



# Pima County Clerk of the Board

Julie Castañeda

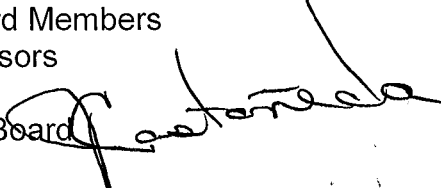
Melissa Manriquez  
Deputy Clerk

Administration Division  
130 W. Congress, 1<sup>st</sup> Floor  
Tucson, AZ 85701  
Phone: (520)724-8449 • Fax: (520) 222-0448

Management of Information & Records Division  
1640 East Benson Highway  
Tucson, Arizona 85714  
Phone: (520) 351-8454 • Fax: (520) 791-6666

## MEMORANDUM

TO: Honorable Chairman and Board Members  
Pima County Board of Supervisors

FROM: Julie Castañeda, Clerk of the Board 

DATE: January 19, 2021

RE: Petition for Relief of Real Property Taxes – Society of Mount Carmel, Inc. -  
Salpointe Catholic High School

Pursuant to A.R.S. §42-11104(G), Society of Mount Carmel, Inc. - Salpointe Catholic High School, filed a petition on December 18, 2020, for relief of their Real Property Taxes as follows:

### Pending Tax Payments:

<u>Parcel No.</u>	<u>Year</u>	<u>Taxes due</u>	<u>Interest</u>	<u>Fees</u>	<u>Total</u>
113-10-001A -1	2020	\$183,434.79	\$7,337.39	\$0.00	\$190,772.18
113-10-001A -2	2020	\$183,434.79	\$ 0.00	\$0.00	\$183,434.79
<b>Total</b>		<b>\$366,869.58</b>	<b>\$7,337.39</b>	<b>\$0.00</b>	<b>\$374,206.97</b>

The Assessor's review indicated that had the affidavit been filed in a timely manner, the Assessor would have granted the exemption.

/jc

### Attachments

- Notice of Hearing
- Treasurer's Tax Report
- Assessor's Review Form
- Salpointe Catholic High School submission

JAN 06 2 10 PM 0411 PC CLK DF MD



Melissa Manriquez  
Deputy Clerk

# Pima County Clerk of the Board

Julie Castañeda

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130 W. Congress, 1<sup>st</sup> Floor  
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January 7, 2021

Society of Mount Carmel, Inc.  
Salpointe Catholic High School  
Attn: Ernie Duarte, CFO/COO  
1545 E. Copper Street  
Tucson, AZ 85719-3115

RE: Petition for Relief of Taxes – Parcel No. 113-10-001A

Dear Mr. Duarte:

Please be advised that your Petition for Relief of Real Property Taxes for tax year 2020, has been scheduled before the Pima County Board of Supervisors on Tuesday, January 19, 2021, at 9:00 a.m., or thereafter.

Until further notice the Board of Supervisors' Meetings are being conducted virtually. The meeting can be streamed via the following links: BOS Agenda January 19, 2021 (<http://pima.granicus.com/ViewPublisher.php?view id=3>), on Facebook (<https://www.facebook.com/pimacountyarizona/>), or via Cox and Comcast Cable Channel 96. Television viewing will be available in the lobby at 130 West Congress, 1st Floor.

Or you can email [COB\\_mail@pima.gov](mailto:COB_mail@pima.gov) for instructions on how to remotely access the meeting.

If you have any questions regarding this hearing, please contact this office at 724-8449.

Sincerely,

A handwritten signature in black ink, appearing to read "Julie Castañeda", is written over a horizontal line.

Julie Castañeda  
Clerk of the Board

/jc



## PIMA COUNTY TREASURER'S OFFICE

**Beth Ford, CPA**  
**Pima County Treasurer**

240 North Stone Avenue  
Tucson AZ, 85701-1199  
(520) 724-8341

### ACCOUNT BALANCE

SOCIETY OF MOUNT CARMEL INC  
ATTN: FATHER GILMORE  
1545 E COPPER ST  
TUCSON AZ 85719-3115

ACCOUNT: 11310001A  
PROPERTY TYPE: Real Estate  
PROPERTY LOCATION: 1545 E COPPER ST  
LEGAL DESC: FLORENCE SUB EXC LOTS 5 & 6 BLK F & EXC PTNS  
BLKS E & F ADJ GLENN ST FOR BUS STOP & TURN LANE

#### Account Balance as of January 6, 2021

Tax Year	Cert No	Interest Date	Interest Percent	Amount	Interest Due	Fees Due	Penalties Due	Total Due
2020 - 1		11/3/2020	16.0	183,434.79	7,337.39	0.00	0.00	190,772.18
2020 - 2		5/4/2021	16.0	183,434.79	0.00	0.00	0.00	183,434.79
<b>Totals</b>				\$366,869.58	\$7,337.39	\$0.00	\$0.00	\$374,206.97

If you have any questions about the items on this statement, please contact our offices.



# Pima County Clerk of the Board

Julie Castañeda

Melissa Manriquez  
Deputy Clerk

Administration Division  
130 W. Congress, 5<sup>th</sup> Floor  
Tucson, AZ 85701  
Phone: (520)724-8449 • Fax: (520) 222-0448

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Tucson, Arizona 85714  
Phone: (520) 351-8454 • Fax: (520) 791-6666

## Petition to the Board of Supervisors - Review Form

Pursuant to ☒ A.R.S. §42-11104(G) (educational/library property) or  
☐ A.R.S. §42-11109(E) (religious property)

Taxpayer Salpointe Catholic High School

For tax year(s) Tax Year: 2020 - Parcel No. 113-10-001A

- 1) Did the organization file an affidavit as required by A.R.S. §42-11153?  
☐ Yes ☒ No
- 2) Was the affidavit filed on or before March 1 of the tax year as required by A.R.S. §42-11153?  
☐ Yes ☒ No
- 3) If the affidavit had been filed timely, would the Assessor have granted the exemption?  
☒ Yes ☐ No
- 4) If the answer to Number 3 is "No", why was the exemption denied?  
☐ The required ownership of the property was not in effect during the time period required by statute.  
☐ The property was not being used for the exempt purpose during the time period required by statute.  
☐ The requesting church, educational or library property did not furnish the required documents requested by the Assessor at the time of application per A.R.S. §42-11152(3)&(B)  
☐ Other:

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Completed by: Ryan Call

Date: Dec 22, 2020

c: Honorable Bill Staples, Pima County Assessor



## SALPOINTE CATHOLIC HIGH SCHOOL

December 17, 2020

Ms. Julie Castañeda  
Clerk of the Board, Pima County  
130 W. Congress  
Tucson, Arizona, 85701

Dear Ms. Castañeda:

Enclosed herewith is a package of information required in response to Salpointe Catholic High School's request for a property tax exemption, late file. This material is being transmitted due to Salpointe unintentionally not turning in our annual Affidavit For Organizational Tax Exemption. This was clearly a major oversight.

I trust the package of information is complete and in accordance with the instructions and checklist of information. If, however, you have any questions or need additional information, please contact me at 520.547.1953 (office) or 520.403.8890 (cell).

Sincerely,

Ernie Duarte, CFO/COO  
Salpointe Catholic High School

Encl

DEC 18 2020 PM 02:52 PCD/KDF-HU

Parcel No. 113-10-001A  
Tax year 2020

## INSTRUCTIONS FOR FILING EXEMPTION BY MAIL

Pursuant to A.R.S. §§ 42-11101 through 42-11155

Failure to comply with any of these requirements waives all rights for Exemption for this year. Affidavits will not be considered for exemption unless filled out according to instructions.

- ✓ \* Section A- List all real and personal property.
- ✓ \* Section B- List specific usage of all real and personal property.
- ✓ \* Section C - Fill out exemption & organization information.
- \* Notify our office of any changes.
- \* When requesting new property please submit the following:
  - ✓ \* Questionnaire For Property Tax Exemption
  - ✓ \* IRS Tax Exemption Letter / Financial Report ✓
  - ✓ \* Articles Of Incorporation & By Laws ✓
  - ✓ \* Letter of Specific Intent- Date property was acquired, details of all activities conducted on site. ( *for each property* )
  - \* An inventory of Personal Property when requesting Personal Property Accounts
  - \* If the requested property is being held primarily for religious worship, submit a minimum of THREE documents that show intent.
    - Architectural Blueprints      Pima County issued building permit
    - Meeting Minutes      Building Fund
    - Brochures / Pamphlets / Bulletins
- ✓ \* Documents pertaining to name change or DBA's ( *if any* )
- ✓ \* Lease Agreements / Rent-roll ( *if any* )

Return signed and notarized affidavits prior to March 1, 2020 to:

Pima County Assessor's Office  
Exemption Section  
240 N Stone Ave  
Tucson, AZ 85701  
(520) 724-7500

ASSESSOR'S OFFICE USE ONLY					
501	_____	LETTER OF INTENT	_____	FIELD CHECK DATE	_____
ARTICLES OF INCORPORATION	_____	QUESTIONNAIRE	_____	ARS 42-	_____
BY-LAWS	_____	BOS WAIVER	_____	APPROVED	_____
FINANCIAL REPORT	_____	3 INTENT DOCUMENTS	_____	DENIED	_____

# Questionnaire

**NON-PROFIT AND RELIGIOUS ORGANIZATIONS**  
**Property Tax Information and Questionnaire form**

**QUESTIONNAIRE FOR PROPERTY TAX EXEMPTION**  
**ALL QUESTIONS MUST BE ANSWERED TO BE CONSIDERED FOR EXEMPTION**

1. Name & Address of Organization:

Society of Mt. Carmel

Salpointe Catholic High School

1545 E. Copper St. & 1540E. Glenn St. Tucson, AZ 85719

2. Under which section of **Title 42, Chapter 11, Article 3** does your organization claim exemption? 42-11104

(Arizona Revised Statutes can be found at: [www.azleg.gov](http://www.azleg.gov))

3. Are there any type of business activities such as snack bars, cafés or restaurants operating on the premises? Yes ☒ No ☐ SCHOOL CAFETERIA

4. Is the organization exempt from Federal and/or State income taxes?

Yes ☒ No ☐

5. Is the Organization a 501 (C)? Yes ☒ which type <sup>3</sup> . No ☐

5. Give day, month, and year deed/title was acquired by applicant.

Day 25 Month 7 Year 1955

6. Claimant is: Owner/Operator \_\_\_\_\_ Owner only \_\_\_\_\_ Operator only <sup>x</sup> \_\_\_\_\_

7. Exemption is claimed on:

All land <sup>x</sup> Buildings & Improvements <sup>x</sup> Personal Property \_\_\_\_\_

8. Is any portion of the property used as a place of residence? Yes ☒ No ☐

If yes, state number of individuals occupying the premises and the duration of the occupancy. 8 priests (retired and active) on the Priory premises at 1540 E. Glenn St.

9. Does applicant receive any income? (other than free will offerings in connection with this property) Yes ☒ No ☐ PRIVATE SCHOOL TUITION

10. Is any portion of the property being leased or rented to a non-profit and/or a for-profit organization(s)? Yes ☐ No ☒ If yes, please list the name(s) of the organization(s) \_\_\_\_\_

11. List date of occupancy: Month \_\_\_\_\_ Day \_\_\_\_\_ Year C. 1950



# 501 Supporting Documents



## Internal Revenue Service

Washington, DC 20224

Date: MAY 21 1975 In reply refer to: E:FO:T:R:1-3

United States Catholic Conference  
1312 Massachusetts Avenue, N.W.  
Washington, D.C. 20005

Attention: Mr. Eugene Krasicky

Gentlemen:

In a ruling dated March 25, 1946, we held that the agencies and instrumentalities and all educational, charitable and religious institutions operated, supervised, or controlled by or in connection with the Roman Catholic Church in the United States, its territories or possessions appearing on pages 12 to 807, inclusive, of the Official Catholic Directory for 1946, are entitled to exemption from Federal income tax under the provisions of section 101(6) of the Internal Revenue Code of 1939, which corresponds to section 501(c)(3) of the 1954 Code. This ruling has been updated annually to cover the activities added to or deleted from the Directory.

