Report of Independent Auditors and
Consolidated Financial Statements

The Roman Catholic Diocese of Oakland, Central Services Administration

December 31, 2013 and 2012

MOSS-ADAMS LLP

Certified Public Accountants | Business Consultants

Acumen. Agility. Answers.

CONTENTS

MOSS ADAMS LLP
Certified Public Accountants | Business Consultants

REPORT OF INDEPENDENT AUDITORS

To the Most Reverend Michael Barber
The Roman Catholic Bishop of Oakland

Report on Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of The Roman Catholic Diocese of Oakland, Central Services Administration ("Central Services Administration"), which comprise the consolidated statements of financial position as of December 31, 2013 and 2012, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated financial statements in order to design audit procedures 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Roman Catholic Diocese of Oakland, Central Services Administration as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Moss Adams LLP

San Francisco, California
May 30, 2014

CONSOLIDATED FINANCIAL STATEMENTS

THE ROMAN CATHOLIC DIOCESE OF OAKLAND,
CENTRAL SERVICES ADMINISTRATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2013 and 2012

	2013	2012
ASSETS		
Cash and cash equivalents	$ 16,017,119	$ 10,829,826
Restricted cash and cash equivalents	1,155,370	1,155,202
Marketable securities - pooled investments	85,649,585	71,283,781
Receivables, net	12,953,183	11,907,775
Prepaid expenses and deposits	1,999,826	2,212,839
Bond issuance costs, net	533,232	669,424
Loans to parishes, schools, institutions, and seminarians, net	16,838,890	19,772,462
Notes receivable - related parties	76,586,574	74,043,818
Note receivable	1,355,000	-
Assets held in trust for others	1,627,907	1,610,439
Beneficial interest in Christ the Light Cathedral Corporation	-	5,756,497
Land held for sale	1,862,745	1,932,131
Property and equipment, net	9,974,080	10,260,673
Total assets	$ 226,553,511	$ 211,434,867
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	$ 3,807,130	$ 3,580,459
Deferred revenue	4,487,323	4,288,871
Deposits payable	44,783,129	38,742,837
Notes payable	1,241,974	1,520,773
Agency funds	736,408	1,431,309
Assets held in trust for others	1,627,907	1,610,439
Equity of others in pooled investments	19,062,171	14,135,243
Post-retirement employment benefits liability	3,478,240	2,491,375
Liability for pension benefits	4,919,000	6,600,000
Bonds payable, net of discount	113,124,420	112,772,687
Total liabilities	197,267,702	187,173,993
NET ASSETS		
Unrestricted		
Undesignated	21,644,506	17,907,310
Designated	5,790,223	4,826,626
Temporarily restricted	1,120,346	804,968
Permanently restricted	730,734	721,970
Total net assets	29,285,809	24,260,874
Total liabilities and net assets	$ 226,553,511	$ 211,434,867

See accompanying notes.

CONSOLIDATED STATEMENTS OF ACTIVITIES
Years Ended December 31, 2013 and 2012

	2013				2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES								
Bishop's Annual Appeal	$ 2,303,231	$ -	$ -	$ 2,303,231	$ 2,002,819	$ -	$ -	$ 2,002,819
Parish assessments	5,469,549	-	-	5,469,549	5,421,363	-	-	5,421,363
Gifts, grants and bequests	6,597,036	275,218	8,764	6,881,018	488,895	3	587,006	1,075,904
Dividends and interest	1,351,460	16,648	-	1,368,108	1,435,456	12,946	-	1,448,402
Ministerial department revenue	1,087,012	-	-	1,087,012	1,101,924	-	-	1,101,924
Catholic Voice	1,153,399	-	-	1,153,399	1,190,470	-	-	1,190,470
Cemetery rent	1,350,400	-	-	1,350,400	1,350,400	-	-	1,350,400
Interest income on deposit and loan fund	998,391	-	-	998,391	1,203,538	-	-	1,203,538
Insurance revenue, net	3,559,525	-	-	3,559,525	2,070,443	-	-	2,070,443
Other income	912,870	-	-	912,870	774,114	-	-	774,114
Net assets released from restrictions	78,190	(78,190)	-	-	45,117	(45,117)	-	-
Total revenues	24,861,063	213,676	8,764	25,083,503	17,084,539	(32,168)	587,006	17,639,377
EXPENSES								
Central Services								
Services and Administration	32,650	-	-	32,650	56,043	-	-	56,043
Pastoral Life	1,972,975	-	-	1,972,975	1,803,392	-	-	1,803,392
Resources	1,593,431	-	-	1,593,431	2,147,518	-	-	2,147,518
Cannon Law	559,822	-	-	559,822	510,929	-	-	510,929
Office of the Chancellor	2,454,763	-	-	2,454,763	2,485,890	-	-	2,485,890
Communications	433,105	-	-	433,105	418,101	-	-	418,101
Office of the Bishop	998,931	-	-	998,931	923,053	-	-	923,053
Mission Advancement	1,110,914	-	-	1,110,914	-	-	-	-
Catholic Voice	1,116,207	-	-	1,116,207	1,155,136	-	-	1,155,136
Parishes, Schools/Diocesan General								
Interest expense on deposit and loan fund	823,879	-	-	823,879	727,763	-	-	727,763
School subsidies	450,000	-	-	450,000	455,641	-	-	455,641
Parish subsidies	89,780	-	-	89,780	125,799	-	-	125,799
Capital grants	57,245	-	-	57,245	127,369	-	-	127,369
Clergy retirement	2,098,862	-	-	2,098,862	904,991	-	-	904,991
Unassigned clergy	579,767	-	-	579,767	531,525	-	-	531,525
Legal expenses	1,646,568	-	-	1,646,568	1,287,115	-	-	1,287,115
Professional fees	748,494	-	-	748,494	537,018	-	-	537,018
Provision for uncollectible receivables and loans	899,422	-	-	899,422	1,884,148	-	-	1,884,148
Overhead	4,012,461	-	-	4,012,461	3,219,764	-	-	3,219,764
Contribution to Christ the Light Cathedral Corporation	5,756,497	-	-	5,756,497	-	-	-	-
Total expenses	27,435,773	-	-	27,435,773	19,301,195	-	-	19,301,195
CHANGE IN NET ASSETS BEFORE OTHER INCOME (LOSSES)	(2,574,710)	213,676	8,764	(2,352,270)	(2,216,656)	(32,168)	587,006	(1,661,818)

See accompanying notes.

