and instructions
- Braille
- Graphic organizers
- Computer or human reader
- Electronic audio materials
- Amplification devices
- Video materials

Response accommodations – allow students to work in alternate ways to present, organize or solve problems.

- Dictate to a scribe
- Type on or speak to word processor or recorder
- Type on Brailler
- Calculation devices
- Spelling and grammar assistive devices
- Visual organizers

- Graphic organizers

Timing accommodations – allow students to work in alternate ways to present, organize or solve problems.

- Extended time
- Multiple or frequent breaks
- Change schedule or order of activities
- Divide long term assignments into segments

Setting accommodations – change where a student receives instruction either within the classroom or by offering an out of class location for the student.

- Change location to reduce distractions
- Change location so student does not distract others
- Change location to increase physical access
- Change location to access special equipment

Responsive Schools

Responsive schools are to be prepared to engage students with a broad range of learning needs with a variety of options in curriculum instruction and support services. A school support team that includes administration, counselors, general and special education teachers develops these services, based on individual students' assessed strengths and needs. The team's goal is to collaborate on strategies to assist teachers to meet the needs of the school's diverse student population.

Inclusion in responsive schools means support services are provided in and out of class for the integration of instructional accommodations and student centered instructional practices. This may mean adding a curriculum domain to a course of study to develop a wide range of skills needed to be a successful learner. Three skill areas where students may need specific instruction and support to develop their ability to manage the general curriculum are personal development skills, process skills and expression skills.

- Personal development skills – competencies that focus on time management, organization and personal discipline.
- Process skills – competencies that help students engage in activities associated with school learning.
- Expression skills – allow students to demonstrate their learning by successfully responding to tests and assignments.

Modification types in responsive schools include reducing required work, simplifying instructional materials, teaching less content and teaching different content.

CONTINUUM OF ASSESSMENT

Inclusive assessment practices require each adult to support the understanding that every student can access the curriculum, and that a quality assessment program will provide the

evidence. It is important to articulate assessment practices to the public through its mission, discuss regularly in faculty meetings and to inform parent and students thoroughly of the assessment's components.

INFORMAL

- Assessment data used to inform the instruction of the entire class. Tools selected broadly on the learning objectives of the call as a whole.
- Assessment is limited to tools and methods available to individual teachers with no specialists available, therefore, possibly less systemic.

DEVELOPING

- IN ADDITION TO THE INFORMAL STRATEGIES
- Consult with the learning specialist to use assessment data to tweak individual learning plans for students with special needs to determine accommodations or modifications.
- Consultation with learning specialist for alternative authentic assessment methods best suited to individual student characteristics.

RESPONSIVE

- IN ADDITION TO THE INFORMAL AND DEVELOPING STRATEGIES
- Assessment data used for systematic planning for students with disabilities to include interventions.
- Additional staff, resources and assistive technology available. Accommodations tailored to student needs to better-set future goals.

CONTINUUM OF PROFESSIONAL DEVELOPMENT

Upon initiating an inclusive program, the first step is to evaluate the readiness of the school to carry out this initiative, establish goals, and then begin strategically planning the implementation. A key component of the planning process must include a substantial professional development plan that addresses the multiple needs of the entire faculty. Professional development is critical for teachers with students with "hidden disabilities", such as learning disabilities, emotional disabilities and attention deficit/hyperactivity disorder. Because of the nature of these disabilities, determining the needs and assistance required can be a challenge for parents, educators and students.

For a professional development program to be effective, it must be responsive to the needs of the faculty and occur over an extended period. Some topics for inclusion professional development are broad while others very specific depending on the environment and situation. Specific topics may include medication concerns, priority-scheduling, length of exams, course load, uniforms, and organizational demands.

INFORMAL

- Educate the faculty of students with disabilities in the school whether formally diagnosed or not.

- Plan effectively for successful student outcomes.
- Motivate faculty regarding their responsibility to respond to the needs of the students with disabilities as part of the school's mission, values and beliefs.
- Clarify the role of the classroom teacher in educating students with disabilities, including identification of possible disabilities.

DEVELOPING

- Increase the faculty's collaboration, communication and comfort level with educating students with disabilities.
- Build understanding among faculty, through collaboration and cooperation, as to how the specific needs of the students with disabilities can be achieved with and without specialized training.
- Connect inclusion special services provided by the school to its Catholic identity, mission, values and beliefs.
- Expand teachers' curricular planning and instructional methodology skills to improve not only those students with special needs, but also all students.

RESPONSIVE

- Make sure new faculty members have the necessary information to participate fully in the education of students with special needs.
- Assurance of on-going access to research, participation in quality professional development opportunities and professional reading to ensure the success of the services offered the school.
- Contribute to the school's mission of inclusion of all students in the learning environment through communication, collaboration and leadership activities.

SUMMARY

It takes all, not one, to make inclusion successful in a Catholic school. Administration, faculty, staff, parents and students must work together to engage the entire school community in embracing the philosophy that supports and sustains the inclusive practices. The Inclusive School has an important ministry, beyond the ministry of Catholic education, to serve the diversity of families that desire a Catholic education for their children.

Many thanks to Juliana M. Taymans, Ph.D. and Michael Termini, Psy.D for their insightful work on *Inclusive Catholic Schools: A Matter of Possibilities*

Name of Catholic school	*Number of students applying	Please list the documented disabilities of the children your school plans to serve in the 2016/17 school year.	Please list the academic supports (resource room, specifically designed program, accommodations, staff, etc.) provided to these children.
Bishop England High School	42	ADHD, LD-AP, LD-NOS, Anxiety, LD-M, Visual Impairment, AP, LD-R, Autism, Ectodermal Dysplasia, LD-WE, Aspergers, Cognitive Disability, Dyslexia, Dysgraphia and Executive Function	The school provides a seperate program, Options Program, for students with Cognitive Disability or other severe learning disabilities. We provide accomodations for students with a diagnosed disability, and also provide extra assistance through a learning lab and math tutors. All staff is receives additional training yearly to assist with student with learning differences.
Blessed Sacrament Catholic School	14	speech/language, ADHD, selective mutism, Anxiety Disorder, Post Traumatic Strss Disorder, Hyperactivity, Dyslexia, Oppositional Defiant Disorder, Hypertopia Supertropia superior obligue palsy, dfect in binocular usia, Learning disabilities	Resource Room, Specific Program, Accommodations for classroom and outside assistance available.
Cardinal Newman School	40	Down Syndrome; Autism; Dyslexia; Dysgraphia; hearing impaired; ADHD with executive functioning difficulties; math and reading disabilties; Asperger's Syndrome; Tourette's Syndrome	Specific Program for cognitively challenged (DeLaSalle Program); resource room; special education certified teacher; accommodations for learning challenges; all staff trained in implementing accommodations; all staff trained in differentiated instruction
Christ Our King-Stella Maris Catholic School	28	Dysgraphia, Dyslexia, Downs Syndrome, Hearing Impairments, ADHD, Processing Disorders	Resource Room, academic accomodations, extended testing time, study skills class, individualized study sessions, teacher support, resource immersion and reading support
Divine Redeemer Catholic School	3	Deaf/Hard of Hearing & Speech or Language Impairment, ADD, Autism Spectrum Disorder	We make accommodations as possible after consultation with parents. Tutoring outside the classroom from trained staff and outside professionals.
Holy Trinity Catholic School	2	Autism Spectrum Disorder(3), Hearing Impared(1) Specific Learning Disability(1)	2 resource staff, accommodation plans for each student followed by resource staff and teachers
John Paul II Catholic School	25	ADHD, Specific Learning Disabilities, Dyslexia, Visual and Hearing Impairments, Physical Disabilities, Spectrum Disorders	Inclusionary classrooms, Modified instruction, Certified Special Education teacher, Math tutor, Provision of accommodations such as extended time, small testing environment, extra assistance,audio books, voice recognition software and other accommodations and modification designed for specific students.