The Official Catholic Directory for 1975 shows the names and addresses of all agencies and instrumentalities and all educational, charitable and religious institutions operated by the Roman Catholic Church in the United States, its territories and possessions in existence at the time the Directory was published. It is understood that each of these is a nonprofit organization, that no part of the net earnings thereof inures to the benefit of any individual, that no substantial part of their activities is for the promotion of legislation, and that none are private foundations under section 509(a) of the Code.

You have certified that all elementary schools, high schools, and colleges listed in the Directory have a publicized policy of racial non-discrimination as to students so that applicants of all races have equal access to each educational institution.

## United States Catholic Conference

Based on all the information submitted, we conclude that the agencies and instrumentalities and educational, charitable, and religious institutions operated, supervised or controlled by or in connection with the Roman Catholic Church in the United States, its territories or possessions appearing in the Official Catholic Directory for 1975 are exempt from Federal income tax under section 501(c)(3) of the Code.

The aforementioned agencies, instrumentalities and institutions are not required to file income tax returns on Form 1120. However, if they are subject to tax on unrelated business income under section 511 of the Code, they must file Form 990-T. They are not liable for Federal unemployment taxes. They are liable for social security taxes only if they have filed a waiver of exemption certificate, as provided in the Federal Insurance Contributions Act.

All agencies, instrumentalities and institutions, other than those specifically excepted by section 1.6033-2(a) to (g)(1) of the Income Tax Regulations, are required to file Form 990, Return of Organizations Exempt from Income Tax, by the 15th day of the fifth month after the end of their annual accounting period. The law imposes a penalty of \$10.00 a day, up to a maximum of \$5,000 for failure to file the return on time.

Donors may deduct contributions to the agencies, instrumentalities and institutions referred to above, as provided by section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to them or for their use are deductible for Federal estate and gift tax purposes under sections 2055, 2106, and 2522 of the Code.

Next year, within 45 days after the close of your annual accounting period, or by May 31, the date established by our letter of April 28, 1975, which gave an extension of time to file information, please send one copy of the Official Catholic Directory for 1976 to the National Office for each Internal Revenue District in which one or more of your subordinates are located. Four additional copies of the Directory should also be submitted for retention in the National Office.

United States Catholic Conference

In addition, please submit the following:

1. A statement that the information upon which your present group exemption letter is based applies to any new subordinates;
2. A list of the names, mailing addresses, including ZIP codes, of the subordinates on your group exemption roster that during the year:
  - a. changed names or addresses;
  - b. were deleted from the roster;
  - c. were added to the roster.
3. A statement that each has given you written authorization to add its name to the roster;
4. A list of those to which the Service previously issued separate ruling or determination letters relating to exemption; and
5. A statement that none of the new subordinates are private foundations as defined in section 509(a).

Please use the employer identification number assigned to you on all returns you file and in all correspondence with The Internal Revenue Service.

Thank you for your cooperation.

Sincerely yours,

*Jeanne S. Gessay*

Jeanne S. Gessay  
Chief, Rulings Section I  
Exempt Organizations  
Technical Branch



1312 MASSACHUSETTS  
WASHINGTON, D.C. 20005  
202/659-0890

EUGENE KRASICKY, General Counsel  
DELORE E. HILL, Associate General Counsel  
CHARLES M. WHITMAN, Of Counsel  
VINCENT C. ALLEN, Of Counsel

June 6, 1975

FOR THE INFORMATION OF: The Most Reverend Archbishops and  
Bishops, Superiors of Religious  
Orders and Institutions

SUBJECT: 1975 Group Ruling on Federal Taxes  
and Tax Returns

Enclosed is a copy of the latest group ruling from the  
United States Treasury Department, Internal Revenue Service,  
with respect to the federal tax status of organizations  
listed in the Official Catholic Directory for 1975. As ex-  
plained in greater detail below, this ruling is important for  
establishing:

- (1) the exemption of such organizations from:
  - (a) the federal income tax;
  - (b) the federal unemployment tax;
  - (c) Social Security taxes (unless waiver  
certificates have been filed);
  - (d) the obligation to file Form 1120  
(corporate income tax return); and
- (2) the deductibility, for federal income, gift  
and estate tax purposes, of contributions to  
the same organizations.

As a result of two other Treasury documents, it is clear  
that Treasury recognizes that organizations listed in the Official  
Catholic Directory for 1975 enjoy these additional federal tax  
advantages:

- (1) Such organizations are not deemed to be  
private foundations; and

- (2) They do not have to file Form 990 for taxable years beginning in 1970, 1971, 1972, 1973, or 1974, (see item 5 infra).

The 1975 Group Ruling is the latest in a series that started with the original determination of March 25, 1946. In the 1946 document the U.S. Treasury affirmed, in a single group ruling, the exemption from federal income tax of all Catholic institutions listed in the Official Catholic Directory for that year. Each year since 1946, in a separate letter, the 1946 ruling has been extended to the listings in the current Official Catholic Directory. The language of these rulings has been substantially the same throughout their history, but there have been occasional changes from time to time to reflect intervening modifications in the Internal Revenue Code. The 1975 group ruling is consistent with recent rulings.

As already pointed out, these group rulings clarify important tax consequences for Catholic institutions listed in the Official Catholic Directory. The rulings should be retained for ready reference. Rulings from earlier years are important to establish the tax consequences of transactions that occurred during those years.

#### Explanation of Particular Points in the Latest Ruling

1. The latest ruling reaffirms the federal income tax exempt status provided by law for "the agencies and instrumentalities as well as the educational, charitable and religious institutions operated, supervised, or controlled by or in connection with the Roman Catholic Church in the United States, its territories or possessions, appearing in the Official Catholic Directory for 1975".

2. The latest ruling assures donors that contributions to the institutions listed in the 1975 Official Catholic Directory are deductible for federal income, gift, and estate tax purposes. Caveat: The Tax Reform Act of 1969 imposed new technical restrictions on the deductibility of some types of charitable donations. Outright gifts or bequests of money present no problems except in the extremely rare instances in which the amount would be greater than the amount allowed by law for full deductibility in the current year. Non-monetary forms of gifts and legacies, however, may present problems. For example, any substantial contribution of appreciated property, whether or not in trust, requires special consideration. Problems can also arise in other types of gifts not involving specific amounts of money. In these problem areas,

competent legal advice should be secured to determine the extent of deductibility by the donor.

3. The ruling is evidence of exemption of institutions from federal unemployment tax. However, under the law the several states may now impose an unemployment tax on non-profit institutions, even though they are exempt from the federal tax. (Please note USCC memorandum of January, 1971, on this subject.)

4. The ruling is also evidence of exemption from Social Security taxes, except where coverage has been voluntarily accepted and exempt status expressly waived by the institution.

5. Churches and church related entities listed in the Official Catholic Directory historically have been exempted from filing financial information forms with the Government. The Tax Reform Act of 1969 preserved this exemption for churches, their integrated auxiliaries, the religious activities of religious orders, and other nonprofit organizations that have a gross income of less than \$5,000 from the requirement to file financial information forms. The financial information return is designated Form 990. However, some ambiguities remain.

The Treasury has not yet clarified the terms "churches", "integrated auxiliaries", and "religious activities of religious orders", as they relate to the filing of Form 990. Listing in the Official Catholic Directory does not, per se, exempt all organizations from filing this form. Though the statutory exemptions govern, the terms remain undefined. Churches and chanceries present no problem. These are clearly exempt. The Treasury has also ruled that for the taxable years of 1970, 1971, 1972, 1973 and 1974 only, a subordinate organization (other than a private foundation) covered by a group exemption letter issued to a church central or parent organization, is not required to file Form 990. (Instruction sheets accompanying Form 990 for those years; see especially the explanatory letter from this office dated January 24, 1975). Therefore, no organization listed in the Official Catholic Directory need file Form 990 for the taxable years of 1970 through 1974, or any fiscal year beginning in any of these calendar years.

It is possible that eventual interpretation by the Treasury of the aforementioned terms will require the filing of Form 990 for future years by certain categories of organizations even though

listed in the Official Catholic Directory. This office will notify you of any such interpretations which clarify the requirements for the filing of Form 990 for taxable years beginning subsequent to December 31, 1974.

6. Another very important ruling is the Treasury determination letter issued to the United States Catholic Conference on December 11, 1970. It affirms the nonprivate foundation status of organizations listed in the Official Catholic Directory. This letter was distributed in normal course. Copies are available. It is not re-issued by the Government, because it was made applicable to any Official Catholic Directory published since that time, irrespective of the date of publication. It exempts agencies and instrumentalities listed in the Official Catholic Directory from the restrictions imposed on private foundations by the Tax Reform Act of 1969. It is prospective and retrospective in application.

The December 11, 1970 determination letter also assures private foundations that they may make free grants and terminal distributions to the agencies and organizations of the Church listed in the Official Catholic Directory because the latter are nonprivate foundations. This assurance is important because private and nonprivate foundations have a different status under the law.

7. The several sub-paragraphs of Paragraph 9 of the Annual Group Ruling, page 3, refer to procedures which are the responsibility of the Office of General Counsel. However, it is urged that Diocesan officials who compile Official Catholic Directory information for transmittal to P.J. Kenedy & Sons, especially observe the requirements of sub-paragraph 4. This requirement is covered by the attachment to Form No. 3 from P.J. Kenedy & Sons.

8. Each year copies of the Official Catholic Directory are made available by USCC to the Washington Office and to the several district offices of the Internal Revenue Service to facilitate administration of the ruling. The availability of the Directory is important to donors and others. It should be relied on when problems arise locally.

9. The Office of General Counsel remains responsible for providing you with information about these rulings. We are available for advice on any matter brought into question. We will be

Respectfully,

*Eugene Krasicky*

EUGENE KRASICKY

Enclosure  
es

**Internal Revenue Service  
District Director**

**Department of the Treasury**

**P. O. Box 2508  
Cincinnati, OH 45201**

**Date: July 1, 2005**

**Person to Contact:**  
James Blair  
ID # 31-07578  
**Telephone Number:**  
877-829-5500  
**FAX Number:**  
513-263-3766

**Ms. Deirdre Dessingue  
Associate General Counsel  
United States Conference  
of Catholic Bishops  
3211 4<sup>th</sup> Street, N.E.  
Washington, D.C. 20017-1194**

**Dear Ms. Dessingue:**

In a ruling dated March 25, 1946, we held that the agencies and instrumentalities and all educational, charitable and religious institutions operated, supervised, or controlled by or in connection with the Roman Catholic Church in the United States, its territories or possessions appearing in *The Official Catholic Directory* 1946, are entitled to exemption from federal income tax under the provisions of section 101(6) of the Internal Revenue Code of 1939, which corresponds to section 501(c)(3) of the 1986 Code. This ruling has been updated annually to cover the activities added to or deleted from the Directory.

*The Official Catholic Directory* for 2005 shows the names and addresses of all agencies and instrumentalities and all educational, charitable, and religious institutions operated by the Roman Catholic Church in the United States, its territories and possessions in existence at the time the Directory was published. It is understood that each of these is a non-profit organization, that no part of the net earnings thereof inures to the benefit of any individual, that no substantial part of their activities is for promotion of legislation, and that none are private foundations under section 509(a) of the Code.