	2013				2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OTHER INCOME (LOSSES)								
Gain on sale of land, property and equipment	1,479,580	-	-	1,479,580	1,128	-	-	1,128
Interest income on notes to related parties	4,114,544	-	-	4,114,544	4,089,588	-	-	4,089,588
Bonds and other financing interest expense	(7,323,375)	-	-	(7,323,375)	(7,312,108)	-	-	(7,312,108)
Net realized and unrealized gains on marketable securities	7,627,754	101,702	-	7,729,456	4,963,418	25,545	-	4,988,963
Total other income (loss)	5,898,503	101,702	-	6,000,205	1,742,026	25,545	-	1,767,571
CHANGE IN NET ASSETS BEFORE IMPACT OF PENSION-RELATED CHANGES	3,323,793	315,378	8,764	3,647,935	(474,630)	(6,623)	587,006	105,753
PENSION-RELATED CHANGES OTHER THAN NET PERIODIC PENSION COST	1,377,000	-	-	1,377,000	(946,000)	-	-	(946,000)
CHANGE IN NET ASSETS	4,700,793	315,378	8,764	5,024,935	(1,420,630)	(6,623)	587,006	(840,247)
NET ASSETS, beginning of year	22,733,936	804,968	721,970	24,260,874	24,154,566	811,591	134,964	25,101,121
NET ASSETS, end of year	$ 27,434,729	$ 1,120,346	$ 730,734	$ 29,285,809	$ 22,733,936	$ 804,968	$ 721,970	$ 24,260,874

See accompanying notes.

THE ROMAN CATHOLIC DIOCESE OF OAKLAND,
CENTRAL SERVICES ADMINISTRATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2013 and 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 5,024,935	$ (840,247)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Net realized and unrealized gains on investments	(7,729,456)	(4,988,963)
Change in allowance for doubtful accounts	845,400	1,792,579
Amortization of bond issuance costs	136,192	136,193
Beneficial interest in Christ the Light Cathedral Corporation	5,756,497	-
Depreciation	111,272	121,807
Gain on sale of land, property and equipment	(1,479,580)	(1,128)
Amortization of discount on bonds payable	351,733	330,098
Changes in operating assets and liabilities:		
Receivables	(1,238,958)	(1,073,309)
Prepaid expenses and deposits	213,013	(133,634)
Accounts payable and accrued liabilities	226,671	781,385
Deferred revenue	198,452	219,841
Post-retirement employee benefits liability	986,865	(42,772)
Liability for pension benefits	(1,681,000)	933,000
Net cash provided by (used in) operating activities	1,722,036	(2,765,150)
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in restricted cash and cash equivalents	(168)	(202)
Purchases of marketable securities – pooled investments	(7,591,470)	(12,904,887)
Proceeds from sales of marketable securities – pooled investments	955,122	10,131,685
Loans made to parishes, schools, institutions, and seminarians	(967,087)	(1,533,446)
Payments received on loans made to parishes, schools, institutions, and seminarians	3,248,808	4,524,855
Loans made to related parties	(4,642,916)	(5,015,301)
Payments received from related parties	2,100,160	2,253,081
Purchases of land, property, and equipment	(30,580)	(3,306)
Proceeds from sale of land, property, and equipment	399,868	65,176
Net cash used in investing activities	(6,528,263)	(2,482,345)
CASH FLOWS FROM FINANCING ACTIVITIES		
Deposits made to deposits payable	15,911,735	9,237,062
Withdrawals from deposits payable	(9,871,443)	(4,963,124)
Proceeds from notes payable	2,516,083	3,066,151
Payments on notes payable	(2,794,882)	(3,063,022)
Change in agency funds	(694,901)	(496,106)
Change in equity of others in pooled investments	4,926,928	1,838,529
Net cash provided by financing activities	9,993,520	5,619,490
NET CHANGE IN CASH AND CASH EQUIVALENTS	5,187,293	371,995
CASH AND CASH EQUIVALENTS, beginning of year	10,829,826	10,457,831
CASH AND CASH EQUIVALENTS, end of year	$ 16,017,119	$ 10,829,826

See accompanying notes.

	2013	2012
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid	$ 7,820,291	$ 7,734,134
Income taxes paid	$ 17,927	$ 37,000
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING ACTIVITIES		
Marketable securities – pooled investments received as loan payment from related party	$ -	$ 2,000,000
Note receivable executed in sale of property	$ 1,355,000	$ -

See accompanying notes.

NOTE 1 – ORGANIZATION

The Roman Catholic Bishop of Oakland, a California corporation sole ("RCBO"), was incorporated on May 2, 1962, and together with (i) Adventus, (ii) The Roman Catholic Welfare Corporation of Oakland, (iii) The Roman Catholic Cemeteries of the Diocese of Oakland (and its subsidiary corporations), (iv) Christ the Light Cathedral Corporation and Catholic Cathedral Corporation of the East Bay, (v) Catholic Charities of the Diocese of Oakland, (vi) Oakland Society for the Propagation of the Faith, (vii) Catholic Management Services, and (viii) various activities, institutions, and unincorporated associations (including parishes and schools) operate as the Roman Catholic Diocese of Oakland in Alameda and Contra Costa counties (the "Diocese").

The Chancery is the part of RCBO that provides administrative services and programmatic and financial support to those Diocesan entities, institutions, and associations identified above, each of which operate independently and account for their operations separately.

These consolidated financial statements include the Chancery, Adventus, and Furrer Properties, a California corporation wholly-owned by RCBO. Collectively, activities of these entities and their operations are known as the Central Services Administration. All intercompany balances and transactions have been eliminated.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES

The accounting policies of the Central Services Administration conform to accounting principles generally accepted in the United States which are applicable to not-for-profit organizations. A summary of the significant accounting policies applied in the preparation of the accompanying consolidated financial statements follows.