Nativity Catholic School	1	Developmental Delay (Downs Syndrome)	Resource room; 1 staff member; accommodations for support plan
Our Lady of Peace Catholic School	35	ADHD, Speech and language, Developmental delay, Occupational therapy, legally blind, Autism, Fanconi anemia, orthopedic deformity, adjustment disorder (depression/anxiety), Tourette's disorder, Anxiety disorder, Coordination disorder, Congenital Club Foot, Sensory processing disorder, Learning disability	Resource teacher, Instructional Extension classes for reading and math, tutorial programs, accommodations by teacher and staff, professional development for teachers to teach students with special needs
Our Lady of the Rosary Catholic School	31	Hearing Impaired, Down's Syndrome, ADHD, Dyslexia, Autism, and all areas covered in the Arrowsmith Program.	Arrowsmith Program, Inclusion Program with support staff, accommodations provided using a Student Academic Plan
Prince of Peace Catholic School	26	ADHD, Specific Learning Disabilities, Dyslexia, Visual and Hearing Impairments, Physical Disabilities, Spectrum Disorders	Resource room, specifically named program, professional development for teachers
Saint John Catholic School, North Charleston	37	Autism Spectrum Disorders, Cognitive conflicts, Processing conflicts, Attention conflicts, Behavioral conflicts, Skill and Strategy conflicts, Attention Deficit Disorder - with hyperactivity, -without hyperactivity, -selective attention, - passive inattention, dyslexia, processing problems, retrieval problems, output problems, modality problems, memory problems, ADHD, separation anxiety	Newly constructed sensory room, K4 -K5 limited to 15 students, Grades 1 - 8 class size is 10 students or less, curr. flexibility to meet the needs of our students, accommodations based on student need, carefully revised and newly purchased playground equipment, teacher support staff as needed
St Anthony of Padua Catholic School	12	Speech and Hearing, ADHD, Autism Spectrum	speech and hearing pathologist Special education teacher student support team
St. Andrew Catholic School	30	Dyslexia, Cerebral Palsy, ADHD and emotional disorder, brain tumor.	Dyslexia Tutors, Shadow for the Cerebral Palsy student and student with severe learning disability and ADHD, Learning Ally-texbooks by audio device, one reading resource specialist, one certified LD teacher to work as the shadow, two part-time, certified nurses, a resource room for tutoring for shadows to accommodate individualized learning, the parish rectory being transformed into a tutor center for children diagnosed with dyslexia.
St. Anne Catholic School, Rock Hill	39	Autism Spectrum Disorder, Specific Learning Disability (both reading and math), Other Health Impaired, Dyslexia	Resource Room, Reading Intervention Program, Leveled Literacy Intervention, Barton Reading System, Special Education Teacher, Reading Interventionist, Guidance Couselor, Classroom Aids, Students may be pulled out for up to an hour a day for special education services or related assistance, teachers provide accommodations and modifcations to the regular curriculum

St. Anthony Catholic School, Florence	12	Attention Deficit Hyperactivity Disorder, Fine Motor Delay, Expressive Language Disorder, Delayed Milestone, Visual Impairment, Short Term Memory Disorder, ADD/ ADHD, Speech disorder, Expressive Speech Delay, ADHD, Autism, OHI, Specific Learning Disability	Resource Room, Full-Time Exceptional Education Teacher, one-on-one pull out services, small group testing, collaborative teaching, classroom acccommodations from classroom teachers, environmental accommodations, social group, supportive technology
St. Francis Catholic School	8	Dyslexia, ADD, ADHD, Mild Autism	Learning Center that manages in class modifications and accomidations
St. Gregory the Great Catholic School	1	ADHD, Speech and Hearing, Autism Spectrum	Accommodations within the classroom; tutoring outside of the classroom from staff.
St. John Neumann Catholic School	47	ADHD, Autism, Speech, Pachygria, Cognitive deays, language delays, working memory issues, hearing loss, cerebral palsey	Learning Center with teacher with masters in learning disability, counselor, speech pathologist, Discovery Center
St. Joseph Catholic School, Anderson	5	Other health impairments, Autism, Dyslexia	Accommodations through Student Academic Plan, Orton- Gillingham trained support staff
St. Joseph Catholic School, Greenville	12	Autism spectrum disorders, ADD, Dyslexia, Generalized Anxiety Disorder, ADHD, Oppositional Defiance Disorder, Specific Learning Disability in Reading, Cerebral Palsey	1.5 rooms dedicated to academic accommodations; one full-time and one part time teachers with certification in academic coaching and special education, several accommodation plans tailored to individual students; in-house tutoring/coaching
St. Joseph Catholic School,. Columbia	24	ADHD, SLD, LD, Dysgraphia, OHI	Speech therapy -private therapist, Director of Student Success (interventionist), teaching assistants for classroom support, school counselor, professional development for classroom teachers, Student Assistance Plans for all students with documented needs
St. Mary Help of Christians Catholic School	14	ADHD, Intellectual Disability, OHI, SLD, Specific Learning Disability, Executive Functioning, Orthopedically Handicapped, Visually Impaired	Resource Room, Paraprofessional one-on-one assistance as prescribed in student plan, twice-yearly meetings with parents to review/revise plans, course modifications, classroom accommodations, Counseling. Several teachers are special education certified. Principal and assistant principal have special education certifications.
St. Michael Catholic School	22	ADHD, Speech and language, Developmental delay, Occupational therapy, Autism, Tourette's disorder, Anxiety disorder	Resource room, specifically named program, professional development for teachers
St. Peter Catholic School, Beaufort	11	Health Impairment, Delays in Reading, Dyslexia, Emotionally Disturbed, Specific Learning Disability, Speech & Language Delays, Autism Spectrum, Sensory Integration Dysfunction, Expressive Language Disorders	We have a well established Learning/Resource Center
St. Peter Catholic School, Columbia	20	Autism, ADHD, ADD,CP,Speech,	Classroom accommodations made by classroom teachers and resource room.