Based on all information submitted, we conclude that the agencies and instrumentalities and educational, charitable, and religious institutions operated, supervised, or controlled by or in connection with the Roman Catholic Church in the United States, its territories or possessions appearing in *The Official Catholic Directory* for 2005 are exempt from federal income tax under section 501(c)(3) of the Code.

Donors may deduct contributions to the agencies, instrumentalities and institutions referred to above, as provided by section 170 of the Code. Bequests, legacies, devises, transfers or gifts to them or for their use are deductible for federal estate and gift tax purposes under sections 2055, 2106, and 2522 of the Code.

Ms. Deirdre Dessingue

Beginning January 1, 1984, unless specifically excepted, you and your subordinates must pay tax under the Federal Insurance Contributions Act (Social Security taxes) for each employee who is paid \$100 or more in a calendar year. You and your subordinates are not liable for the tax under the Federal Unemployment Tax Act (FUTA).

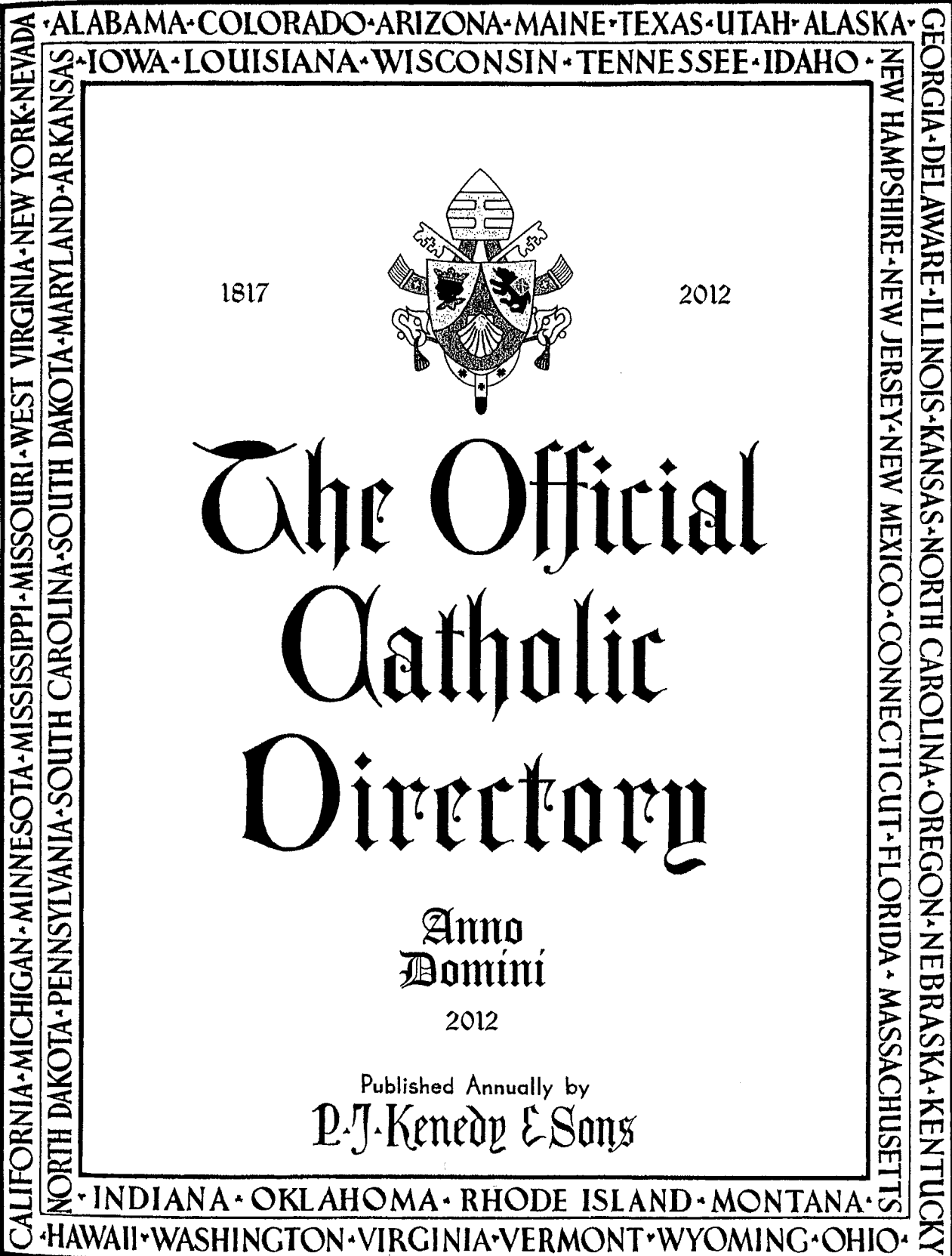
By May 31, 2006, please send thirteen (13) copies of *The Official Catholic Directory* for 2006 to IRS TE/GE in Cincinnati; one copy to the Processing Campus in Ogden; two copies each to the EO Area Managers in Newark, Brooklyn, Chicago, St. Paul, Atlanta, Los Angeles, the IRS National Headquarters and the Director, EO Examinations, Dallas.

The conditions concerning the retention of your group exemption as set forth in our previous determination letter of August 17, 1983, remain in full force and effect.

Sincerely,

A handwritten signature in cursive script that reads "James Blair".

for Janna Skufca, Director, TE/GE  
Customer Account Services



1817

2012

# The Official Catholic Directory

Anno  
Domini

2012

Published Annually by

P.J. Kennedy & Sons

Garcia, Philip, (Retired), St. Joseph, Tucson  
 Gaun, George, St. Andrew the Apostle, Sierra Vista  
 Gelabert, Carlos G., St. Margaret, Tucson  
 Gemnotti, Anthony, Jr., Our Lady of Fatima, Tucson  
 Gersitz, James M., Diocese of Phoenix  
 Glowdowski, Robert, Immaculate Conception, Ajo  
 Gomez, Antonio, Immaculate Conception, Yuma  
 Gomez, Edward, St. Luke Parish, Douglas  
 Gonzales, Alfred M., San Solano Missions, Sells  
 Gonzales, Jose U., (Out of Diocese)  
 Gonzales, Luciano, Jr., Immaculate Conception, Douglas  
 Gonzales, Robert J., (Retired), St. Patrick, Bisbee & St. Michael Mission, Naco  
 Grijalva, Richard, St. Joseph, Tucson  
 Grimaldo, Pedro, Our Lady of the Valley, Green Valley  
 Heise, George, St. George Parish, Apache Junction  
 Hernandez, Nieves J., Office of Catholic Chaplain, Yuma  
 Hernandez, Richard R., St. Francis of Assisi, Yuma  
 Herrick, George R., (Retired)  
 Hill, James, Our Lady of the Mountains, Sierra Vista  
 Hilliard, Kenneth, St. Rita in the Desert Parish, Vail  
 Hintze, Craig, (Inactive)  
 Hoerr, Michael "Danny", St. Joseph Parish, Hayden  
 Johnson, Ward, (Retired)  
 Kingery, Russell, St. Francis de Sales, Tucson  
 Kinney, William J., (Retired)  
 Kornovich, William, St. Francis, Superior  
 Krieski, Timothy, St. Mark the Evangelist, Tucson  
 Krikawa, Joseph, Most Holy Trinity, Tucson  
 Krueger, William, Santa Catalina, Tucson  
 Kuebler, Myron, San Martin de Porres, Sahuarita  
 Kulpa, Rodney J., St. Elizabeth Ann Seton Parish, Tucson  
 Kushner, Joseph, III, St. Andrew the Apostle, Tucson  
 Lambert, Frank, (Retired)  
 Larson, Donald L., (Retired), St. Francis of Assisi Parish, Yuma  
 LaSalle, James F., (Retired), St. Thomas More Newman Center, Tucson  
 Leinfelder, Carl, (Inactive)  
 LeMieux, Richard, Holy Angels, Globe  
 Leon, Victor, (Out of Diocese)

Leon, Viviano, St. James, Coolidge  
 Long, James, Holy Trinity Monastery, St. David  
 Longoria, Leopoldo "Leo", St. Elizabeth Ann Seton, Tucson  
 Lopez, Jose, St. Jude Thaddeus Mission, San Luis  
 Lopez, Miguel, St. Margaret Mary, Tucson  
 Lugo, Guillermo A. (Bill), St. Patrick's, Bisbee  
 Lundgren, Frank S., Jr., Our Lady of Fatima, Tucson  
 Martin, John R., St. Francis de Sales, Tucson  
 Martinez, Carlos C., St. Francis de Sales, Tucson  
 Mazza, Leon S., St. Joseph, Tucson  
 McNealy, Kenneth J., Redemptorist Renewal Center, Tucson  
 Medrano, Efrén, St. Joseph, Tucson  
 Mezquita, Fernando, St. John Neumann, Yuma  
 Milazzo, Mike, (Retired), St. Andrew the Apostle, Sierra Vista  
 Miller, Anthony, St. Christopher, Marana  
 Miller, Rodger, Our Lady of the Mountains, Sierra Vista  
 Minetti, Bernard, (Inactive)  
 Morales, Tomas, (Retired), St. Monica, Tucson  
 Moreland, Kenneth, Vicar for Deacons, Most Holy Trinity, Tucson  
 Moreno, Florencio, Jr., (Retired)  
 Moulinet, Armando A., St. Luke's, Douglas  
 Mulloy, Daniel L., Immaculate Conception, Yuma  
 Munoz, Jorge, St. Christopher, Marana  
 Muthart, Paul, St. Francis of Assisi, Yuma  
 Negrette, Robert, Our Lady of Fatima, Tucson  
 Nehmer, David, Our Lady Queen of All Saints, Tucson  
 Nevins, Robert, St. Francis de Sales, Tucson  
 Nistler, Donald, St. John Neumann, Yuma  
 Nixen, Mark, Immaculate Conception, Yuma  
 Noriega, Rudy, Our Lady of the Valley, Green Valley  
 Ojeda, Jose, St. John the Evangelist, Tucson  
 Ornelas, Richard, Santa Cruz, Tucson  
 Ortega, Mario, St. Anthony of Padua, Casa Grande  
 Pasquinelli, Gary, St. Francis of Assisi, Yuma  
 Paulus, Raymond V., Sacred Heart, Tucson, (Inactive)  
 Pavlik, Keith F., (Out of the Diocese)  
 Pennington, Charles H., (Retired), St. Cyril of Alexandria, Tucson  
 Perez, Teodoro, St. Joseph Parish, Tucson  
 Pickett, John Scott, St. Mark Parish, Tucson  
 Prom, Mathas, Our Lady of the Valley, Green Valley