Tax exempt status – Entities of the Central Services Administration, except Furrer Properties, have been granted tax-exempt status by the Internal Revenue Service except to the extent of unrelated business taxable income as defined under IRC Sections 511 through 515 and the California Franchise Tax Board under Sections 501(c)(3) and 23701d, respectively. Accordingly, no tax provision has been recorded for the tax-exempt entities in the consolidated financial statements. Further, these entities of the Central Services Administration are not required to file tax returns as they are listed in the Catholic Register. The Central Services Administration had no unrecognized tax benefits at either December 31, 2013 or 2012 and had no uncertain tax positions. The Diocese is required to report unrelated business income, if any.

Accrual basis – The consolidated financial statements of the Central Services Administration have been prepared on the accrual basis of accounting.

Use of estimates – In preparing the consolidated financial statements in conformity with accounting principles generally accepted in the United States, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net assets – The Central Services Administration is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. For financial statement purposes, all financial transactions are reported by the following net asset categories as prescribed for not-for-profit organizations by the Financial Accounting Standards Board.

> *Unrestricted net assets* – Consist of resources of the Central Services Administration that have not been restricted by a donor. The major sources of revenue are parish assessments, the Bishop's Annual Appeal, investment income, and cemetery rent. The Bishop has designated certain amounts within unrestricted net assets for the purpose of self-insurance reserves. Contributions received with restrictions which are met in the same reporting period (e.g., the Bishop's Annual Appeal) are recognized as increases in unrestricted net assets.

> *Temporarily restricted net assets* – Consist of cash and other assets received with donor stipulations that limit the use of donated assets. Donor restrictions are stipulated by either a time restriction or a purpose restriction. Upon expiration of a time restriction or completion of a purpose restriction, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restriction.

Permanently restricted net assets – Consist of cash and other assets received from donors to provide a permanent source of income. If the donor does not restrict the allowed use of the income, the organization may determine the income's availability to the organization's operations. At December 31, 2013 and 2012, the Central Services Administration had $730,734 and $721,970 in permanently restricted net assets, respectively.

Fair value measurements – 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. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring 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.

Cash equivalents – The Central Services Administration considers all highly liquid debt instruments purchased with a maturity of three months or less and not held by an investment manager to be cash equivalents. The cash and cash equivalents balances held in financial institutions at December 31, 2013 and 2012, exceeded federal depository insurance coverage. The Central Services Administration has not experienced any losses in such accounts.

Restricted cash and cash equivalents – Monthly interest payments are required by the Master Trust and Bond Indenture entered into by the Roman Catholic Bishop of Oakland in November 2007. The interest payments are to be deposited in advance of semi-annual coupon payments made to bond purchasers by the Trustee. Such advance interest payments held by the Trustee are restricted and totaled $1,155,370 and $1,155,202 as of December 31, 2013 and 2012, respectively. The Central Services Administration has invested these funds in cash and cash equivalents. The balances held in restricted cash at December 31, 2013 and 2012, exceeded federal depository insurance coverage. The Central Services Administration has not experienced any losses in such accounts.

Marketable securities – pooled investments – Investments in marketable securities are reported at fair value based on quoted market prices. Marketable securities include the investments related to the equity of others in pooled investments of $19,062,171 and $14,135,243 as of December 31, 2013 and 2012, respectively. Net appreciation (depreciation) in investments, including realized gains or losses and unrealized appreciation or depreciation on those investments, as well as all dividends, interest, and other investment income, is reported in the consolidated statements of activities. Investment income is reported as an increase in unrestricted or temporarily restricted net assets, depending on donor-imposed restrictions on the use of the income.

These investment securities are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible changes in the values of investment securities will occur in the near term and such changes could materially affect total net assets and the amounts reported in the consolidated statements of financial position.

Receivables – Receivables consist of various trade and miscellaneous receivables. Trade receivables include amounts billed to the parishes and other Diocesan institutions for health, general liability, and workers' compensation insurance. In addition, the annual parish assessments are a component of these receivables. Receivables are reported at face value, which approximates fair value, and are not subject to interest. Payments received from Diocesan institutions are generally applied to the balances identified by the accompanying remittance advices first, unless prior agreement has been reached with the institution.

Loans to parishes, schools, institutions, and seminarians – These loans represent credit extended to related entities. Credit is extended based upon evaluation of the borrowing entity's financial condition and other factors. Collateral is not generally required. Loans are reported at face value, which approximates fair value. Loans receivable typically have no stated maturity dates and may be due either on demand or in accordance with scheduled payments. Loans are generally not considered past due or delinquent, since the Bishop has various means available to collect on any loan extended and reserves the right to convert any loan, including interest accrued, to a contribution.

Interest accrues on loans receivable daily in accordance with the interest rates applicable to the loans. The average annual interest rate on loans in 2013 and 2012 was 4.51% and 4.86%, respectively.

Allowance for doubtful accounts – The Central Services Administration provides an allowance for both loans and other receivables which management believes may not be collected in full. An evaluation of the collectability of the amounts outstanding is conducted based on a combination of factors. When a specific organization is unable to meet its financial obligations (due to, for example, financial difficulties or fluctuation in offertory), a specific reserve is recorded. For all other organizations, the Central Services Administration recognizes reserves for bad debts based on the historical collection experience. If circumstances change (i.e., higher than expected defaults or an unexpected material adverse change in an organization's ability to meet its financial obligations), the Central Services Administration's estimates of the recoverability of amounts due may change in the near term.

Note receivable – In 2013, the Central Service Administration sold certain real property to a third party and executed an installment promissory note receivable in the amount of $1,355,000 in conjunction with that sale. The note will be paid in quarterly installments commencing June 30, 2014 and will be repaid in full by December 31, 2016. The note is non-interest bearing.

Assets held in trust for others – The Central Services Administration serves as the trustee of a charitable remainder trust for which it is not the remainder beneficiary. A related entity, Christ the Light Cathedral Corporation, is the remainder beneficiary. For this trust, the assets are recorded in the consolidated statements of financial position at fair value; a corresponding liability for the same amount is also recorded in the consolidated statements of financial position. The fair value estimate was based on the appraisal performed by a third party specialist annually through 2012 using unobservable inputs supported by little or no market activity and was therefore classified within Level 3 of the valuation hierarchy. In 2013, the underlying composition of the assets held in trust for others became marketable securities classified within Level 1 and Level 2 of the valuation hierarchy.