Summerville Catholic School	16	Autism spectrum disorders, ADD, Dyslexia, Generalized Anxiety Disorder, ADHD, Specific Learning Disability in Reading	Learning Center that manages in class modifications and accomidations
The Charleston Catholic School	23	Autism, ADHD, Learning Disorder in Reading & Written Expression, Developmental Delay, Speech & Language Impairment, Anxiety Disorder, Developmental Coordination Delay & Sensory Integration, Tourette's Syndrome, Intractable Chronic Migraines, Dysgraphia	Student Success Program, Student Success Director, and Student Success Classroom

*This is the number of students applying for the exceptional needs scholarship for the next year (enrollment is significantly higher).

Document B
Grants Received

Educational Credit for Exceptional Needs Children (ECENC) Application 2016-2017

Independent School Name: Cardinal Newman School

An independent school applying for or continuing to participate in the Educational Credit for Exceptional Needs Children Program for Fiscal Year 2016-17 is required to submit the following information:

Number and total amount of grants received from each nonprofit scholarship funding organization from July 1, 2015 through June 30, 2016.

Please complete the following chart. If no grants were received from a nonprofit scholarship funding organization indicate with "0" and "$0."

Nonprofit Scholarship Funding Organizations	Total Number of Grants Received	Total Amount of Grants Received
Advanced Carolina SFO		$
Donors Enriching Students' Knowledge (DESK)		$
Palmetto Kids FIRST Scholarship Program, Inc.		$
St. Thomas Aquinas Scholarship Funding Organization	38	$254,652

Total number of grants is the number of individual children/students who received a grant even if the school received more than one grant for a specific child/student. The total amount of grants per child/student should not have exceeded $10,000.

Return this form & report to EOC:

Fax: 803.734.6167
Phone: 803.734.6148
Mail: P.O. Box 11867
Columbia, SC 29211

Document C

Student Assessment Data

Educational Credit for Exceptional Needs Children (ECENC) Application 2016-2017

Independent School Name: Cardinal Newman School

An independent school applying for or continuing to participate in the Educational Credit for Exceptional Needs Children Program for Fiscal Year 2016-17 is required to submit the following information:

Student test scores, by category, on national achievement or state standardized tests, or both, for all grades tested and administered by the school.

In working with its nine-member advisory committee, the EOC has determined that, to maintain student privacy and to recognize the educational needs of students, each school must submit the following:

- Summative assessment data from the 2015-16 school year that documents for *each grade tested* and for *each grade with at least 10 students in the grade*, the English language arts (reading) and mathematics achievement of students in the grade. Examples include: *TerraNova, Stanford 10, Iowa Test of Basic Skills, etc.*
- For grades 9-12, the school may provide average PSAT, SAT, ACT, or other scores as appropriate.
- For Support Level III schools, those schools that specifically exist to meet the need of only exceptional needs students with documented disabilities, the EOC will work with the Support Level III schools to provide information (including formative assessments, portfolios, etc.) that document the students' academic and social development
- Please DO NOT provide personally identifiable student information.

The following is a **template** that you may use for reporting purposes. For questions, contact the EOC.

2015-16 School Year Results for _____ Assessment
National Percentiles Mean Scale Scores, Average Scores, Grade Equivalents, etc.

Grade	English language arts (Reading)	Mathematics
1		
2		
3		
4		
5		
6		
7 etc.		

Return this form and assessment data to EOC:

Fax: 803.734.6167
Phone: 803.734.6148
Mail: P.O. Box 11867
Columbia, SC 29211

Please see the attached excel document summarizing diocesan testing data.

Cardinal Newman School
Assessment Data

Standardized Assessments Administered at Cardinal Newman School:

1. **MAP for grades 7 and 8**
2. **PSAT for grades 7 through 11**
3. **SAT (grade 12)**
4. **ACT (grade 12)**

Assessment Results:

Test	Top Quintile	Average
ACT(composite -12th)	29	22
SAT (12th grade)		
Critical Reading	685	550
Math	655	520
Writing	655	530
MAP – 7th grade		
Math	----	225.7
Reading	----	223.4
Language	----	222.5
Science	----	215.6
MAP – 8th grade		
Reading	----	228.8
Language	----	229.6
Science	----	216.5
PSAT (composite scores – Oct. 2015)		
7th grade	----	847
8th grade	----	866
9th grade	----	915
10th grade	----	975
11th grade	----	1042

Document D

Educational Credit for Exceptional Needs Children (ECENC) Application 2016-2017

Independent School Name: Cardinal Newman School

An independent school applying for or continuing to participate in the Educational Credit for Exceptional Needs Children Program for Fiscal Year 2016-17 is required to submit the following information:

A copy of a compilation, review, or compliance audit of the organization's financial statements, conducted by a certified public accounting firm. By law, the compilation, review or compliance audit will be posted online at www.eoc.sc.gov.

Please answer the following questions:

	YES	NO
Did your school receive any grants last fiscal year, between July 1, 2015 and June 30, 2016, under the ECENC program?	☒	☐
If **Yes**, are you attaching a compilation, review or compliance audit conducted by a certified public accounting firm to this Document and submitting it to the EOC by **December 30, 2016**. Does the audit: • Document and verify that all grants received under the Educational Credit for Exceptional Needs Children Program in 2015-16 were for eligible children enrolled in the school? • Document the total amount of each grant per child from every scholarship funding organization (SFO)? • Document that no grant exceeded $10,000 during school year 2015-16? • Document that the independent school returned a prorated amount of the grant to the SFO if any student withdrew during the school year? Also, document that the total amount of each grant was used for tuition which is defined as "the total amount of money charged for the cost of a qualifying student to attend an independent school including, but not limited to, fees for attending the school and school-related transportation."	☒	☐
If **No**, will your school submit a compilation, review or compliance audit conducted by a certified public accounting firm by **June 30, 2017** to the EOC if you receive tuition grants this fiscal year, between July 1, 2016 and June 30, 2017?	☒	☐

Return this form & report to EOC:

Fax: 803.734.6167
Phone: 803.734.6148
Mail: P.O. Box 11867
Columbia, SC 29211

June 30, 2016

The S.C. Education Oversight Committee
Attn: Melanie D. Barton
1205 Pendleton Street
Room 502 Brown Building
Columbia, SC 29201

RE: Compliance Audit for the following Schools in the 2015-2016 Educational Credit for Exceptional Needs Children Program

Bishop England High School, Charleston, South Carolina
Blessed Sacrament School, Charleston, South Carolina
Cardinal Newman School High School, Columbia, South Carolina
Charleston Catholic School, Charleston, South Carolina
Christ Our King/Stella Maris School, Mount Pleasant, South Carolina
Divine Redeemer Catholic School, Hanahan, South Carolina
Holy Trinity School, Longs, South Carolina
John Paul II Catholic School, Ridgeland, South Carolina
Nativity Catholic School, Charleston, South Carolina
Our Lady of Peace School, North Augusta, South Carolina
Our Lady of Rosary Catholic School, Greenville, South Carolina
Prince of Peace Catholic School, Taylors, South Carolina
St. Andrew School, Myrtle Beach, South Carolina
St. Anne School, Rock Hill, South Carolina
St. Anne School, Sumter, South Carolina
St. Anthony Catholic School, Florence, South Carolina
St. Anthony of Padua School, Greenville, South Carolina
St. Francis Catholic School, Hilton Head, South Carolina
St. Gregory the Great Catholic School, Bluffton, South Carolina
St. John Catholic School, North Charleston, South Carolina
St. John Neumann School, Columbia, South Carolina
St. Joseph Catholic School, Columbia, South Carolina
St. Joseph School, Anderson, South Carolina
St. Joseph's Catholic School, Greenville, South Carolina
St. Mary Help of Christians School, Aiken, South Carolina
St. Michael School, Murrells Inlet, South Carolina
St. Peter School, Columbia, South Carolina
St. Peter School, Beaufort, South Carolina
Summerville Catholic School, Summerville, South Carolina