## INSTITUTIONS LOCATED IN THE DIOCESE

### (A) HIGH SCHOOLS, PRIVATE

**TUCSON.** *St. Augustine Catholic High School*, 8800 E. 22nd St., 85710. Tel: 520-751-8300; Fax: 520-751-8304. Email: info@staugustinehigh.com. Web: www.staugustinehigh.com. Mrs. Lynn Cuffari, Prin. Lay Teachers 14; Students 122.  
*Immaculate Heart High School* (1930) 625 E. Magee Rd., 85704. Tel: 520-297-2851; Fax: 520-797-7374. Email: novanawood@ihhschool.org. Web: www.immaculateheartshs.school.com. Sr. Luisa Sanchez, I.H.M., Pres.; Anastasia Chao, Prin. Sisters of the Immaculate Heart of Mary 2; Lay Teachers 10; Students 92.  
*Salpointe Catholic High School* (1950) 1545 E. Copper St., 85719. Tel: 520-327-6581; Fax: 520-327-8477. Email: president@salpointe.org. Web: www.salpointe.org. Mrs. Kay Sullivan, Pres. & Dir. of Advancement; Sr. Helen Timothy, I.B.V.M., Prin.; Sally Darcy, Librarian. Carmelite Order. Priests 3; Brothers 1; Sisters 3; Lay Teachers 70; Students 1,120.  
*Priory*, 1540 E. Glenn St., 85719. Tel: 520-325-1637. In Res. Revs. Thomas Butler, O.Carm. (Retired); Foster Hanley, O.Carm.; Very Rev. William Harry, O.Carm.; Rev. Cyprian Hibner, O.Carm. (Retired); Very Rev. John Malley, O.Carm.; Revs. Vernon Malley, O.Carm. (Retired); Angelo Mastria, O.Carm.; Bros. Tom Conlon, O.Carm., (Retired); John Howell, O.Carm.  
*San Miguel of Tucson Corporation - San Miguel Catholic High School*, P.O. Box 22199, 85734. 6601 S. San Fernando Rd., 85756. Tel: 520-294-6403; Fax: 520-294-6417. Email: mirandac@sanmiguelhigh.com. Web: www.sanmiguelhigh.org. Leslie Shultz-Crist, Pres.; William Reyes, Prin.; Christine Miranda, Registrar; Sr. Judy Franz, S.B.S., Librarian. Brothers 3; Lay Teachers 19; Students 332.  
*Yuma. Yuma Catholic High School* (2000) 2100 W. 28th St., 85364. Tel: 928-317-7900; Fax: 928-317-8558. Email: jbadgley@yumacatholic.org. Web: yumacatholic.org. Judith Badgley, Prin. Sisters 1; Lay Teachers 21; Students 265.

### (B) SCHOOLS, PRIVATE

**TUCSON.** *Immaculate Heart Academy* (1930) (Grades PreSchool-8), 410 E. Magee Rd., 85704. Tel: 520-297-6672; Fax: 520-297-9152. Email: esoto@ihhschool.org. Web: www.immaculateheartshs.school.com. Sisters Mary Evelyn Soto, Pres.; Veronica Loya, Prin. Sisters of the Immaculate Heart of Mary 3; Lay Teachers 25; Students 325.  
**NOGALES.** *Lourdes Catholic School*, (Grades PreK-12), 555 Patagonia Rd., P.O. Box 1865, 85628. Tel: 520-287-5659; Fax: 520-287-2910. Email: hspcprincipal@csnogales.org. Web: www.hspcprincipal@csnogales.org. Sisters Barbara Monsegur, C.F.F.M., Prin. (High School); Esther Hugues, C.F.F.M., Prin. (Elementary). Minim Daughters of Mary Immaculate (C.F.F.M.) 2; Lay Teachers 20; Students 335.

### (C) CATHOLIC COMMUNITY SERVICES

**TUCSON.** *Catholic Community Service of Southern Arizona, Inc.* (1933) 140 W. Speedway, Ste. 230, 85705. Tel: 520-623-0344; Fax: 520-770-8514. Email: ccinfo@ccs-soaz.org. Web: www.ccs-soaz.org. Michael Schwanenberger, Ed.D., Corp. Board Pres.; Marguerite Harmon, M.S., CEO.  
*Social Service Agencies: Pima County* (Including City of Tucson), 140 W. Speedway, Ste. 230, 85705. Tel: 520-623-0344; Fax: 520-770-8514. Email: ccinfo@ccs-soaz.org. Web: ccs-soaz.org.  
*Catholic Community Services of Southern Arizona, Inc.* Marguerite Harmon, M.S., CEO of CCS; Ronald A. Dankowski, Ph.D., Exec. Dir., Catholic Social Svc.  
*Counseling Services*, 140 W. Speedway, Ste. 130, 85705. Tel: 520-623-0344; Fax: 520-770-8578. Email: ccinfo@ccs-soaz.org. Web: www.ccs-soaz.org. Michael Ponce, L.P.C., Clin. Dir.; Charles Fisher, M.Div., M.S.W., Exec. Dir.  
*Catholic Community Services in Southeastern Arizona*, 155 Bartow Ave., Sierra Vista, 85635. Tel: 520-458-4203; Fax: 520-432-2009. Chuck Fisher, Exec. Dir. of CCSSEAZ.  
*Sierra Vista Shelter*, P.O. Box 1961, Sierra Vista, 85636. Tel: 520-459-0595. Chuck Fisher, Exec. Dir.  
*Douglas Shelter*, P.O. Box 121, Douglas, 85608. Tel: 520-364-2465. Ferdinand Lossou, Prog. Dir.  
*Migration and Refugee Services*, 140 W. Speedway,

**CATHOLIC CHURCH**  
**CHURCH IN THE**  
**HOSPITALS**  
**Network** 2022  
 Ranke, Dennis, St. Francis, Tucson  
 Rasmussen, Charles, St. Mary, Tucson  
 Rodriguez, George, St. Mary, Tucson  
 Tucson  
 Rombach, Lionel E., (Retired)  
 Romo, Reynaldo, Our Lady of the Valley, Sierra Vista  
 Roy, James, Our Lady of the Valley, Sierra Vista  
 Sadorf, Robert G., (Retired)  
 Saladin, Jerry, (Retired)  
 Sampson, David, Immaculate Conception, Tucson  
 Sanchez, Falvo, St. Bartholomew, Tucson  
 Santiago, Nick, Santa Catalina, Tucson  
 Saspe, Gabriel, St. Luke Parish, Douglas  
 Scalpone, Dennis R., St. Francis of Assisi, Tucson  
 Schaff, James, Our Lady of the Valley, Green Valley  
 Vista  
 Schorf, George, St. Odile, Tucson  
 Sheffer, Edward P., St. Thomas, Tucson  
 Sherlock, Francis, St. Joseph, Tucson  
 Silva, Alfredo A., (Retired)  
 Solano, Francisco, St. Andrew, Casa Grande  
 Stotler, Jim, Our Lady of the Valley, Sierra Vista  
 Tackett, Gene, Our Lady of the Valley, Sierra Vista  
 Tarango, Florentino, St. James, Tucson  
 Terry, John, Most Holy Trinity, Tucson  
 Thrall, Scott, Our Mother of Mercy, Tucson  
 Trujillo, Ernest, Assumption of Mary, Florence  
 Underwood, Anthony E., St. Francis, Tucson  
 Valadez, Jose, St. Francis of Assisi, Tucson  
 Valenzuela, Armando L., St. Martin, Tucson  
 Valenzuela, Carlos, St. Augustine, Tucson  
 Vessels, Carlos, St. Rose of Lima, Tucson  
 Vidal, Rafael, St. Francis of Assisi, Tucson  
 Vigil, William, St. Francis de Sales, Tucson  
 Welsh, Paul J., Our Mother of Mercy, Tucson  
 Whalen, Charles, Our Mother of Mercy, Tucson  
 Willis, Thomas, St. Luke Parish, Douglas  
 Yanez, Guadalupe, St. Elizabeth Ann Seton, Tucson  
 Yanez, Jesus L. "Chuy", (Retired)  
 Zapata, Jose S., Immaculate Conception, Tucson  
 Ste. 130, 85705. Tel: 520-623-0344; Fax: 520-623-0344.  
 8556. Sr. M. Teresa Apalategui, O.Carm., Dir.  
**Santa Cruz Project**, 140 W. Speedway, Ste. 230, 85705. Tel: 520-770-8533. Fax: 520-770-8533.  
 Linda Rumsey, M.S.R.D., Anne H. H. Senior Nutrition Services, 500 E. Speedway, Ste. 624-1562. Tel: 520-623-0344. Fax: 520-623-0344.  
 Ann Bogosoff, C.S.A., Prog. Dir.  
**Merilac Lodge and Casa de Cristo**, 140 W. Speedway, Ste. 130, 85705. Tel: 520-623-0344. Fax: 520-770-8578. Rene Franco, Prog. Dir.  
**Immigration Counseling Services**, 140 W. Speedway, Ste. 130, 85705. Tel: 520-623-0344. Fax: 520-623-0344.  
 Ronald A. Dankowski, Ph.D., Field Offices:  
**Gila County Case Management**, 140 W. Speedway, Ste. 130, 85705. Tel: 520-623-0344. Fax: 520-623-0344.  
 2888. Sr. Elizabeth Adams, C.S.A., Dir.  
**Catholic Community Services of Southern Arizona, Inc.**, 140 W. Speedway, Ste. 230, 85705. Tel: 520-623-0344. Fax: 520-341-8428.  
**Chaplaincy-Pastoral Ministry in the Valley**, 140 W. Speedway, Ste. 230, 85705. Tel: 520-623-0344. Fax: 520-623-0344.  
**Nursing Homes**, 140 W. Speedway, Ste. 230, 85705. Tel: 520-623-0344. Fax: 520-623-0344.  
**Mastria, O.Carm., Chgo. S.**  
**F.S.P., Prog. Coord.**  
**Community Outreach Program**, 140 W. Speedway, Ste. 230, 85705. Tel: 520-623-0344. Fax: 520-623-0344.  
 Adams, 85705. Tel: 520-623-0344. Fax: 520-623-0344.  
 8544. Anne Levy, M.A., Exec. Dir.  
 Henning-Mitchell, B.A., Deputy Dir.  
**Community Living Program**, 140 W. Speedway, Ste. 230, 85705. Tel: 520-623-0344. Fax: 520-623-0344.  
 Tel: 520-792-1908; Fax: 520-792-1908.  
 Gutierrez, Prog. Coord.  
**Detention Ministry**, 140 W. Speedway, Ste. 230, 85705. Tel: 520-623-0344. Fax: 520-623-0344.  
 85705. Tel: 520-623-0344. Fax: 520-623-0344.  
 zanne Pinon Martinez, Exec. Dir.  
**St. Elizabeth's Health Center**, 140 W. Speedway, Ste. 230, 85705. Tel: 520-623-0344. Fax: 520-623-0344.  
 100, 85705. Tel: 520-623-0344. Fax: 520-623-0344.  
 Joyce Walker, M.A., Exec. Dir.  
**Pio Decimo Neighborhood Center**, 140 W. Speedway, Ste. 230, 85705. Tel: 520-623-0344. Fax: 520-623-0344.  
 Levy, M.A., Exec. Dir.  
**Valley Center for the Deaf**, 140 W. Speedway, Ste. 114, Phoenix, 85044. Tel: 602-273-1872.

Note from the USCCB Office of General Counsel: The EIN below belongs to the USCCB and is to be used **only** to confirm that the USCCB as group ruling holder is recognized by the IRS as a 501(c)(3) organization. It is not to be used by **any** other organization in the group ruling **for any purpose**. Every subordinate organization in the group ruling has its own EIN that must be used for all official purposes.

**Internal Revenue Service**  
**P.O. Box 2508**  
**Cincinnati, OH 45201**

**Department of the Treasury**

**Date: May 27, 2016**

**Person to Contact:**

R. Meyer ID# 0110429

**Toll Free Telephone Number:**

877-829-5500

**Employer Identification Number:**

53-0196617

**Group Exemption Number:**

0928

For use by  
the USCCB  
only.

United States Conference of Catholic  
Bishops  
3211 4<sup>th</sup> Street, NE  
Washington, DC 20017-1194

Dear Sir/Madam:

This responds to your May 23, 2016, request for information regarding the status of your group tax exemption.

Our records indicate that you were issued a determination letter in March 1946, that you are currently exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, and are not a private foundation within the meaning of section 509(a) of the Code because you are described in sections 509(a)(1) and 170(b)(1)(A)(i).