Beneficial interest in Christ the Light Cathedral Corporation – The Central Services Administration has made advances to the Christ the Light Cathedral Corporation, a not-for-profit corporation established to collect donations for the construction of the Cathedral. Such advances may be repaid to the Central Services Administration if the Christ the Light Cathedral Corporation obtains donations equal to the sum of construction costs, debt service, and administrative expenses. During the year ended December 31, 2013, it was determined the Christ the Light Cathedral Corporation had not obtained donations sufficient to repay Central Services Administration and the balance was written down to zero and recognized as a contribution to the Christ the Light Cathedral Corporation.

Property and equipment – Purchased plant assets are recorded at cost and donated plant assets are recorded at approximate fair value at the time of receipt. Depreciation expense is recorded on the straight-line basis for all plant assets over the estimated useful lives ranging from five to fifty years. The Central Services Administration's policy is to capitalize plant assets that have a cost or donated value in excess of $2,000.

Deferred revenue – Deferred revenue consists of amounts received and/or billed in advance for health and package insurance premiums from parishes, schools, and other institutions.

Deposits payable – The Central Services Administration provides a means for the various parishes and institutions located within the Diocese to maintain deposits with the Central Services Administration and to borrow against these deposits. These deposits are classified as a liability and are held in the Central Services Administration pooled investment accounts. The average annual interest rate paid on deposits in 2013 and 2012 was 2%.

Agency funds – The Central Services Administration holds various assets received from parishes, schools, and institutions in an agency capacity. These assets represent collections taken up by the various institutions and not yet remitted to the ultimate recipient beneficiaries; gifts of stock received for the benefit of Diocesan entities but not yet sold and/or the proceeds disbursed to the designated institution; and bequests held and administered for Diocesan entities.

Equity of others in pooled investments – The endowment pool and fixed income pool were established for participating parishes, schools and other Diocesan institutions with long-term investment horizons, moderate growth and income requirements, and moderate risk objectives. The pools invest in stocks and bonds. The pools are operated under the total return concept, which allocates income/(loss) to each participant based upon the total return earned in invested funds, including realized and unrealized gains and losses, and taking investment management fees into account.

Contributions – Contributions are considered to be available for unrestricted use unless they are specifically restricted by the donor. Contributions received designated for future periods or restricted by the donor for specific purposes or in perpetuity are reported as temporarily restricted or permanently restricted contribution revenue. The Central Services Administration recognizes all unconditional contributions and promises to give in the period notified. Unconditional promises to give expected to be collected in future years are recorded at the discounted present value of their estimated future cash flows using the risk-free rate applicable to the years in which the promises are received. Conditional promises to give or intentions to give are not recorded in the consolidated financial statements until the conditions are substantially met.

Subsequent events – Subsequent events are events or transactions that occur after the consolidated statement of financial position date, but before consolidated financial statements are issued. The Central Services Administration recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of financial position, including the estimates inherent in the process of preparing the consolidated financial statements. The Central Services Administration's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statement of financial position, but arose after the consolidated statement of financial position date and before consolidated financial statements are issued.

The Central Services Administration has evaluated all subsequent events through May 30, 2014, which is the date the consolidated financial statements were available for issuance.

NOTE 3 – MARKETABLE SECURITIES – POOLED INVESTMENTS

Marketable securities at December 31 are as follows:

	2013	2012
Corporate equity securities	$ 28,431,271	$ 19,208,742
Mortgage pools and asset backed	5,859,463	4,125,260
Corporate debt securities	6,933,553	5,874,865
Municipal debt securities	931,007	952,393
U.S. government debt securities	1,210,177	2,467,676
Cash and money market funds	4,931,643	3,398,269
Mutual funds - equity	12,153,644	8,729,932
Mutual funds - international equity	9,282,967	12,885,620
Mutual funds - fixed income	15,915,860	13,641,024
	$ 85,649,585	$ 71,283,781

Investment income (which includes interest earned on restricted cash and cash equivalents) for the years ended December 31 are as follows:

	2013	2012
Source of investment income:		
Dividends	$ 840,621	$ 952,349
Interest	527,487	496,053
	1,368,108	1,448,402
Net realized and unrealized gains on securities	7,729,456	4,988,963
Total investment income	$ 9,097,564	$ 6,437,365

NOTE 4 – RECEIVABLES

Receivables at December 31 are as follows:

	2013	2012
Receivables, net		
Insurance and miscellaneous receivables	$ 11,658,341	$ 9,751,883
Assessments receivable	2,940,766	2,958,266
Bequests receivable	-	650,000
Less allowance for doubtful accounts	(1,645,924)	(1,452,374)
	$ 12,953,183	$ 11,907,775
Loans to parishes, schools, institutions, and seminarians, net		
Loans receivable	$ 20,977,938	$ 23,259,659
Less allowance for doubtful accounts and loan losses	(4,139,048)	(3,487,197)
	$ 16,838,890	$ 19,772,462
Changes in allowance for doubtful accounts and loan losses:		
Beginning balance	$ 4,939,571	$ 3,146,992
Accounts written off	-	-
Bad debt allowance	845,400	1,792,579
Ending balance	$ 5,784,971	$ 4,939,571

NOTE 5 – NOTES RECEIVABLE – RELATED PARTIES

Principal and interest due from related parties at December 31 are as follows:

	2013	2012
Catholic Cathedral Corporation of the East Bay, unsecured note for a principal sum of up to $75,000,000; interest at 6.4%; unpaid principal and interest due October 31, 2017; includes accrued interest of $5,234,083 and $2,113,038, respectively.	$ 69,560,985	$ 66,339,693
Catholic Cathedral Corporation of the East Bay, unsecured note for a principal sum of up to $350,000; interest at variable rate, which was 4.22% at December 31, 2013 and 2012; interest only payments due quarterly; unpaid principal and interest due October 31, 2017; includes accrued interest of $2,315 for both 2013 and 2012.	219,970	219,970
Roman Catholic Cemeteries of the Diocese of Oakland, unsecured note for a principal sum of up to $10,000,000; monthly payments of $85,128, including interest at 6.4%; due January 1, 2021.	6,805,619	7,484,155
	$ 76,586,574	$ 74,043,818

NOTE 6 – LAND HELD FOR SALE

Land held for sale of $1,862,745 and $1,932,131 as of December 31, 2013 and 2012, respectively, consists of certain land subject to a purchase and sales agreement with an unrelated development company. Sales proceeds from such land sales are recorded when the development company finalizes a sale of a parcel and remits payment to the Central Services Administration. During the years ended December 31, 2013 and 2012, there were sales amounting to $100,920 and $65,176, respectively, for which the carrying value of the land held was reduced and a gain on the sales recorded in the consolidated statements of activities.