We confirm, for the above referenced Schools for the fiscal year 2015-2016, complied with the following requirements of the Educational Credit for Exceptional Needs Children Program:

- The independent Schools can document and verify that all grants received under the Educational Credit for Exceptional Needs Program in 2015-2016 were for eligible children enrolled in the Schools;

- The independent Schools can document the total amount of each grant per child from every scholarship funding organization (SFO);
- The independent Schools can document that no grant exceeded $10,000 during the school year 2015-2016; and
- The total amount of each grant was used for tuition which is defined as "the total amount of money charged for the cost of a qualifying student to attend an independent school including, but not limited to, fees for attending the school and school-related transportation."

Glaser and Company, LLC

Glaser and Company, LLC
Mount Pleasant, South Carolina

ROMAN CATHOLIC
DIOCESE OF CHARLESTON

Dear Mrs. Barton:

The Diocese of Charleston maintains the scholarship funds and disburses the funds two times a year - once in the fall and once in the spring. Before each disbursement the scholarship funding organization does a registration check on each child. In most cases, if a child has left the school, the scholarship organization is already aware because the school has had to refund part of the tuition paid by the parents (St. Thomas Aquinas only covers approximately 70-80% of tuition). Before any school returns part of the tuition paid by the parents (we have incentives at many of our schools for prepayment of tuition) they communicate with the scholarship funding organization to ensure funds are disbursed appropriately to either the parent **or** the scholarship organization. Each scholarship check is accompanied by a letter that specifically addresses the refund policy. Please see an excerpt from one of the letters below:

> "Please be advised that the budget proviso is very specific about returning scholarship funds if the student leaves or withdraws from the school for any reason prior to the end of the semester or school year and does not re-enroll within thirty days. The eligible school **must** return the prorated amount of the grant to the scholarship funding organization based on the number of days the qualifying student was enrolled in the school during the semester or school year within sixty days of the qualifying student's departure."

Upon notice that a child has withdrawn, we confirm the withdrawal date with the parent and then again with the school. Upon confirmation of the date, we then calculate the proration and await the refunded monies.

Sincerely in Christ,

Michael F. Acquilano

Mr. Michael F. Acquilano, J.D.
Director

901 Orange Grove Rd. • Charleston, SC 29407 • (843) 261-0535 • Fax: (843) 804-9408 • www.sccatholic.org

CHANCERY OF THE DIOCESE OF CHARLESTON

FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2015 and 2014

And Report of Independent Auditor

Cherry Bekaert LLP
CPAs & Advisors

CHANCERY OF THE DIOCESE OF CHARLESTON

TABLE OF CONTENTS

REPORT OF INDEPENDENT AUDITOR 1

FINANCIAL STATEMENTS

Statements of Financial Position 2
Statements of Activities and Changes in Net Assets 3-4
Statements of Cash Flows 5
Notes to Financial Statements 6-18

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

To Bishop Robert E. Guglielmone
Bishop of Charleston
Chancery of the Diocese of Charleston
Charleston, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the Chancery of the Diocese of Charleston (a South Carolina corporation), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Chancery of the Diocese of Charleston as of June 30, 2015 and 2014, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Cherry Bekaert LLP

Greenville, South Carolina
September 29, 2015

CHANCERY OF THE DIOCESE OF CHARLESTON

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2015 AND 2014

	2015	2014
ASSETS		
Cash and cash equivalents	$ 17,760,840	$ 14,820,128
Investments	39,334,552	40,265,304
Receivables from other Diocesan entities:		
Loans receivable, net	33,142,551	24,468,336
Other receivables, net	761,193	642,251
Other receivables	82,409	169,037
Cash restricted for property projects	-	460,000
Other assets	1,763,830	1,557,397
Property and equipment, net	32,242,228	19,591,035
Total Assets	$ 125,087,603	$ 101,973,488
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	$ 1,968,132	$ 1,287,974
Savings deposits	41,236,907	40,409,454
Due to other diocesan or Catholic Church entities	3,005,260	2,006,554
Interest rate swap agreement	176,201	273,771
Construction loan	9,744,290	-
Bonds payable	10,449,089	-
Total Liabilities	66,579,879	43,977,753
Net assets:		
Unrestricted:		
Designated	29,742,604	34,396,879
Operating	14,816,892	9,218,679
Total unrestricted	44,559,496	43,615,558
Temporarily restricted	5,499,147	6,081,096
Permanently restricted	8,449,081	8,299,081
Total Net Assets	58,507,724	57,995,735
Total Liabilities and Net Assets	$ 125,087,603	$ 101,973,488

The accompanying notes to the financial statements are an integral part of these statements.

CHANCERY OF THE DIOCESE OF CHARLESTON

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:				
Parish assessment income	$ 6,058,215	$ -	$ -	$ 6,058,215
Contributions and grants	314,364	3,935,994	150,000	4,400,358
Interest and dividend income	1,731,671	256,911	-	1,988,582
Net realized gain on investments	1,480,471	599,046	-	2,079,517
Net unrealized loss on investments	(3,271,681)	(467,959)	-	(3,739,640)
Supporting services fees	4,325,108	-	-	4,325,108
Other revenue	4,344,856	-	-	4,344,856
Total support and revenue	14,983,004	4,323,992	150,000	19,456,996
Net assets released from restrictions	4,905,941	(4,905,941)	-	-
Total support, revenue and reclassifications	19,888,945	(581,949)	150,000	19,456,996
Expenses:				
Program services:				
Pastoral	5,887,101	-	-	5,887,101
Church personnel development	2,042,882	-	-	2,042,882
Education	1,200,633	-	-	1,200,633
Cemeteries	409,892	-	-	409,892
Deposit and loan, including interest of $907,819	1,090,033	-	-	1,090,033
Diocesan supporting services	5,908,520	-	-	5,908,520
Total program services	16,539,061	-	-	16,539,061
Supporting services:				
General and administration	2,293,947	-	-	2,293,947
Institutional advancement	209,569	-	-	209,569
Total supporting services	2,503,516	-	-	2,503,516
Total expenses	19,042,577	-	-	19,042,577
Change in net assets before derivative adjustment	846,368	(581,949)	150,000	414,419
Adjustment on interest rate swap agreement	97,570	-	-	97,570
Change in net assets	943,938	(581,949)	150,000	511,989
Net assets, beginning of year	43,615,558	6,081,096	8,299,081	57,995,735
Net assets, end of year	$ 44,559,496	$ 5,499,147	$ 8,449,081	$ 58,507,724

The accompanying notes to the financial statements are an integral part of these statements.