With your request, you provided a copy of the *Official Catholic Directory for 2016*, which includes the names and addresses of the agencies and instrumentalities and the educational, charitable, and religious institutions operated by the Roman Catholic Church in the United States, its territories, and possessions that are subordinate organizations under your group tax exemption. Your request indicated that each subordinate organization is a non-profit organization, that no part of the net earnings thereof inures to the benefit of any individual, and that no substantial part of their activities is for promotion of legislation. You have further represented that none of your subordinate organizations is a private foundation under section 509(a), although all subordinates do not all share the same sub-classification under section 509(a). Based on your representations, the subordinate organizations in the *Official Catholic Directory for 2016* are recognized as exempt under section 501(c)(3) of the Code under GEN 0928.

Donors may deduct contributions to you and your subordinate organizations as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to them or for their use are deductible for federal estate and gifts tax purposes if they meet the applicable provisions of section 2055, 2106, and 2522 of the Code.

Subordinate organizations under a group exemption do not receive individual exemption letters. Most subordinate organizations are not separately listed in Publication 78 or the EO Business Master File. Donors may verify that a subordinate organization is included

in your group exemption by consulting the *Official Catholic Directory*, the official subordinate listing approved by you, or by contacting you directly. IRS does not verify the inclusion of subordinate organizations under your group exemption. See IRS Publication 4573, *Group Exemption*, for additional information about group exemptions.

Each subordinate organization covered in a group exemption should have its own EIN. Each subordinate organization must use its own EIN, not the EIN of the central organization, in all filings with IRS.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey I. Cooper".

Jeffrey I. Cooper  
Director, Exempt Organizations  
Rulings and Agreements

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
OGDEN UT 84201

DATE OF THIS NOTICE: 05-12-92  
NUMBER OF THIS NOTICE: CP 575 A  
EMPLOYER IDENTIFICATION NUMBER: 86-0705131  
FORM: SS-4 TAX PERIOD: N/A  
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X

FOR ASSISTANCE PLEASE  
WRITE TO US AT:

INTERNAL REVENUE SERVICE  
OGDEN UT 84201

BE SURE TO ATTACH THE  
BOTTOM PART OF NOTICE

OR YOU MAY CALL US AT:

257-1233 LOCAL PHOENIX  
1-800-829-1040 OTHER AZ

SALPOINTE CATHOLIC HIGH SCHOOL  
% LEO MCCARTHY PRINCIPAL  
1545 E COPPER ST  
TUCSON AZ 85719

TAX FORMS YOU MUST FILE:

941 940

#### NOTICE OF NEW EMPLOYER IDENTIFICATION NUMBER ASSIGNED

Thank you for your Form SS-4, Application for Employer Identification Number (EIN). The number assigned to you is shown above. It will be used to identify your business account, tax returns and documents, even if you don't have employees.

1. Keep a copy of the number in your permanent records.
2. Use your name and the number exactly as shown above on all Federal tax forms.
3. Use the number on all tax payments and tax-related correspondence or documents.

Using a variation of your name or number may result in delays or errors in posting payments to your account. It also could result in the assignment of more than one Employer Identification Number.

We have established the filing requirements and tax period shown above for your account based upon the information provided. If you need help to determine your required tax year, get publication 538, Accounting Periods and Methods, which is available at most IRS offices.

If you are required to make Federal tax deposits for employment taxes (Forms 941, 943, 940 or CT-1), excise taxes (Form 720), withholding tax (Form 1042), and/or income taxes (Form 1120), an initial supply of Federal tax deposit coupon books will be sent to you. Please allow 5 to 8 weeks for delivery.

Thank you for your cooperation.

Keep this part for your records.

CP 575 A (Rev. 8-90)

Only return this part with your correspondence if you have any questions so we may identify your account. Please correct any errors in your name or address.

CP 575 A

2916705083

YOUR TELEPHONE NUMBER BEST TIME TO CALL  
( ) -

DATE OF THIS NOTICE: 05-12-92  
EMPLOYER IDENTIFICATION NUMBER: 86-0705131  
FORM NUMBER: SS-4  
TAX PERIOD: N/A

INTERNAL REVENUE SERVICE  
OGDEN UT 84201

SALPOINTE CATHOLIC HIGH SCHOOL  
% LEO MCCARTHY PRINCIPAL  
1545 E COPPER ST  
TUCSON AZ 85719

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1. The first step is to identify the key components of the system. This includes understanding the hardware, software, and data involved.

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# Articles of Incorporation

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*Carol Levis*  
10-2-00

0526015-5

**ARTICLES OF AMENDMENT TO  
ARTICLES OF INCORPORATION OF**

**SALPOINTE CATHOLIC HIGH SCHOOL**

Pursuant to the provisions of A.R.S. §10-11001, et seq., SALPOINTE CATHOLIC HIGH SCHOOL, an Arizona non-profit corporation, adopts the following Articles of Amendment to its Articles of Incorporation:

A. The name of the corporation is SALPOINTE CATHOLIC HIGH SCHOOL.

B. The Articles of Incorporation of the Corporation are amended by the following amendments which replace the articles of the original Articles of Incorporation of the same numbers:

**ARTICLE VIII MEMBERS**

The Corporation shall have members which shall be of a single class and they shall be the members, as determined from time to time, of the Provincial Council of the Society of Mount Carmel, Inc., an Illinois not for profit corporation (sometimes known as The Order of Carmelites, Province of the Most Pure Heart of Mary).

**ARTICLE XI MISCELLANEOUS**

(1) The power to alter, amend or repeal these Articles of Incorporation or the Corporation's bylaws or to adopt new Articles or bylaws shall be vested and reserved exclusively to the members of the Corporation.

(2) It shall be the policy of the corporation that it shall not discriminate on the basis of sex, race, color, handicap, familial status or national origin in the administration of its purposes.

C. The foregoing amendments were duly adopted by act of the Board of Directors by the consent therefore in writing signed by all Directors of the corporation pursuant to A.R.S. §10-3821 and 10-11002(B) as of the 31st day of July, 2000, there having been no members of the Corporation prior to the effectiveness of the foregoing amendments.

AS EVIDENCE OF THE IMPLEMENTATION OF THE FOREGOING, the President and Secretary of the Corporation have executed and acknowledged this document as of this 7<sup>th</sup> day of September, 2000.

ATTEST:

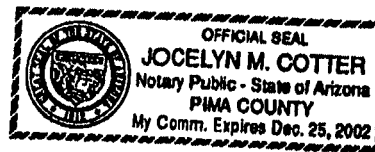
By Frederick J. Tillotson By Roy Conroy  
Frederick J. Tillotson, O. Carm. President Roy Conroy, O. Carm., Secretary

SUBSCRIBED AND SWORN to before me this 7<sup>th</sup> day of September, 2000, by Frederick J. Tillotson, O. Carm., President, and Roy Conroy, O. Carm., Secretary.

My Commission Expires:

12/25/2002

Joelyn M. Cotter  
NOTARY PUBLIC



ARTICLES OF INCORPORATION  
OF  
SALPOINTE CATHOLIC HIGH SCHOOL

AZ. CORP. COMMISSION  
FOR THE STATE OF AZ.

JAN 21 2 07 PM '92  
Betty Carlson  
DATE 1-22-92  
FEE \$100  
SAT

526015

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned have this day associated ourselves together for the purpose of forming a nonprofit corporation under and pursuant to the laws of the State of Arizona and for that purpose do hereby adopt these Articles of Incorporation.

ARTICLE I: NAME.

The name of the corporation shall be: SALPOINTE CATHOLIC HIGH SCHOOL, and its address shall be 1545 East Copper Street, Tucson, Pima County, Arizona 85719.

ARTICLE II: INCORPORATORS.

The incorporators are all of the members of the initial Board of Directors, and their names and addresses are stated below.

ARTICLE III: PURPOSE.

The purpose for which this corporation is organized and is to be operated is exclusively for religious, charitable, scientific, literary or educational purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual, all within the meaning of Section 501(c)(3) of the Internal Revenue Code as amended from time to time. Within those guidelines, the corporation will engage in the ownership and operation of a private parochial secondary school together with all activities incident thereto. In fulfilling such purpose, the corporation shall be authorized to transact any or all lawful business for which nonprofit corporations may be incorporated under the laws of the State of Arizona as they may be amended from time to time.

ARTICLE IV: CHARACTER OF AFFAIRS.

The character of affairs which the corporation initially intends actually to conduct is to employ staff and faculty, enroll students and operate a high school for the education of those students. The affairs which the corporation shall be entitled to conduct shall be restricted to those activities allowed or contemplated by Section 501(c)(3) of the Internal Revenue Code as amended from time to time.

002688

#### ARTICLE V: NON INUREMENT.

No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to its Directors, officers, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Articles III and IV above. No substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate in, or intervene in (including the publishing or distribution of statements,) any political campaign on behalf of any candidate for public office. Notwithstanding any other provision of these Articles, the corporation shall not carry on any other activities not permitted to be carried on: (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1954 as amended from time to time or: (b) by a corporation, contributions to which are deductible under Section 501(c)(3) of the Internal Revenue Code of 1954 as amended from time to time.

#### ARTICLE VI: BOARD OF DIRECTORS.

The affairs of the corporation shall be managed by its Board of Directors. There shall be no less than three (3) Directors, or such greater number as may be established by resolution of the Board of Directors. The names and addresses of the persons who are to serve as Directors until the first annual meeting of Directors or until their successors are elected and qualified are:

Very Rev. Quinn Connors, O.Carm.  
Provincial  
1317 Frontage Road  
Darien, IL 60559-5392

Rev. Daniel O'Neill, O.Carm.  
St. Gelasius Priory  
6415 S. Woodlawn Avenue  
Chicago, IL 60637

Rev. Terrence Sempowski, O.Carm.  
Durocher Hall, D-20  
Holy Name College  
3500 Mountain Blvd.  
Oakland, CA 94619

Rev. Robert Colaresi, O.Carm.  
Midwest Regional Office  
1317 Frontage Road  
Darien, IL 60559

Rev. John Welch, O.Carm.  
Whitefriars Hall  
1600 Webster St., N.E.  
Washington, D.C. 20017

Rev. Andrew Skotnicki, O.Carm.  
Whitefriars Hall  
1600 Webster St., N.E.  
Washington, D.C. 20017

Rev. Morris Wells, O.Carm.  
St. Cecilia Priory  
55 Demarest Avenue  
Englewood, NJ 07631

Rev. Lukas Schmidt, O.Carm.  
Carmelite Priory  
1540 East Glenn  
Tucson, Arizona 85719

Succession to the office of Director shall be as established in the Bylaws.

ARTICLE VII: DIRECTORS NOT LIABLE.

No Director of this corporation shall be personally liable to this corporation for monetary damages for breach of fiduciary duty as a Director of this corporation provided, however, that the foregoing elimination of personal liability on the part of the Directors of this corporation shall not be applicable to any matters with respect to which such elimination may from time to time be prohibited by the provisions of the Non-Profit Corporation Act of Arizona. For purposes of this article only, "Director" includes trustees or persons who serve on a Board or counsel of this corporation in an advisory capacity.

ARTICLE VIII: NO MEMBERS.

There are not now and will not in the future be any members of the corporation.

ARTICLE IX: DISSOLUTION.

Upon dissolution of the corporation, the Board of Directors shall, after paying or making provision for the payment of all of the liabilities of the corporation, dispose of all of its assets exclusively for the purposes of the corporation in such manner, or to such organizations organized and operated exclusively for charitable, educational, religious or scientific purpose as shall at the time qualify as an exempt organization or organizations under Section 501(c)(3) of the Internal Revenue Code of 1954 as amended from time to time, as the Board of Directors shall determine. Any such assets not disposed of in that manner shall be disposed of by the Superior Court of the county in which the principal office of the corporation is then located, exclusively for such purpose or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purpose.