NOTE 7 – PROPERTY AND EQUIPMENT

Land, buildings and equipment at December 31 are as follows:

	2013	2012
Central Services Administration property and improvements	$ 5,513,571	$ 5,942,605
Furniture and equipment	287,513	280,788
Automobiles	179,650	185,899
Land improvements	47,786	47,786
	6,028,520	6,457,078
Less accumulated depreciation	(2,838,732)	(3,181,161)
	3,189,788	3,275,917
Land	6,784,292	6,984,756
	$ 9,974,080	$ 10,260,673

Total depreciation for the years ended December 31, 2013 and 2012, amounted to $111,272 and $121,807, respectively.

NOTE 8 – NOTES PAYABLE

Notes payable at December 31 are as follows:

	2013	2012
Unsecured note payable to an insurance premium financing company, monthly payments of $254,155 including interest at 2.2%, due May 1, 2014.	$ 1,011,974	$ -
Unsecured note payable to an insurance premium financing company, monthly payments of $309,747 including interest at 2.2%, due May 1, 2013.	-	$ 1,233,273
Note payable to an individual resulting from the purchase of Furrer Properties, annual principal payments of $57,500 plus accrued interest at 6%, due through December 31, 2017. The note is secured by the underlying property held by Furrer Properties.	230,000	287,500
	$ 1,241,974	$ 1,520,773

Maturities for the notes payable are as follows:

Year Ending December 31,		Payable
2014	$	1,069,474
2015		57,500
2016		57,500
2017		57,500
	$	1,241,974

NOTE 9 – BONDS PAYABLE

The Central Services Administration entered into a credit facility effective November 13, 2007, for a total amount of $114,700,000. The basic terms of the debt facility are as follows:

- General obligation taxable bonds, stated interest rate of 6.04%
- Obligated group:
  - The Roman Catholic Bishop of Oakland, Central Services Administration
  - The Roman Catholic Welfare Corporation of Oakland
  - The Roman Catholic Cemeteries of the Diocese of Oakland
  - Adventus Corporation

The bonds were issued at a discount of $3,420,354, resulting in an effective interest rate of 6.4%. The discount is being amortized utilizing the effective interest method. Cumulative amortization amounted to $1,844,774 and $1,493,041 as of December 31, 2013 and 2012, respectively. In addition, original bond issuance costs of $1,373,085 were incurred and are being amortized ratably over the lives of the bonds.

The bonds carry various financial reporting requirements for the obligated group. The obligated group must also provide the bond trustee combined consolidated financial statements within 180 days of December 31 each year.

Required sinking funds, interest, and principal payments are as follows:

Year Ending December 31	Principal Sinking Fund Payments	Principal Maturities	Interest Sinking Fund Payments	Semi-Annual Interest Payments
2014	$ 3,666,667	$ -	$ 6,927,880	$ 6,927,880
2015	22,000,000	22,000,000	6,706,413	6,927,880
2016	22,000,000	22,000,000	5,377,613	5,599,080
2017	22,000,000	22,000,000	4,048,813	4,270,280
2018	22,783,333	22,000,000	2,720,013	2,941,480
2019	22,250,000	26,700,000	1,343,900	1,612,680
	$ 114,700,000	$ 114,700,000	$ 27,124,632	$ 28,279,280

In addition to the required payments outlined above, the bond indenture carries collateral requirements. The Roman Catholic Bishop of Oakland and the Roman Catholic Cemeteries of Oakland have granted a security interest in certain of their investment accounts to bondholders through Deutsche Bank National Trust Company. These diocesan entities are to maintain cash and investments in these pledged accounts in an aggregate amount equal to 60% of the then outstanding amount of the bonds.

The required investment balance (i.e., security) is 110% of the amount of cash and investments determined pursuant to the terms above.

A covenant waiver and amendment to the bond trust indenture was executed October 26, 2009, to allow for certain real property holdings, in lieu of adding additional cash or investments, to satisfy the required investment balance at November 1, 2009, not to exceed $15 million of the required amount. The amendment will renew automatically each November 1, unless cancelled by either party 90 days prior to the renewal date. Such automatic renewal occurred on November 1, 2013, and the obligated group continues to satisfy the required investment balance.

NOTE 10 – SELF-INSURED RISK RETENTION GROUPS

The Diocese, along with certain other Roman Catholic Dioceses and Archdioceses in the Western United States, is a member of a captive mutual insurance company, The Ordinary Mutual ("TOM"), which is now in "run-off". As of November 14, 2011, and by unanimous agreement of its membership, TOM no longer provides liability coverage. On November 15, 2011, the Diocese and three other Roman Catholic Dioceses and one Archdiocese, all members of TOM previously, formed a new risk retention group known as the Western Catholic Insurance Company ("WCIC"), to secure general liability and automobile insurance coverage. Sexual misconduct coverage, formerly provided by TOM, is now purchased commercially through an insurance carrier syndicate. Although actuarially unlikely, amounts may be assessed periodically by WCIC to maintain minimum capitalization and reserve requirements. At December 31, 2013 and 2012, no such assessments were outstanding and $221,972 was invested in WCIC as the Diocese's portion of total capitalization required by the Vermont Department of Insurance to adequately fund the new risk retention group.