CHANCERY OF THE DIOCESE OF CHARLESTON

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

YEAR ENDED JUNE 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:				
Parish assessment income	$ 5,798,060	$ -	$ -	$ 5,798,060
Contributions and bequests	119,320	3,934,645	125,000	4,178,965
Interest and dividend income	1,672,592	237,298	-	1,909,890
Net realized gain on investments	2,444,393	984,680	-	3,429,073
Net unrealized gain on investments	1,563,534	229,312	-	1,792,846
Supporting services fees	4,022,244	-	-	4,022,244
Other revenue	2,958,228	-	-	2,958,228
Total support and revenue	18,578,371	5,385,935	125,000	24,089,306
Net assets released from restrictions	5,209,161	(5,209,161)	-	-
Total support, revenue and reclassifications	23,787,532	176,774	125,000	24,089,306
Expenses:				
Program services:				
Pastoral	5,281,871	-	-	5,281,871
Church personnel development	1,874,548	-	-	1,874,548
Education	1,289,968	-	-	1,289,968
Cemeteries	488,773	-	-	488,773
Deposit and loan, including interest of $901,246	1,126,963	-	-	1,126,963
Diocesan supporting services	5,839,720	-	-	5,839,720
Total program services	15,901,843	-	-	15,901,843
Supporting services:				
General and administration	2,217,142	-	-	2,217,142
Institutional advancement	282,337	-	-	282,337
Total supporting services	2,499,479	-	-	2,499,479
Total expenses	18,401,322	-	-	18,401,322
Change in net assets before derivative adjustment	5,386,210	176,774	125,000	5,687,984
Adjustment on interest rate swap agreement	126,751	-	-	126,751
Change in net assets	5,512,961	176,774	125,000	5,814,735
Net assets, beginning of year	38,102,597	5,904,322	8,174,081	52,181,000
Net assets, end of year	$ 43,615,558	$ 6,081,096	$ 8,299,081	$ 57,995,735

The accompanying notes to the financial statements are an integral part of these statements.

CHANCERY OF THE DIOCESE OF CHARLESTON

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Cash flows from operating activities:		
Changes in net assets	$ 511,989	$ 5,814,735
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Amortization of bond issue costs	-	43,699
Net realized and unrealized gains on investments	1,660,123	(5,221,919)
Depreciation	331,002	312,037
Bad debts	1,030	-
(Gain) Loss on disposal of property and equipment	(259,782)	97,524
Changes in assets and liabilities:		
Other receivables - Diocesan entities	(119,972)	(304,251)
Other receivables	86,628	347,211
Other assets	(37,036)	(221,465)
Accounts payable and accrued expenses	680,158	782,977
Interest rate swap agreement	(97,570)	(126,751)
Net cash from operating activities	2,756,570	1,523,797
Cash flows from investing activities:		
Proceeds from investment transactions	19,358,074	28,066,798
Purchases of investments	(20,087,445)	(22,670,209)
Funding of loans receivable, net of repayments	(8,674,215)	(799,553)
Purchases of property and equipment	(13,346,853)	(3,283,633)
Proceeds from sale of property and equipment	624,440	226,907
Net cash from investing activities	(22,125,999)	1,540,310
Cash flows from financing activities:		
Decrease in cash restricted for property projects	460,000	10,000
Increase (decrease) in savings deposits, net	827,453	(113,516)
Decrease in bonds debt service fund	-	678,557
Increase in payables to other Diocesan entities, net	998,706	654,926
Bond issuance costs	(169,397)	-
Proceeds from construction loans	9,744,290	-
Principal payments on bonds payable	-	(4,415,000)
Proceeds from bonds payable	10,449,089	-
Net cash from financing activities	22,310,141	(3,185,033)
Change in cash and cash equivalents	2,940,712	(120,926)
Cash and cash equivalents, beginning of year	14,820,128	14,941,054
Cash and cash equivalents, end of year	$ 17,760,840	$ 14,820,128
Supplemental cash flow information:		
Cash paid for interest	$ 1,199,785	$ 1,218,942
Net non-cash acquisition of net assets	$ -	$ 43,876

The accompanying notes to the financial statements are an integral part of these statements.

Note 1—Organization

The Roman Catholic Diocese of Charleston (the "Diocese"), a unit of the Roman Catholic Church, is a corporation sole, organized under the laws of the State of South Carolina under the name Bishop of Charleston. The Diocese comprises the entire state of South Carolina with Charleston as its See city. Founded on July 11, 1820 by Pope Pius VII, it is one of the oldest Catholic dioceses in the United States. There are currently 117 active Catholic parishes and missions across the state and 33 Catholic schools with 28 elementary schools, 3 diocesan high schools, and 2 private Catholic high schools. There are no shareholders to the corporation, only the holder of the office of Bishop.

The Diocese consists of various distinct operating entities administered through the Diocesan structure. Each entity maintains its own separate accounts and carries on specific services and programs. The various entities can be categorized as follows: the Chancery of the Diocese of Charleston (the "Chancery"), which includes various diocesan level programs or activities (pastoral, church personnel development, educational support and the Diocesan educational offices for Catholic Youth Ministry, Religious Education, and the Catholic Schools Office, Diocesan cemeteries, cooperative investment and lending program, and supporting services involving certain insurance activities and the Diocesan newspaper, The Miscellany) and diocesan level administrative support offices; Parishes and Missions; Diocesan Educational Entities; Catholic Charities of the Diocese of Charleston, Inc.; and others. The accompanying financial statements include only the programs and administrative support offices of the Chancery.

Note 2—Summary of significant accounting policies

Basis of Accounting - The financial statements of the Chancery have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenue is recognized when earned rather than when received and expenses are recognized when incurred rather than when paid.

Financial Statement Presentation - The Chancery follows the provisions of Accounting Standards Codification (ASC) 958-605, *Not-for-Profit Entities - Revenue Recognition*, and ASC 958-205, *Not-for-Profit Entities - Presentation of Financial Statements.*

Revenues are reported as increases in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

As required by ASC 958, the accompanying financial statements have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions. This presentation has been accomplished by classification of fund balances and transactions into the following classes of net assets:

Unrestricted Net Assets - Net assets not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that will be met by actions of the Chancery and/or the passage of time. Restrictions may include support of a particular activity, investment for a specified term or use in a specified future period. When a donor-imposed restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets

Note 2—Summary of significant accounting policies (continued)

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Chancery. The donors of these assets permit the Chancery to use all or part of the income earned on related investments for general or specific purposes.

Cash and Cash Equivalents - For purposes of the Statements of Cash Flows, the Chancery considers all highly liquid temporary cash investments with a maturity of three months or less when purchased to be cash equivalents, except for the cash investments in the funds managed by investment companies and cash held by the bond trustee.

Receivables from Other Diocesan Entities and Other Receivables - Receivables are stated at amounts the Chancery expects to collect (unpaid principal balances less estimated allowances for doubtful accounts) based on the Chancery's assessment of the financial stability of the respective debtors. Receivables determined by the Chancery not to be collectible are charged off against the respective allowances.