ARTICLE X: STATUTORY AGENT.

The name and address of the initial statutory agent of the corporation is: Lawrence McDonough, 5285 East Williams Circle, Suite 3500 - East Tower, Tucson, Arizona 85711.

ARTICLE XI: MISCELLANEOUS.

(1) The power to alter, amend or repeal these Articles or the bylaws or adopt new Articles or bylaws shall be vested and reserved to the Directors.

(2) It shall be the policy of the corporation that its school admits students of any race to all the rights, privileges, pro-

grams and activities generally made available to students in the school, and that the school does not discriminate on the basis of race in the administration of its educational policies, admissions policies, scholarship and loan programs, and athletic or other school-administered programs.

DATED this 9th day of January, 1992.

By Quinn R. Conners, O.Carm.  
Very Rev. Quinn Conners, O.Carm.

By John Welch, O.Carm.  
Rev. John Welch, O.Carm.

By Daniel O'Neill, O.Carm.  
Rev. Daniel O'Neill, O.Carm.

By Andrew Skotnicki, O.Carm.  
Rev. Andrew Skotnicki, O.Carm.

By Terrence Sempowski, O.Carm.  
Rev. Terrence Sempowski, O.Carm.

By Morris Wells, O.Carm.  
Rev. Morris Wells, O.Carm.

By Robert Colaresi, O.Carm.  
Rev. Robert Colaresi, O.Carm.

By Lukas Schmidt, O.Carm.  
Rev. Lukas Schmidt, O.Carm.

I, LAWRENCE McDONOUGH, having been designated to act as Statutory Agent, hereby consent to act in that capacity until removed, or resignation is submitted in accordance with the Arizona Revised Statutes.

DATE: January 9, 1992

Lawrence McDonough  
LAWRENCE McDONOUGH

**By Laws**

BYLAWS OF  
SALPOINTE CATHOLIC HIGH SCHOOL  
TUCSON, ARIZONA as approved by BOD 5/6/16

ARTICLE I.

PURPOSES AND GOVERNANCE

**Section 1. Purposes.** The purposes of Salpointe Catholic High School (hereinafter "Corporation" or "School") are as stated in its Articles of Incorporation. The Corporation shall also have such powers as are now or may hereafter be granted by the Arizona nonprofit corporation act (A.R.S. #10-3101 et. seq.).

**Section 2. Governance.** The School shall be governed as an independent, private non-profit corporation of the State of Arizona. The governing Board shall be the Board of Directors.

ARTICLE II.

OFFICES

The Corporation shall have and continuously maintain in this State a registered office and a registered agent and may have other offices within or without the State of Arizona as the Board of Directors may from time to time determine with the concurrence of the Members.

ARTICLE III.

MEMBERS OF THE CORPORATION

**Section 1. Class of Members.** The Corporation shall have one class of members ("Members"). The Members of the Corporation shall consist of the members of the Provincial Council of the Society of Mount Carmel, Inc., an Illinois Not-For-Profit Corporation, Order of Carmelites, Province of the Most Pure Heart of Mary, ("Society of Mount Carmel"), who shall be designated in writing from time to time to the Board of Directors. The persons so designated shall be deemed to be Members of this Corporation for a term of three years commencing with the date of the annual meeting of the Members next following the date of such certification.

**Section 2. Voting Rights.** Each Member shall be entitled to one vote on each matter submitted to a vote of the Members.

**Section 3. Responsibility of the Members.** The Members hereby reserve the power to

approve the following items:

- a) Approve the purpose, philosophy and mission of Salpointe Catholic High School and any change thereto;
- b) Approve any amendment to the Articles of Incorporation;
- c) Approve the slate of candidates for membership on the Board of Directors;
- d) Select and terminate the President of the School;
- e) Approve the slate of candidates for Principal of the School and work with Board of Directors and President regarding fulfilment of Article IV, Section 1 (n) below.
- f) Approve the annual financial budget if the proposed budget reflects a deficit;
- g) Approve the borrowing of money
  - (i) for a term exceeding three years or
  - (ii) if in excess of an amount of 2% of the yearly budget, regardless of the terms of such borrowing;
- h) Approve the purchase, sale, lease, disposition, encumbrance, hypothecation or modification of any material asset of the Corporation;
- i) Approve the dissolution or merger of the Corporation;
- j) Approve the Bylaws and amendments to the Bylaws;
- k) Approve any capital campaign of one million dollars or more.

**Section 4. Termination of Membership.** The membership of any person designated a Member shall terminate prior to the expiration of such Member's three year term upon certification by the Provincial of the Society of Mount Carmel, or his designee, to the Board of Directors that such person is no longer designated as a Member.

#### ARTICLE IV.

##### BOARD OF DIRECTORS

**Section 1. General Powers.** Salpointe Catholic High School shall have a Board of Directors. The Directors shall not have any power or authority with respect to any matter reserved to the Members pursuant to the provisions of Article III nor shall they have any authority to amend, alter or repeal any resolution of the Members. The affairs of the Corporation shall be governed by the Board of Directors as defined in these bylaws. The duties of the Board of Directors shall include but not necessarily be limited to:

- a) Review the mission, general philosophical guidelines and policies of the School;
- b) Review and approve policies that ensure the sound reputation and management of

the School;

- c) Oversee the financial stability of the School, including, but not limited to approval of the annual budget, reception of the annual audit report and approval of the selection of the auditor;
- d) Receive and approve the Strategic Plan of the School at least every five years;
- e) Review and approve the tuition schedule;
- f) Review and approve salary and benefit schedules;
- g) Approve, along with the Board of Members, any loan over and above the aggregate amount of 2% of the annual budget; adopt a resolution authorizing appropriate person(s) to approve lesser loans;
- h) Oversee programs for obtaining the funds necessary to operate the School;
- i) Approve any Capital Campaign;
- j) Establish a Gift Acceptance Policy and approve the acceptance of any major gifts, bequests or property not in accordance with such Gift Acceptance Policy;
- k) Approve any lawsuits in which the School/Corporation is a plaintiff or approve the defense and settlement of all lawsuits or other claims against the Corporation;
- l) Review effectiveness of communications between the School and its constituencies, including the local community;
- m) Review and approve programs and expenditures in excess of 2% of the approved budget;
- n) Approve the selection or removal of the Principal by the President, in consultation with the Board of Members, and be notified of the Principal's resignation by the President;
- o) Perform annual evaluations of the Principal and President of the School.

The Board of Directors shall not have any power or authority with respect to any matter reserved to the Members pursuant to these Bylaws.

**Section 2. Number and Tenure of Board of Directors.** The Directors shall elect Directors from a slate of candidates approved by the Members. It is recommended that the number of Directors shall be not less than eleven nor more than twenty-one. The initial term of office shall be three years, subject to reappointment for up to two consecutive terms. Directors who complete three terms are eligible to resume Board service after a one year hiatus. Term limits for any one or more Directors may be suspended by a majority of the voting members of the Board of Directors at any regular meeting. Term limits shall not apply to Carmelites or Ex-Officio Directors.

**Section 3. Qualifications.** At least four of the Directors shall at all times be members of the Society of Mount Carmel. Other Directors shall be selected to meet the needs of the Board in terms of ministerial, educational, financial and other areas of expertise as may be necessary in carrying out the purposes of the Board. Other than the President or Principal, neither persons with faculty nor staff status at Salpointe Catholic High School shall be appointed or elected to the Board of Directors.

**Section 4. Ex-Officio Directors.** The President and Principal shall serve as voting Ex-Officio Directors.

**Section 5. Compensation.** Directors shall serve without financial compensation for their services as such, but may be compensated for services rendered to the School in other capacities, and shall be entitled to reimbursement, in any case, for actual, necessary and reasonable expenses incurred incident to their work upon business of the School.

**Section 6. Regular Meetings.** The Board of Directors shall establish by resolution, times and dates on which four regular meetings of the Board of Directors shall be held during each fiscal year for conducting such business as shall be appropriate. Other regular Board meetings may be held with such frequency and at such times and places as may be determined by the Board or the President from time to time. Any business may be transacted at any meeting of the Board of Directors at which a quorum is present.

**Section 7. Special Meetings.** Special meetings of the Board of Directors may be called by the Chair of the Board, President, or any two Directors. Written or printed notice stating the place, day and hour of any special meeting of Directors shall be delivered, whether in person, electronically or by mail to each Director entitled to vote at such a meeting, not less than two days before the date of such a meeting, by or at the direction of the Chair, the Secretary or the Officers or persons calling the meeting. In the case of a special meeting or when required by statute or by these Bylaws, the purpose for which the meeting is called shall be stated in the notice.

**Section 8. Quorum.** A majority of the then-serving members of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board. If a majority is not present at any meeting of the Board, a majority of the Directors present may adjourn the meeting without further notice.

**Section 9. Manner of Acting.** The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, except where otherwise provided by law or by these Bylaws.

**Section 10. Teleconferences.** Any meeting of Directors may be held by teleconference, video conference or other electronic means in which each Director may

hear each other Directors.

**Section 11. Vacancies.** Any vacancy occurring in the Board of Directors, or any Directorship to be filled by reason of an increase in the number of Directors, shall be filled by the Board of Directors with a candidate approved by the Board of Members.

**Section 12. Removal.** Any Director, other than members of the Carmelite Order, the President or the Principal, may be removed with or without cause by the affirmative vote of a majority of voting members of the Board of Directors at any regular meeting, special meeting or by their unanimous written consent. Additionally, unless excused therefrom by the Chair of the Board of Directors, the office of any Director, other than Members of the Carmelite Order, the President or the Principal, may be declared vacant if such Director is absent from three consecutive regular meetings.

## ARTICLE V.

### OFFICERS OF THE BOARD

**Section 1. Chair of the Board.** The Chair shall preside at all meetings of the Board of Directors and shall serve in an Ex-Officio capacity on all committees. The Chair shall supervise the governing affairs of the Board and perform all duties incidental to the office of Chair and such other duties as may be prescribed by the Board of Directors from time to time as defined by these Bylaws. The Chair shall be elected by a majority of the members of the Board of Directors and shall serve a three-year term. The Chair may serve two consecutive terms.

**Section 2. Vice-Chair.** The Vice-Chair shall be elected annually by a majority of the members of the Board of Directors. In the absence of the Chair or in event of the Chair's inability to act, the Vice-Chair shall perform the duties of the Chair, and when acting, shall have all the powers of and be subject to all the restrictions upon the Chair.

**Section 3. Other Officers.** The Board shall establish such Officer positions as may be appropriate from time to time for a specific purpose and duration as defined by these Bylaws.

## ARTICLE VI.

### COMMITTEES OF THE BOARD

**Section 1. Governance Committee.** The Governance Committee is established as a standing committee to prepare Board meetings, execute appropriate Board decisions, act on behalf of the Board in governance matters of the Board, and act on behalf of the Board in situations where full Board action is not possible, as defined in these Bylaws.

The Governance Committee shall include the Officers of the Board (Chair and Vice-Chair), the President and other such persons as appointed by the Chair of the

Board. The Chair of the Board shall be Chair of the Governance Committee.