The Diocese, along with various other religious organizations of the Roman Catholic Church, is a Trustor and participates in a multi-employer health plan, Religious Trust Agreement ("RETA"). Premiums paid to RETA are for medical coverage. Under certain circumstances, amounts may be assessed by RETA to maintain minimum reserves in the trust fund. At December 31, 2013 and 2012, the RETA has not assessed any assessments nor were any assessments pending.

The Diocese, along with certain other Roman Catholic Dioceses and Archdioceses in the Western United States, had been a member of a captive insurance association, The Catholic Insurance Association ("CIA"), for workers' compensation coverage. Effective January 1, 2006, the Diocese obtained workers' compensation coverage through a commercial carrier. Claims incurred before this date are still being processed through CIA, and management believes associated insurance reserves are sufficient to cover any future claims costs.

NOTE 11 – LAY EMPLOYEES' PENSION PLAN

The Diocese has a non-contributory money purchase pension plan (defined contribution), for all lay employees in the Diocese (including parishes, schools, and cemeteries) who have completed six months of continuous employment at 25 hours or more per week. Annual contributions to the plan were 5% (for cemeteries) or 8% (all others) of the compensation of all eligible lay employees in 2013 and 2012. Benefits vest incrementally after three years of service and are fully vested after seven years of service. Total contributions for the Central Services Administration's employees for the years ended December 31, 2013 and 2012 were $290,307 and $278,486, respectively.

NOTE 12 – CLERGY RETIREMENT COSTS

Diocesan priests are covered by two Diocesan-sponsored defined benefit retirement plans ("Plans"). The Central Services Administration is required under FASB ASC 715-20-50 to present the difference between assets of the Plans and the Plans' actuarial obligations as an asset or liability of the Central Services Administration, depending on the funding status of the Plans. At December 31, 2013 and 2012, the Plans had combined actuarial obligations in excess of the Plans' assets of $4,919,000 and $6,600,000, respectively, which were reported as a liability of the Central Services Administration.

The Bishop of the Diocese of Oakland is the administrator of the pension trust. The Central Services Administration is ultimately responsible for the payment of the plan benefits to the participants. The Central Services Administration assesses each parish and Diocesan institution their allocable share of the liability and benefits. The following table (based on projected actuarial data) sets forth the Plans' funded status and amounts recognized for the entire Plans as of December 31:

	2013	2012
Benefit obligations at beginning of year	$ 18,628,000	$ 16,109,000
Liability (gain) loss due to re-measurement at beginning of the year	-	1,027,000
Increase (decrease) due to:		
Service cost	509,000	463,000
Interest cost	652,000	723,000
Actual benefit payments	(1,020,000)	(945,000)
Administrative expenses	(121,000)	(32,000)
	20,000	209,000
Expected benefit obligations at end of year	18,648,000	17,345,000
(Gain) loss during the year due to change in assumptions	(1,843,000)	-
Additional liability due to plan amendment	2,060,000	1,283,000
Accumulated benefit obligations at end of year	$ 18,865,000	$ 18,628,000
Plan assets at fair value	$ 13,946,000	$ 12,028,000
Unfunded status	$ (4,919,000)	$ (6,600,000)

The components of pension expense are as follows:

	2013	2012
Service cost	$ 509,000	$ 463,000
Interest cost	652,000	723,000
Return on plan assets:		
Actual return - (gain) loss	(2,126,000)	(1,814,000)
Deferred gain (loss)	1,287,000	1,049,000
	(839,000)	(765,000)
Amortization:		
Unrecognized prior service cost	134,000	134,000
Unrecognized net loss	173,000	181,000
	307,000	315,000
Net periodic pension expense	$ 629,000	$ 736,000

The components of net (gain) loss are as follows:

	2013	2012
Asset (gain) loss during the year:		
Expected fair value at December 31	$ 12,659,000	$ 10,979,000
Plan assets at fair value at December 31	13,946,000	12,028,000
Asset (gain) loss	(1,287,000)	(1,049,000)
Liability loss due to re-measurement at beginning of year	-	1,027,000
Liability (gain) loss during the year	(1,843,000)	1,283,000
Net (gain) loss during the year	$ (3,130,000)	$ 1,261,000

The following are weighted-average assumptions used to determine benefit obligations at December 31:

	2013	2012
Discount rate	4.49%	3.60%
Rate of compensation increase	N/A	N/A
Assumed future annual benefit increases	0.00%	0.00%

The following are weighted-average assumptions used to determine net periodic benefit cost for the years ended December 31:

	2013	2012
Discount rate	3.60%	4.34%
Expected long-term return on plan assets	7.00%	7.50%
Assumed future annual benefit increases	0.00%	0.00%

Employer contributions for December 31, 2013 and 2012, were $933,000 and $749,000, respectively.

The Diocese's expected long-term return on plan assets assumption is based on a periodic review and modeling of the Plans' asset allocation and liability structure over a long-term period. Expectation of returns for each asset class are the most important of the assumptions used in the review and modeling and are based on comprehensive reviews of historical data and economic/financial market theory. The expected long-term rate of return on assets was selected from within the reasonable range of rates determined by (1) historical real returns, net of inflation, for the asset classes covered by the investment policy and (2) projection of inflation over the long-term period during which benefits are payable to plan participants.

The Roman Catholic Bishop of Oakland's investment committee has established an asset allocation for investments for the Plans. The asset allocation for the Plans includes highly liquid government bonds, mortgage products, and exchange-traded equities. The fair value, categories, and levels at December 31 are as follows:

Asset Category	Fair Value Measurement	2013	2012
Corporate equity securities	Level 1	$ 4,994,000	$ 6,437,000
Mortgage pools and asset backed	Level 2	1,513,000	1,000,000
Corporate debt securities	Level 2	1,676,000	1,090,000
Municipal debt securities	Level 2	250,000	160,000
U.S. government debt securities	Level 1	372,000	1,948,000
Cash and money market funds	Level 1	1,877,000	1,198,000
Mutual funds - equity	Level 1	979,000	44,000
Mutual funds - international equity	Level 1	2,202,000	66,000
Mutual funds - fixed income	Level 1	83,000	85,000
		$ 13,946,000	$ 12,028,000