Investments - The Chancery follows the provisions of ASC 958-320, *Not-for-Profit Entities - Investments*. Under ASC 958-320, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the changes in net assets. Donor restricted interest and dividend income are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income and gains are recognized. Investment appreciation (depreciation) and income that is not donor restricted is reported in the unrestricted fund.

Bond Issuance Costs - Costs incurred in connection with the issuance of bonds were amortized over the term of the bonds. Net capitalized bond issue costs are included in Other Assets on the Statement of Financial Position.

Property and Equipment - Purchases of property and equipment having a unit cost of $5,000 or more are capitalized at cost. Donated property and equipment are capitalized at their estimated fair value at the date of donation. Depreciation is computed primarily by using the straight-line method of depreciation based on the estimated useful lives of the assets ranging from three to forty years.

Interest Rate Swap Agreement - The Chancery uses an interest rate swap agreement to manage its exposure to interest rate changes with respect to its bonds payable. The interest rate swap agreement is a derivative instrument and as required by ASC 815, *Derivatives and Hedging*, has been reported in the accompanying financial statements at fair value.

Parish Assessment Income - Parish assessment income is recorded as revenue in the year the parishes are assessed. Such revenue is calculated and assessed based upon an approved percentage of each parish's offertory revenue for the preceding year.

Contributions - Contributions are considered to be unrestricted unless specifically restricted by the donors. Contributions that are restricted by the donors are reported as increases in the temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

Investment Income - Investment income consists of the interest income, dividend income and the realized gains/losses within equities from assets classified as investments in the accompanying financial statements. Interest income consists of the interest earned on assets, other than investments.

Note 2—Summary of significant accounting policies (continued)

Functional Classification of Expenses - Directly identifiable expenses are charged to programs and supporting services and have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes - The Diocese, and accordingly the Chancery, is exempt from federal and state income taxes under certain provisions of Section 501(c)(3) of the Internal Revenue Code and the South Carolina Code of Laws; therefore, no provisions for income taxes have been included in these financial statements.

The Financial Accounting Standards Board provides guidance on the Chancery's evaluation of accounting for uncertainty in income taxes. Management evaluated the Chancery's tax position and concluded that no uncertain tax positions exist that requires adjustment to the financial statements to comply with the provisions of this guidance.

Estimates - The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Areas requiring significant estimates include the allowance for doubtful accounts and the functional allocation of expenses. It is at least reasonably possible that the significant estimates used will change within the next year.

Note 3—Cash and cash equivalents

Cash consists of interest-bearing checking accounts, savings accounts, money-market accounts, and certificates of deposit with a maturity of three months or less when purchased. The Chancery places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers $250,000 for substantially all depository accounts. The Chancery from time to time may have amounts on deposit in excess of the insured limits. As of June 30, 2015 and 2014, the Chancery had $18,116,956 and $15,338,206, respectively, which exceed these insured amounts.

Note 4—Investments

In accordance with ASC 820, *Fair Value Measures and Disclosures*, the Chancery's investments are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Chancery's investments are valued at fair value under Level 1 inputs at June 30, 2015 and 2014.

Note 4—Investments (continued)

Investments along with their cost, fair value and net unrealized gain at June 30, 2015 are as follows:

	Cost	Fair Value	Net Unrealized Gain (Loss)
Cash with investment companies	$ 1,179,438	$ 1,179,438	$ -
Mutual funds	12,755,275	12,370,910	(384,365)
Corporate and government debt securities	4,359,442	4,336,705	(22,737)
Equity securities	19,910,645	21,447,499	1,536,854
	$ 38,204,800	$ 39,334,552	$ 1,129,752

Investments along with their cost, fair value and net unrealized gain at June 30, 2014 are as follows:

	Cost	Fair Value	Net Unrealized Gain
Cash with investment companies	$ 1,158,251	$ 1,157,675	$ 576
Mutual funds	13,502,213	13,839,234	337,021
Corporate and government debt securities	2,243,087	2,282,215	39,128
Equity securities	19,398,631	22,986,180	3,587,549
	$ 36,302,182	$ 40,265,304	$ 3,964,274

Certain of the Chancery's investments are maintained in funds managed by investment companies. Other Diocesan entities (e.g. - parishes, schools, etc.) and affiliates also participate in these investment funds. Investment income and realized and unrealized gains and losses are allocated monthly to the respective Chancery and other Diocesan entity accounts maintained for these pooled investments. Only the Chancery's share of these pooled investments is reflected in the accompanying financial statements.

A recap of these pooled investments is as follows at June 30:

	2015	2014
Chancery of the Diocese of Charleston	$ 32,665,503	$ 33,712,516
Other Diocesan entities and affiliates	13,891,714	13,822,676
	$ 46,557,217	$ 47,535,192

The Chancery's share of these pooled investments has been allocated to the respective classifications of investments as of June 30, 2015 and 2014 detailed previously in this note.

Note 5—Receivables from other diocesan entities

Loans Receivable - Loans receivable consist of the loans made under the lending program of the Chancery. The loans are primarily due from parishes and schools in varying amounts through 2027 and bear interest at fixed and variable rates which range from 2.15% to 6.28% at June 30, 2015 and 2014. The Chancery's current lending program primarily issues new loans with interest rates based upon the one month LIBOR rate plus 1.5%; these new loans generally also bear a floor to the variable rate which is generally 4.5%. The loans are stated at their unpaid balances less estimated allowances for doubtful accounts of approximately $286,000 at June 30, 2015 and 2014, respectively. The Chancery has approximately 40 loans to parishes, which are payable on a monthly basis. The Chancery was not aware of any of these loans that were delinquent at June 30, 2015 and 2014.

Scheduled future principal payments under loans due from parishes and schools at June 30, 2015 are as follows:

Years Ending June 30:	
2016	$ 2,502,916
2017	2,364,142
2018	2,341,808
2019	2,382,569
2020	1,718,979
Thereafter	20,829,499
Undetermined*	1,288,559
	33,428,472
Less allowance for doubtful accounts	285,921
	$ 33,142,551

* Balances with undetermined payment dates are associated with parish construction loans that will amortize at the completion of construction.

Other Receivables - The Diocese obtains blanket property and liability insurance, and contracts for health insurance for the Chancery and certain other Diocesan entities and affiliates. The Chancery pays the premiums and bills the Diocesan entities for their portion of the property and liability insurance premiums. In addition, the Chancery bills parishes for their annual parish assessments. Receivables related to these billings and accrued interest on loans receivable principally comprise the other receivables from other Diocesan entities. These receivables are stated at their unpaid balances less estimated allowances for doubtful accounts of $14,086 and $6,260 at June 30, 2015 and 2014, respectively.

Note 6—Other receivables

Other receivables are comprised of the following at June 30:

	2015	2014
Mortgage note receivable	$ -	$ 97,117
Cemetery and miscellaneous other receivables	167,957	174,045
	167,957	271,162
Less allowance for doubtful accounts	(85,548)	(102,125)
	$ 82,409	$ 169,037

Included in other receivables, the mortgage note receivable was repaid during the year ended June 30, 2015 prior to its maturity date in July 2015.