The Governance Committee shall:

- a) Together with the President, set the annual calendar of meetings;
- b) Together with the President, set the agenda of the Board meeting;
- c) Select candidates for membership on the Board of Directors and present such slate to the Board of Members for approval;
- d) Select and present the slate of board officers for election by the Board of Directors;
- e) Together with the President, review the School Bylaws and present any recommended revisions to the Board of Directors and the Board of Members for approval;
- f) Create or revise, with input from the President as needed, the Gift Acceptance Policy, Investment Policy, Conflict of Interest Policy, Confidentiality Policy and such other policies as appropriate and recommend revisions to the Board of Directors for approval;
- g) Meet regularly during the year and distribute a report of the actions taken at these meetings to the Board of Directors at the meeting immediately following its meeting(s);
- h) Advise in the following decisions reserved to the Chair:
  - 1. Membership of all Board Committees;
  - 2. Appointment of the Chairs of the Board Committees.
- i) Annually review the goals and related decisions of the Board;
- j) Set expectations for Board membership and annually review participation by each member;
- k) Review Strategic Plan implementation.

The Governance Committee shall not have any power or authority with respect to any matter reserved to Members pursuant to the Policy "Board of Members" Article III, Section 3, nor shall it have any authority to amend, alter, or repeal any resolution of the Board of Directors.

**Section 2. Finance Committee.** The Finance Committee is established as a standing committee to recommend fiscal policy and to oversee the financial management of the School, in consultation with the President. The Finance Committee shall include at least two members of the Board. One of these members shall be the Chair of the Finance

Committee. It shall also include other persons due to the particular expertise they bring to the Finance Committee. The President shall be an Ex-Officio, voting member of the Finance Committee. The Finance Committee shall recommend the annual budget to the Board; work in cooperation with the President to review, evaluate and advise the Board with respect to all financial functions of the School, including but not limited to recommending the selection of the School's independent auditing firm and assisting in identifying and meeting future financial needs.

**Section 3. Committees of the Board.** The Board of Directors may create such other committees such as those listed below as it deems necessary. At least one Director shall be a member and serve as Chair of each committee. Other committee members may be selected as the Board of Directors may designate, or if there is no such designation, then as the Committee Chair or President may recommend. Standing committees, Special Purpose Committees, and other Committees that the Board may create shall be advisory and actions thereof shall not bind the Board of Directors.

a. Advancement Committee. The Advancement Committee advises the School and Board of Directors in matters pertaining to the fundraising plan; corporate, foundation and constituency relations plan; communications plan; and marketing plan.

b. Investment Committee. The Investment Committee advises the School and the Board of Directors regarding investment policy and investment portfolio to meet long-term and short-term strategic priorities of the School.

c. Strategic Planning Committee. The Strategic Planning Committee advises the School and the Board of Directors in establishing the School's vision and roadmap for the future and oversees the implementation of the strategic plan.

d. Academic Committee. The Academic Committee advises the School and the Board of Directors on matters pertaining to the School's academic program.

e. Athletic Committee. The Athletics Committee advises the School and the Board of Directors on matters pertaining to the School's athletic programs.

f. Student Services Committee. The Student Services Committee advises the School and the Board of Directors on matters pertaining to Student Services programs.

## ARTICLE VII.

### OFFICERS OF THE CORPORATION

**Section 1. Officers.** The Officers of the Corporation shall be President, Principal, Secretary, Treasurer and such other officers as may be elected in accordance with the provisions of these Bylaws . Any two or more offices may be held by the same person,

except the offices of President and Secretary.

**Section 2. Election and Term of Office.** The Board of Directors shall elect the Officers of the Corporation, other than the President. Vacancies may be filled or new offices created and filled at any meeting of the Board of Directors. Each Officer shall hold office until terminated or replaced as provided herein.

**Section 3. President of Corporation.** The President shall serve as the Chief Executive Officer of the Corporation and shall, in general, lead, supervise and control all of the business and affairs of the Corporation. He/She may sign, with the Secretary or any other proper Officer of the Corporation authorized by the Board of Directors, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, and in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time. He/She shall have the authority to appoint or remove such agents and employees of the School as he/she deems necessary, to prescribe their powers, duties and compensation, and to delegate authority to them. He/She shall be an ex-officio, voting member of the Board of Directors and a member of Board Committees except those designated by the Board of Directors.

**Section 4. Principal of the School.** The Principal shall be the chief academic and instructional officer of the School. In the absence of the President or in the event of a vacancy in the office of the President, the Principal shall perform the duties of the President, and when so acting, shall have all the powers and be subject to all the restrictions placed upon the President. The Principal shall perform such other duties as from time to time may be assigned to him/her by the President. The Principal shall be an ex-officio, voting member of the Board of Directors.

**Section 5. Secretary of the Corporation.** The Secretary shall: keep the minutes of the meetings of the Board of Directors; see that all notices are duly given in accordance with the provisions of the Bylaws or as required by law; be custodian of the Corporate records and of the seal of the Corporation; keep a register of the address of each Member and Director which shall be furnished to the Secretary by such Member and Director; and in general perform all duties incident to the Office of Secretary and such other duties which from time to time may be assigned to him/her by the President or by the Board of Directors.

**Section 6. Treasurer of the Corporation.** The Treasurer shall have charge and custody of and be responsible for all funds and securities of the Corporation, shall be the principal accounting and financial officer of the Corporation, receive and give receipts for monies due and payable to the Corporation from any source whatsoever, and deposit all such monies in the name of the Corporation in such banks, trust

companies or other depositories as shall be selected in accordance with the provisions of these bylaws; and in general perform all the duties incident to the office of Treasurer and any such other duties as from time to time may be assigned to him/her by the President or by the Board of Directors.

## ARTICLE VIII.

### CONTRACTS, CHECKS, DEPOSITS AND FUNDS

#### **Section 1. Contracts.**

The Board of Directors, subject to the limits of its authority elsewhere herein prescribed, may authorize any Officer or Officers, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation and such authority may be general or confined to specific instances.

**Section 2. Checks, drafts, etc.** All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation, shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time as authorized by the Board of Directors.

**Section 3. Deposits.** All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust Companies or other depositories as the President or Treasurer may select.

**Section 4. Gifts.** The Board of Directors shall adopt a Gift Acceptance Policy for the School.

## ARTICLE IX.

### BOOKS AND RECORDS

The Corporation shall keep correct and complete records of account and shall also keep minutes of the proceedings of the Board of Directors and committees of the Board of Directors, and shall keep a record giving the names and addresses of the persons entitled to vote. Non-confidential books and records (excluding academic student records, personnel records, donor records, etc.) of the corporation may be inspected as appropriate by members of the Board of Directors and Board of Members.

## ARTICLE X.

### FISCAL YEAR

The fiscal year of the Corporation shall begin on the first day of July of each year.

## ARTICLE XI.

### WAIVER OF NOTICE

Whenever any notice is required to be given under the provisions of the Arizona nonprofit corporation act (A.R.S. #10-3101 et. seq.) or under the provisions of the Articles of Incorporation or by the Bylaws of the Corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed, equivalent to the giving of such notice.

#### ARTICLE XII.

##### INFORMAL ACTION BY DIRECTORS

Any action which may be taken at a meeting of the Directors, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the Directors entitled to vote with respect to the subject matter thereof.

#### ARTICLE XIII.

##### INDEMNIFICATION OF MEMBERS, OFFICERS AND DIRECTORS

School shall indemnify Members, Officers and Directors and every former Officer and Director and every person who may have served at its request or by election or appointment as a Member, Director or Officer of the Corporation ("Protected Persons"), for all sums which they, or any of them, shall be legally obligated to pay as damages and for expenses actually and necessarily incurred by them in connection with the defense or settlement of any action, suit or proceeding to which they, or any of them, are made parties, or a party by reason of being of having been a Protected Person, except in relation to matters as to which any such person shall be adjudged in such action, suit or proceeding to be liable for willful misconduct in the performance of duty.

The term "expenses" shall include attorney's fees, court costs, the expenses of investigation and paid in settlement (unless paid by the School) and other expenses necessarily and reasonably incurred in connection with the defense or settlement of any claim, action, suit or proceeding. The foregoing right of indemnification shall not be exclusive of any other rights to which any Member, Director or Officer may be entitled and this indemnification shall be in addition to and not in limitation of any other privilege or power of the School to indemnify its Members, Officers and Directors.

#### ARTICLE XIV.

##### AMENDMENTS TO BYLAWS AND EFFECTIVE DATE

**Section 1. Amendments.** These Bylaws may be amended by vote of two-thirds of the Board of Directors with said amendment subject to approval by the Board of Members.

**Section 2. Effective Date.** The foregoing Bylaws have been adopted by the Board of Directors and will be in effect upon approval by the Board of Members as acknowledged below. Any amendments thereto shall be in force from and after their approval by the

Board of Directors and Board of Members.

These Bylaws have been approved by resolution of the Board of Directors.

Approved: Board of Directors

A handwritten signature in black ink, appearing to read "Michael A. Slania".

Signed: Michael A. Slania, Chairman of the Board of Directors

Date: May 6, 2016

Certificate

This is to certify that the foregoing is a true and correct copy of the Bylaws of Salpointe Catholic High School and that such Bylaws were duly adopted by the Board of Directors on the date set forth above.

Approved: Board of Members

A handwritten signature in black ink, appearing to read "William J. Harry".

Signed: William J. Harry, O.Carm., Provincial

Date:

# Financial Report



**Salpointe Catholic High School**  
**Financial Statements**  
For the Year Ended June 30, 2020

# Salpointe Catholic High School

Financial Statements  
Year Ended June 30, 2020

**SALPOINTE CATHOLIC HIGH SCHOOL**  
**YEAR ENDED JUNE 30, 2020**  
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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Salpointe Catholic High School

### **Report on Financial Statements**

We have audited the accompanying financial statements of Salpointe Catholic High School (School) which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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.

### ***Basis for Qualified Opinion***

As explained in Note 1 to the financial statements, all property and equipment purchases have been charged to expense. Accounting principles generally accepted in the United States of America require capital expenses meeting specified criteria to be capitalized and depreciated over the estimated useful life of the capital asset. The effects on the accompanying financial statements of the failure to capitalize property and equipment capital assets have not been determined.