	December 31, 2013		December 31, 2012	
Asset Category	Diocesan Approved Asset Allocation Range	Actual Percentage of Plan Assets	Diocesan Approved Asset Allocation Range	Actual Percentage of Plan Assets
Fixed Investments	16% to 33%	28%	30% to 50%	36%
Equities	39.5% to 80.5%	59%	30% to 70%	54%
Cash	0% to 7.5%	13%	0% to 10%	10%
Opportunistic	5% to 20%	0%	N/A	N/A

Other amounts included in unrestricted net assets, and subject to future amortization, as of December 31 consist of:

	2013	2012
Unrecognized prior service costs	$ 3,465,000	$ 1,539,000
Unrecognized net loss	$ 1,183,000	$ 4,486,000

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Year Ending December 31	Annual Pension Benefits
2014	$ 1,216,000
2015	1,232,000
2016	1,293,000
2017	1,291,000
2018	1,237,000
2019-2023	6,326,000

Although the Central Services Administration is currently exempt from the filing and funding requirements of ERISA, it has been the Central Services Administration's practice to make contributions sufficient to fund the benefits provided by the Plans on an actuarially sound basis.

NOTE 13 – CLERGY POST-EMPLOYMENT BENEFITS

In addition to the priests' pension plans, the Central Services Administration sponsors a post-retirement healthcare plan that provides post-retirement health, dental and vision benefits to retired diocesan priests not otherwise covered by another plan. Effective January 1, 2011, the plan was changed from a self-insured program to one whose benefits supplement coverage provided by Medicare Part A and Part B via a comprehensive Medicare Supplement Plan F insurance plan (for medical costs beyond Medicare coverage) and Medicare Part D Rx plan (for prescription drug coverage). The premiums for both supplemental components are paid fully by the Central Services Administration; retirees are responsible for only specified plan co-pays. The dental benefit is limited to $1,500 annually. The dental and vision benefits contain inside limits.

The Bishop of the Diocese of Oakland is the administrator of the plan. The Central Services Administration is ultimately responsible for the payment of the plan benefits to the participants. The following table (based on projected actuarial data) sets forth the plan's funded status and amounts recognized for the entire plan as of December 31:

	2013	2012
Actuarial present value of benefit obligations		
Accumulated benefit obligation	$ 3,478,240	$ 2,491,375
Projected benefit obligation in excess of plan assets	$ 3,478,240	$ 2,491,375

The discount rate used to determine benefit obligations was 4.49% and 7% for the years ended December 31, 2013 and 2012, respectively. Additionally, medical and prescription drug premium costs trends were graded from a 7.5% annual increase down to a 5% annual increase over the next five years and at a level 5% annual increase thereafter. Dental cost trends going forward were assumed to be a level 5% annual increase. Vision costs trends were assumed to be a level 5% annual increase and a level 2% annual increase for determining the benefit obligations at December 31, 2013 and 2012, respectively. Benefits expected to be paid by year are expected to be met in full by assessments to parishes and Diocesan institutions.

NOTE 14 – DESIGNATED NET ASSETS

Unrestricted net assets have been designated for the following purposes:

	2013	2012
Property self-insurance deductible reserves	$ 1,704,908	$ 1,587,963
Uninsured liability self-insurance reserves	3,392,418	2,545,766
Clergy uninsured medical expenses reserves	692,897	692,897
	$ 5,790,223	$ 4,826,626

See accompanying report and consolidated financial statements.

NOTE 15 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are held for the following purposes at December 31:

	2013	2012
Assistance to homeless women and children	$ 97,975	$ 130,625
Assistance to needy students at Catholic institutions of higher learning	311,009	311,009
Seminarian fund	431,885	363,334
SPRED	235,595	-
Assistance to needy students attending Catholic high schools	43,882	-
	$ 1,120,346	$ 804,968
Assets released from restrictions during the year		
Assistance to homeless women and children	$ 32,650	$ 33,000
Seminarian fund	5,918	12,117
SPRED	39,622	-
	$ 78,190	$ 45,117

Income from the Central Services Administration's permanently restricted net assets is restricted for the seminarian fund and financial assistance for Catholic high school education.

NOTE 16 – FUNCTIONAL CLASSIFICATION

The expenses of the Central Services Administration are classified on a functional basis among its program and supporting services as follows:

	2013	2012
Program services		
Parishes and schools	$ 4,099,533	$ 2,873,088
Office of the Chancellor	2,454,763	2,485,890
Communications	433,105	418,101
Pastoral Life	1,972,975	1,803,392
Services & Administration	32,650	56,043
Resources	650,866	641,206
Canon Law	559,822	510,929
Office of the Bishop	998,931	923,053
Catholic Voice	1,116,207	1,155,136
Contribution to Christ the Light Cathedral Corporation	5,756,497	-
	18,075,349	10,866,838
Supporting services		
Management and general	8,249,510	7,831,006
Development	1,110,914	603,351
	9,360,424	8,434,357
	$ 27,435,773	$ 19,301,195

NOTE 17 – TRANSACTIONS WITH OTHER DIOCESAN ORGANIZATIONS

The Central Services Administration receives payments from the Roman Catholic Cemeteries of the Diocese of Oakland for use of Diocesan land. The Central Services Administration received $1,350,400 in such payments for each of the years ended December 31, 2013 and 2012.

The Central Services Administration pays the Catholic Cathedral Corporation of the East Bay use fees (i.e., rent) for the use of its office and residential space at the Cathedral Center. Such use fees were $1,609,627 and $1,529,260 for the years ended December 31, 2013 and 2012, respectively.

NOTE 18 – LITIGATION

The Diocese is involved in various lawsuits relating to general liability matters, which include claims of alleged sexual misconduct. The Diocese has established protocols, consistent with the norms of the U.S. Conference of Catholic Bishops, which provide safeguards and policies to prevent future claims of sexual misconduct.

Outside legal counsel is unable to predict the outcome of lawsuits naming the Diocese as a defendant. In the opinion of management, based upon current facts and circumstances, the resolution of outstanding legal matters is not expected to have a material adverse effect on the consolidated financial statements of the Central Services Administration.