Note 7—Other assets

Other assets are comprised of the following at June 30:

	2015	2014
Cash surrender value life insurance	$ 329,295	$ 314,057
Prepaid insurance and expenses	338,475	296,002
Unamortized bond issuance costs, net	169,397	-
Accrued interest	122,548	134,558
Other assets	804,115	812,780
	$ 1,763,830	$ 1,557,397

Note 8—Property and equipment

Property and equipment consist of the following at June 30:

	2015	2014
Land and land improvements	$ 8,228,235	$ 8,228,235
Buildings	12,938,086	12,945,586
Furniture, equipment and vehicles	779,748	738,300
Construction in progress	16,609,886	3,864,358
	38,555,955	25,776,479
Less accumulated depreciation	6,313,727	6,185,444
	$ 32,242,228	$ 19,591,035

Note 8—Property and equipment (continued)

Depreciation expense recognized for the years ended June 30, 2015 and 2014 was $331,002 and $312,037, respectively. Construction was in process at June 30, 2015.

Note 9—Long-term debt

In November 2013, the Chancery entered into a loan to finance the construction of new administrative buildings and a chapel. According to the terms of the loan, the Chancery may draw up to $12,500,000. Monthly payments of accrued interest are due, with the total unpaid principal balance due in one lump sum payment at maturity in December 2014. Subsequent to year-end (as further detailed in Note 18), the maturity date was extended to December 2016. Interest accrues on the outstanding balance at the floating rate of the one month London Interbank Offering Rate plus 2.0% (2.19% and 2.15% at June 30, 2015 and 2014, respectively). The balance of the loan was $9,744,290 and zero at June 30, 2015 and 2014, respectively.

In January 2015, a tax-exempt bond in the principal amount of up to $25,000,000 was issued on behalf of the Diocese through the South Carolina Jobs - Economic Development Authority to South State Bank in order to finance the acquisition, construction, equipping and furnishing of certain educational and administrative facilities in the Diocese. See note 1 for information on the Diocese organizational structure.

The bond bears interest at a rate of 2.49% per annum from January 2015 through January, 2025. The bond bears interest at 3.49% from February 2025 through August 2026. At June 30, 2015, the interest rate was 2.49%. From February 1, 2015 through August 1, 2016, the Diocese will only be making interest payments. From September 1, 2016 through February 1, 2025, monthly payments of $135,799 will be applied to interest and principal. On August 1, 2026, one final payment will be made for any accrued interest and the remaining principal balance. As of June 30, 2015, the bond principal balance was $20,193,379. Total interest charged to expense for the years ended June 30, 2015 and 2014 was zero. Future maturities of the note at June 30, 2015, are as follows:

Years Ending June 30:	
2016	$ -
2017	10,095,470
2018	431,132
2019	442,143
2020	452,814
Thereafter	8,771,820
Present Value of future maturities	20,193,379
Less current portion of long-term note	-
Long-term note, net of current portion	$ 20,193,379

The bond is secured by a first lien mortgage on the related construction premises, and is subjected to certain restrictive covenants. As of June 30, 2015, the Diocese was not aware of any violations of the covenants.

Note 10—Interest rate swap agreement

In February 2001, the Diocese entered into an interest rate swap agreement with Bank of America having a stated fixed interest rate of 3.96% on the outstanding bonds payable for the period from February 15, 2001 through September 1, 2018. Interest expense on the bonds under the bond document and interest rate swap agreement is included as part of the deposit and loan interest expense in the accompanying Statements of Changes in Unrestricted Net Assets.

The Chancery uses the interest rate swap agreement to manage its exposure to interest rate changes with respect to its bonds payable. It is not intended for speculative purposes. The interest rate swap is a derivative instrument, which matures in September 2018. ASC 815, *Derivatives and Hedging*, requires that all derivative instruments be reported at fair value. At June 30, 2015 and 2014, the fair values of the swap agreement were liabilities of $176,201 and $273,771, respectively, and are reflected in the accompanying Statements of Financial Position as liabilities. The changes in the fair value of the swap agreement for 2015 and 2014 are reflected in the Statements of Activities as an increase in unrestricted net assets of $97,570 and $126,751, respectively, and identified as “adjustment on interest rate swap agreement”. Although the interest rate swap agreement is still outstanding, the related bond has been repaid.

This interest rate swap agreement requires the Diocese and, effectively, the Chancery to maintain unrestricted cash and equivalents, government-backed securities and equities in an amount not less than $1,000,000.

Note 11—Investment expenses

Expenses relating to investment income, including custodial fees and investment advisory fees, were $182,899 and $190,525 for 2015 and 2014, respectively, and have been netted against investment income in the accompanying Statements of Activities and Changes in Unrestricted Net Assets.

Note 12—Retirement plan

The Diocese has a contributory retirement plan covering substantially all lay Diocesan employees, including Chancery employees. After one year of service, the employer contributes 5% of the employee’s monthly pay for a participating employee contributing a minimum of 3% of monthly pay. The contributions are limited to the maximum annual amounts allowed by the Internal Revenue Service. In 2015 and 2014, the Chancery made contributions to the lay retirement plan for its employees of $141,855 and $115,163, respectively.

In addition, the Diocese maintains the Diocesan Priests’ Retirement Plan (the “Plan”) for the benefit of all eligible priests, as defined in the Plan provisions, working in the Diocese. The Plan is a defined benefit plan providing benefits to eligible participants in accordance with the Plan provisions. Effective January 1, 2007, the Plan was amended to (a) conform to Section 401(a) of the Internal Revenue Code; (b) allow international priests to be eligible to participate in the Plan; (c) reduce the vesting period; (d) reduce the required number of years for normal retirement benefits; and (e) provide for the proration of normal retirement benefits for years less than 20. The Plan was also amended in 2011 and again in 2012, to include a burial benefit.

The funding of the Plan is provided by the respective Diocesan entities (Chancery, parishes and missions, and other Diocesan entities) which are served by the eligible priests of the Diocese. For 2015 and 2014, the funding for the Plan was $700 per month for each active eligible priest. In 2015 and 2014, the Chancery made contributions to the Plan of $88,700 and $109,381, respectively, for the eligible priests assigned to the Chancery. The Chancery recognizes pension expense based upon the funding established for the Plan.

Note 12—Retirement plan (continued)

ASC 715-20, *Compensation-Retirement Plan, Defined Benefit Plan*, requires certain reporting and disclosures with respect to defined benefit plans such as the Diocesan Priests' Retirement Plan. The Plan, which was restated in January 2015 primarily to increase the monthly benefit level from $2,035 to $2,060, involves the Diocese as a whole which consists of various distinct operating entities, including the Chancery. It is not practical to separate such reporting and disclosures for the Chancery or the other Diocesan operating entities participating in the Plan. For purposes of the Chancery's financial statements, the Plan is considered a multi-employer pension plan and the reporting and disclosures limited to the information provided in the preceding paragraph. The Diocese did obtain an actuarial valuation of the Plan as of June 30, 2015 which reported that the present value of the accumulated plan benefits was exceeded by the Plan's assets by $649,078 as of the date. Based on the funding of $700 per month for each eligible and active priest, contributions to the Plan for the year ending June 30, 2016 are estimated at approximately $814,800 and exceed the estimated benefit payments of approximately $614,348. Effectively, the Chancery is a guarantor of the Plan's obligations.