NOTE 19 – FAIR VALUE MEASUREMENTS

The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Marketable securities - pooled investments – Investments in securities with a maturity date greater than 90 days at the date of purchase and other securities for which there is more than an insignificant risk of change in value due to interest rate, quoted price, or penalty on withdrawal are classified as marketable securities. The Central Services Administration generally measures fair value using prices obtained from pricing services. Pricing methodologies and inputs to valuation models used by the pricing services depend on the security type (i.e., asset class). Where possible, fair values are generated using market inputs including quoted prices and other market information. For fixed income securities that are not actively traded, the pricing services use alternative methods to determine fair value for the securities, including: quotes for similar fixed-income securities, matrix pricing, discounted cash flow using benchmark curves, or other factors to determine fair value. A review is performed on the security prices received from our pricing services, which includes discussion and analysis of the inputs used by the pricing services to value our securities. The underlying securities held in the various portfolios of the Roman Catholic Bishop of Oakland do not require any redemption notice and are not restricted in terms of redemption frequency.

Assets held in trust for others – Through 2012, the fair value estimate was based on the appraisal performed by a third party specialist annually using unobservable inputs supported by little or no market activity and were therefore classified within Level 3 of the valuation hierarchy. The fair market value was based upon the average of the sale comparison approach and the income approach. Inputs used to determine fair value included gross income multiplier, price per unit, and overall rate. Significant increases (decreases) in any of those inputs in isolation would result in a significantly higher (lower) fair value measurement. Generally, a change in the assumption used for the gross income multiplier is accompanied by a directionally similar change in the assumption used for price per unit and a directionally similar change in the assumption used for the overall rate. In 2013, the composition of the assets held in trust for others became marketable securities - pooled investments valued as described above.

Equity of others in pooled investments – The carrying amount of this liability, which represents the equity of others in investments reported at fair value in the consolidated statements of financial position, approximates fair value.

Bonds payable, net of discount – The bonds payable are stated at the carrying amount using a long-term, fixed rate to calculate the obligation. Fair value is estimated using future cash flows discounted at a rate of interest currently offered for debt with similar remaining maturities.

Nonrecurring fair value measurements relate to the fair value of receivables, deposits payable, and notes payable for which the carrying value approximates the fair value. The following table presents the fair value measurements of assets and liabilities recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2013 and 2012, respectively:

		Fair Value Measurements Using		
	Fair Value	**Quoted Prices In Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
As of December 31, 2013:				
Assets				
Marketable securities - pooled investments				
Corporate equity securities	$ 28,431,271	$ 28,431,271	$ -	$ -
Mortgage pools and asset backed securities	5,859,463	-	5,859,463	-
Corporate debt securities	6,933,553	-	6,933,553	-
Municipal debt securities	931,007	-	931,007	-
U.S. government debt securities	1,210,177	1,210,177	-	-
Cash and money market funds	4,931,643	4,931,643	-	-
Mutual funds - equity	12,153,644	12,153,644	-	-
Mutual funds - international equity	9,282,967	9,282,967	-	-
Mutual funds - fixed income	15,915,860	15,915,860	-	-
Assets held in trust for others				
Corporate equity securities	507,630	507,630	-	-
Mortgage pools and asset backed securities	118,739	-	118,739	-
Corporate debt securities	140,505	-	140,505	-
Municipal debt securities	18,866	-	18,866	-
U.S. government debt securities	24,524	24,524	-	-
Cash and money market funds	80,351	80,351	-	-
Mutual funds - equity	249,009	249,009	-	-
Mutual funds - international equity	165,756	165,756	-	-
Mutual funds - fixed income	322,527	322,527	-	-
Total assets at fair value	$ 87,277,492	$ 73,275,359	$ 14,002,133	$ -
Liabilities				
Assets held in trust for others				
Corporate equity securities	$ 507,630	$ 507,630	$ -	$ -
Mortgage pools and asset backed securities	118,739	-	118,739	-
Corporate debt securities	140,505	-	140,505	-
Municipal debt securities	18,866	-	18,866	-
U.S. government debt securities	24,524	24,524	-	-
Cash and money market funds	80,351	80,351	-	-
Mutual funds - equity	249,009	249,009	-	-
Mutual funds - international equity	165,756	165,756	-	-
Mutual funds - fixed income	322,527	322,527	-	-
Equity of others in pooled investments	19,062,171	-	19,062,171	-
Bonds payable, net of discount	101,051,064	-	101,051,064	-
Total liabilities at fair value	$ 121,741,142	$ 1,349,797	$ 120,391,345	$ -
As of December 31, 2012:				
Assets				
Marketable securities -				
Corporate equity securities	$ 19,208,742	$ 19,208,742	$ -	$ -
Mortgage pools and asset backed securities	4,125,260	-	4,125,260	-
Corporate debt securities	5,874,865	-	5,874,865	-
Municipal debt securities	952,393	-	952,393	-
U.S. government debt securities	2,467,676	2,467,676	-	-
Cash and money market funds	3,398,269	3,398,269	-	-
Mutual funds - equity	8,729,932	8,729,932	-	-
Mutual funds - international equity	12,885,620	12,885,620	-	-
Mutual funds - fixed income	13,641,024	13,641,024	-	-
Assets held in trust for others	1,610,439	-	-	1,610,439
Total assets at fair value	$ 72,894,220	$ 60,331,263	$ 10,952,518	$ 1,610,439
Liabilities				
Assets held in trust for others	$ 1,610,439	$ -	$ -	$ 1,610,439
Equity of others in pooled investments	14,135,243	5,616,291	8,518,952	-
Bonds payable, net of discount	100,084,256	-	100,084,256	-
Total liabilities at fair value	$ 115,829,938	$ 5,616,291	$ 108,603,208	$ 1,610,439

The following table reconciles the beginning and ending balances of assets held in trust for others recognized in the accompanying consolidated financial statements using significant unobservable (Level 3) inputs:

Balance, January 1, 2012	$ 1,419,652
Total valuation adjustment	
Included in change in net assets before other income (losses)	190,787
Balance, December 31, 2012	1,610,439
Transfers out of level 3	(1,687,222)
Total valuation adjustment	
Included in change in net assets before other income (losses)	76,783
Balance, December 31, 2013	$ -

Transfers into and transfers out of the hierarchy levels are recognized as if they had taken place at the end of the reporting period.