Note 13—Limitations on unrestricted net assets

The Bishop has chosen to place the following limitations on unrestricted net assets at June 30:

	2015	2014
Designated reserve for property insurance deductible/self insured retention	$ 3,291,316	$ 3,082,960
Designated for perpetual care of the St. Lawrence and Holy Cross cemeteries	4,736,424	4,711,808
Designated for long-term investments	14,262,885	15,191,439
Designated for buildings and equipment	7,451,979	11,410,672
	$ 29,742,604	$ 34,396,879

Note 14—Temporarily restricted net assets

Temporarily restricted net assets consist of the following at June 30:

	2015	2014
Restricted for use in subsequent year	$ 1,794,349	$ 1,491,281
Restricted for construction of Diocesan conference and retreat center	-	460,000
Restricted for various other Chancery programs	1,327,042	1,742,729
Restricted for endowments	2,377,756	2,387,086
	$ 5,499,147	$ 6,081,096

Note 15—Endowments

The Chancery's endowments consist of several funds established for a variety of purposes. The endowments include donor-restricted endowments funds. As required by accounting principles generally accepted in the United States of America, the net assets associated with the endowments are classified and reported based on the existence or absence of donor imposed restrictions.

Interpretation of Relevant Law - The Chancery has interpreted the State of South Carolina's enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift, as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Chancery classifies as permanently restricted net assets the original value of the gifts donated to the endowment and the original value of subsequent gifts to the endowment. The remaining portion of the donor-restricted fund that is not classified as permanently restricted net assets is classified as temporarily restricted until those amounts are appropriated for expenditure by the Chancery in a manner consistent with the standards of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Chancery considered the following factors in making their determination to appropriate or accumulate endowment funds:

1. The duration and preservation of the funds
2. The purpose of the donor restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and appreciation of investments
6. Other resources of the Chancery
7. Investment policies of the Chancery

The following tables present the Chancery's endowment net asset classification and composition:

Endowment net assets composition by type of fund at June 30, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 2,377,756	$ 8,449,081	$ 10,826,837
Total funds	$ -	$ 2,377,756	$ 8,449,081	$ 10,826,837

Endowment net assets composition by type of fund at June 30, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 2,387,086	$ 8,299,081	$ 10,686,167
Total funds	$ -	$ 2,387,086	$ 8,299,081	$ 10,686,167

Note 15—Endowments (continued)

Permanently restricted net assets consist of the following at June 30:

	2015	2014
Third world ministry endowment	$ 647,769	$ 647,769
Synod endowment	1,500,000	1,500,000
St. Mary's education fund endowment	50,000	50,000
Miscellaneous endowment fund	56,026	56,026
Cathedral maintenance and endowment	540,427	540,427
Infirm priests endowment	57,359	57,359
Hispanic ministry endowment	2,000,000	2,000,000
Seminarian education fund	1,010,000	1,010,000
Catholic education endowment	2,587,500	2,437,500
	$ 8,449,081	$ 8,299,081

Funds with Deficiencies - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Chancery to retain as a fund of perpetual duration. No such deficiencies existed at June 30, 2015 or 2014.

Strategies Employed for Achieving Investment Objectives - The Chancery follows an investment policy with long-term growth as the main objective. The Chancery relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Chancery utilizes a diversified asset allocation, with greater emphasis on equity-based investments, to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy - The Chancery has a policy of appropriating for distribution each year, as determined by the investment committee and approved by the Bishop, 5% of its endowment funds' average fair value over the prior 36 months (or since inception if shorter) as of June 30th (measurement date) each year. In establishing these policies, the Chancery considered the expected return on its endowment. Accordingly, the Chancery expects the current spending policy to allow its endowment to maintain its purchasing power by growing at a rate equal to planned payouts. Additional real growth will be provided through new gifts and excess investment return.

Note 15—Endowments (continued)

Changes in endowment net assets for the year ended June 30, 2015 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ 2,387,086	$ 8,299,081	$ 10,686,167
Total investment return	-	(387,998)	-	(387,998)
Contributions	-	378,668	150,000	528,668
Appropriation of endowment assets for expenditure	-	-	-	-
Endowment net assets, end of year	$ -	$ 2,377,756	$ 8,449,081	$ 10,826,837

Changes in endowment net assets for the year ended June 30, 2014 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ 2,174,415	$ 8,174,081	$ 10,348,496
Total investment return	-	1,451,290	-	1,451,290
Contributions	-	-	125,000	125,000
Appropriation of endowment assets for expenditure	-	(1,238,619)	-	(1,238,619)
Endowment net assets, end of year	$ -	$ 2,387,086	$ 8,299,081	$ 10,686,167

Note 16—Related party transactions

The Chancery has entered into an agreement to lease certain land in Mt. Pleasant, South Carolina to East Cooper Community Outreach (ECCO), a non-profit organization associated with a Diocesan parish. The land lease is for a period of 50 years, ending in 2052, at $1 per year, with ECCO being responsible for all costs relative to the property and the operation of an ecumenical outreach center thereon.

Note 17—Contingencies

Various legal and other actions are pending against the Diocese and, effectively, the Chancery which involve claims for damages, as well as other types of relief, relative to the actions of certain personnel of the Diocese of Charleston. Counsel for the Diocese has advised that there are significant uncertainties with respect to these legal and other actions; and that the ultimate outcome from such legal and other actions pending against the Diocese cannot presently be determined. Accordingly, no provision for any liability that may result from these matters has been made in the accompanying financial statements.

As more fully discussed in the note, "Retirement Plan," the Diocese obtained an actuarial valuation of the Diocesan Priests' Retirement Plan (the "Plan") which reported that the Plan's assets exceeded liabilities at June 30, 2015 by $649,078. Effectively, the Chancery is a guarantor of the Plan's obligations and the impact of future market, credit and other conditions could impact the excess or deficit of these Plan's assets to Plan liabilities.

The Diocese obtains blanket property and liability insurance coverage for the Chancery and certain other Diocesan entities and affiliates. The Chancery pays the premiums and bills the Diocesan entities for their portion of the premiums. Under the Diocese's property and liability insurance coverage, the self-insured retention of the Chancery has an annual aggregate ("stop loss") of $750,000. The Chancery has designated net assets in the amount of $3,291,316 for property insurance deductible and self-insurance reserves at June 30, 2015 (see Note 13).

Note 18—Subsequent events

In accordance with accounting principles generally accepted in the United States of America, management has evaluated subsequent events through September 29, 2015, the date these financial statements were available to issue.

In September 2015, the construction loan detailed above in Note 9 was amended to extend the maturity date to December 31, 2016.

Effective July 1, 2015, the Board of Directors of Catholic Charities of the Diocese of Charleston, Inc. voted to transfer the administration of certain programs and related activities to the Diocese.