***Qualified Opinion***

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Salpointe Catholic High School as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Heinfeld Meech & Co. PC*

Heinfeld, Meech & Co., P.C.  
Tucson, Arizona  
October 28, 2020

**SALPOINTE CATHOLIC HIGH SCHOOL  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2020**

**Assets**

Current assets:

Cash and cash equivalents	\$ 3,106,235
Investments	7,848,311
Tuition receivable, net	28,283
Pledges receivable, net	440,871
Inventory	101,121
Prepays and other assets	74,312
Total current assets	<u>11,599,133</u>

Noncurrent assets:

Pledges receivable, net	<u>1,437,984</u>
Total noncurrent assets	<u>1,437,984</u>

Total assets	<u>\$ 13,037,117</u>
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**Liabilities**

Current liabilities:

Accounts payable	\$ 609,090
Credit line payable	1,975,000
Accrued payroll and payroll related expenses	692,715
Deferred tuition	1,172,402
Deferred sales	38,380
Lease payable	176,298
PPP loan payable	741,075
Total current liabilities	<u>5,404,960</u>

Noncurrent liabilities:

Lease payable	355,086
PPP loan payable	943,925
Total noncurrent liabilities	<u>1,299,011</u>

Total liabilities	<u>6,703,971</u>
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**Net assets**

Without donor restrictions:

Undesignated	(682,572)
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With donor restrictions:

Purpose restricted	3,818,144
Perpetual in nature	3,197,574
Total net assets with donor restrictions	<u>7,015,718</u>

Total net assets	<u>6,333,146</u>
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Total liabilities and net assets	<u>\$ 13,037,117</u>
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**See accompanying notes to financial statements.**

**SALPOINTE CATHOLIC HIGH SCHOOL  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, support, and gains:</b>			
Tuition and fees	\$ 5,522,796	\$	\$ 5,522,796
Subsidy from Diocese of Tucson	45,714		45,714
Private gifts	74,722	2,017,998	2,092,720
Tax credit	6,323,894		6,323,894
Grants	401,669		401,669
In-kind donations	20,952		20,952
Cafeteria	550,966		550,966
Campus store	161,166		161,166
Student activities	236,576		236,576
Fundraising events	206,996		206,996
Investment return, net	55,968	153,988	209,956
Other income	6,285		6,285
Net assets released from restrictions	5,163,445	(5,163,445)	
Total revenue, support, and gains	<u>18,771,149</u>	<u>(2,991,459)</u>	<u>15,779,690</u>
<b>Expenses and losses:</b>			
Program services			
Instruction	6,154,969		6,154,969
Student activities	3,160,379		3,160,379
Cafeteria	709,514		709,514
Campus store	187,730		187,730
Capital	7,118,343		7,118,343
Information technology	1,031,295		1,031,295
Total program expenses	<u>18,362,230</u>		<u>18,362,230</u>
Supporting services			
Management and general	1,757,115		1,757,115
Fundraising	593,360		593,360
Total supporting services	<u>2,350,475</u>		<u>2,350,475</u>
Total expenses and losses	20,712,705		20,712,705
Change in net assets	(1,941,556)	(2,991,459)	(4,933,015)
Net assets, beginning of year	<u>1,258,984</u>	<u>10,007,177</u>	<u>11,266,161</u>
Net assets, end of year	<u>\$ (682,572)</u>	<u>\$ 7,015,718</u>	<u>\$ 6,333,146</u>

See accompanying notes to financial statements.

**SALPOINTE CATHOLIC HIGH SCHOOL  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020**

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries and wages	\$ 6,235,142	\$ 807,383	\$ 266,548	\$ 7,309,073
Employee benefits	1,729,975	240,976	79,624	2,050,575
Buildings and land improvements	6,726,241			6,726,241
Advertising	663	1,215	56,652	58,530
Bad debt expense		45,000		45,000
Books, periodicals and DVDs	14,683	306		14,989
Clothing, uniforms and gear	168,934	3,892		172,826
Computer equipment	396,741			396,741
Computer licensing	236,251			236,251
Conferences and travel	78,387			78,387
Construction fees and permits	68,553			68,553
Contract services	503,783	35,265	31,374	570,422
Dues, registration and fees	102,298	61,346	1,652	165,296
Equipment and furniture	409,159	125,483		534,642
Equipment lease, rental and maintenance	47,637	63,540	3,303	114,480
Field trips	151			151
Food and beverages	83,608	9,859	29,524	122,991
General repairs and maintenance	299,634	22,844	3,241	325,719
Gifts and awards	11,368	9,393	14,418	35,179
Insurance	92,527	10,870	1,045	104,442
Interest, taxes, and fees	36,317	21,936		58,253
In-kind equipment and supplies	4,205	16,747		20,952
Meals and entertainment	22,945	8,335	779	32,059
Merchandise and concessions	117,630			117,630
Officials	41,032			41,032
Postage and shipping	23,049	3,808	1,269	28,126
Printing and duplicating	118,223	3,864	37,922	160,009
Professional services	92,231	67,509	56,090	215,830
Security	3,942	26,569		30,511
Staff and faculty development	6,022	2,000	2,139	10,161
Standardized testing	61,705			61,705
Supplies	188,566	108,561	3,570	300,697
Telephone	26,841	3,931	302	31,074
Transportation	52,648			52,648
Utilities	359,787	31,621	3,908	395,316
Vehicles, gas, oil, and repair	1,352	24,862		26,214
Total expenses	<u>\$ 18,362,230</u>	<u>\$ 1,757,115</u>	<u>\$ 593,360</u>	<u>\$ 20,712,705</u>

See accompanying notes to financial statements.

**SALPOINTE CATHOLIC HIGH SCHOOL  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2020**

**Cash flows from operating activities:**

Change in net assets	\$ (4,933,015)
Adjustments to reconcile change in net assets to net cash provided by/(used for) operating activities:	
Net (gain)/loss on investments	(209,956)
Contributions to perpetual endowment	(42,285)
Changes in assets and liabilities:	
Tuition receivable, net	13,570
Pledges receivable, net	(580,615)
Campus inventory	(12,774)
Prepays and other assets	107,617
Accounts payable	(696,993)
Accrued payroll and payroll related expenses	51,966
Deferred tuition	126,344
Deferred sales	17,337
<b>Net cash provided by/(used for) operating activities</b>	<b><u>(6,158,804)</u></b>

**Cash flows from investing activities:**

Reinvestment of investment proceeds	(44,532)
Interest and dividends on investments	69,338
<b>Net cash provided by/(used for) investing activities</b>	<b><u>24,806</u></b>

**Cash flows from financing activities:**

Contributions to perpetual endowment	42,285
Proceeds from line of credit	1,730,000
Proceeds from PPP loan	1,685,000
Payments on line of credit	(225,000)
Payments on capital lease	(175,535)
<b>Net cash provided by/(used for) financing activities</b>	<b><u>3,056,750</u></b>

**Net increase/(decrease) in cash and cash equivalents** (3,077,248)

**Cash and cash equivalents, beginning of year** **6,183,483**

**Cash and cash equivalents, end of year** **\$ 3,106,235**

**Supplemental disclosure of cash flow information**

Cash paid during the year for interest	36,023
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See accompanying notes to financial statements.

**SALPOINTE CATHOLIC HIGH SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Salpointe Catholic High School (School) is a private Catholic educational institution for young men and women under the direction of the Carmelite Order. Salpointe is certified by the Western Catholic Educational Association, accredited as a college preparatory school by the North Central Association of Colleges and Schools and is approved by the State of Arizona Department of Education. School policy is provided and administered by 18 members of the Board of Directors.

Salpointe Catholic Education Foundation (Foundation) is a legally separate, tax-exempt organization which acts primarily as a fund-raising organization that receives gifts, administers resources, and disburses payments to or on behalf of the School for educational and other purposes. The financial statements of the Foundation have not been consolidated with the School as the Foundation is independently governed and controlled. During the current fiscal year, the Foundation distributed \$100,000 on a prior year pledge to and on behalf of the School for restricted purposes. Complete financial statements of the Salpointe Catholic Education Foundation can be obtained from Melissa Sitzmann, Director of Finance, Salpointe Catholic High School, 1545 East Copper Street, Tucson, Arizona 85719-3199.

**Basis of Accounting**

Except as noted under *Property and Equipment*, the financial statements of the School have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

**Basis of Presentation**

The financial statements of the School have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to not-for-profit entities. The Financial Accounting Standards Board (FASB) is the accepted standard-setting body for establishing not-for-profit accounting and financial reporting principles. The School is required to report information regarding its financial position and activities according to two classes based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the School and changes therein are classified as follows:

*Net assets without donor restrictions* – Net assets that are not subject to donor-imposed stipulations.

*Net assets with donor restrictions* – Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met either by actions of the School and/or the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds must be maintained in perpetuity.

Donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restrictions accomplished), net assets are reclassified to net assets without donor restrictions and reported on the Statement of Activities as net assets released from restrictions.

**SALPOINTE CATHOLIC HIGH SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Use of Estimates**

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the School considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Investments**

The School reports investments at fair value. Net investment income return is reported in the Statement of Activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment expense.

**Concentrations of Credit and Market Risk**

Financial instruments that potentially expose the School to concentrations of credit and market risk consist primarily of cash equivalents and investments. The School maintains its cash and cash equivalents in bank deposit accounts, which, for short periods of time, may exceed federally insured limits. At year end, the carrying amount of the School's deposits was \$3,106,235 and the bank balance was \$3,186,746. At year end, \$2,718,696 of the School's deposits were uninsured and uncollateralized. To minimize risk, cash accounts are maintained at high-quality financial institutions and credit exposure is limited to any one institution. The School's investments do not represent significant concentrations of market risk inasmuch as the School's investment portfolio is adequately diversified among issuers.

**Revenue Recognition**

***Tuition and fees.*** The School recognizes revenue from student tuition and fees during the year in which the related services are provided to students. The performance obligation of delivering educational services is simultaneously received and consumed by the students; therefore, tuition revenue is recognized ratably over the course of the academic year. Registration, application, and other student fees are considered an exchange transaction and are nonrefundable. All amounts received prior to the commencement of the academic year, are deferred to the applicable period. Scholarships, tax credit, and other tuition assistance provided to students are as a reduction from the posted tuition rates at the time revenue is recognized.

***Contributions.*** The School recognizes private gifts when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. The School did not have any conditional promises to give or grants at year end.

**SALPOINTE CATHOLIC HIGH SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Sales and fees.*** Revenues derived from cafeteria and campus inventory sales are recognized as goods are purchased. Meal accounts paid in advance are deferred to the period in which the underlying sale takes place. Student activities revenue is recognized when the programs, trips, sales, or events take place.

***Fundraising events.*** The School records fundraising revenue equal to the fair value of direct benefits to donors, and private gifts for the excess received when the event takes place.

**Pledges Receivable**

Unconditional promises to give that are expected to be collected in less than one year are reported at net realizable value. Unconditional promises to give that are expected to be collected in periods greater than one year are recorded at net present value of expected cash flows. The provision for uncollectible amounts is based on management's estimate of the collectability of specific accounts and the aging of promises to give. Promises to give are periodically reviewed for collectability and written off to the provision at the time of such determination.

**Tuition Receivable**

Tuition receivable is stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to tuition receivable. At year end, the valuation allowance for tuition receivable was \$37,748.

**Inventories**

Inventory consists of campus store inventory of school supplies and clothes, as well as food service inventory of food commodities and food supplies. Inventories are stated at the lower of cost or market determined by the first-in, first-out method.

**Property and Equipment**

The School has elected to charge all capital costs to expense rather than capitalizing and depreciating the property and equipment. Generally accepted accounting principles require that these be capitalized, and thus, this policy constitutes a departure from these principles.

**Compensated Absences**

Employees are entitled to personal time off (PTO), depending on job classification, length of service, and other factors. It is the School's policy to recognize the cost of compensated absences when leave is earned by employees.

**SALPOINTE CATHOLIC HIGH SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Donated Services and In-Kind Contributions**

Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as increases in net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the School reports expirations of donor restrictions when the donated or acquired assets are placed in service. The School reclassifies net assets with donor restrictions to net assets without restrictions at that time.

Volunteers contribute significant amounts of time to the School's program services, administration, and fundraising activities; however the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed in generally accepted accounting principles.

**Functional Allocation of Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and wages	Full-time equivalent
Employee benefits	Full-time equivalent
Clothing, uniforms and gear	Time and effort
Computer equipment	Time and effort
Contract services	Time and effort
Dues, registration and fees	Time and effort
Equipment and furniture	Time and effort
Food and beverages	Time and effort
General repairs and maintenance	Square footage
Insurance	Square footage
Postage and shipping	Full-time equivalent
Printing and duplicating	Full-time equivalent
Professional services	Full-time equivalent
Supplies	Time and effort
Utilities	Square footage
Telephone	Square footage

**SALPOINTE CATHOLIC HIGH SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Advertising**

The School uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. During the current fiscal year, advertising costs totaled \$58,530.

**Income Tax Status**

The School is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and similar State of Arizona tax provisions. Annually, the Roman Catholic Church obtains an updated group ruling determination from the Internal Revenue Service based on an initial determination letter from 1946 that it is exempt from federal income tax. As an entity listed in the Official Catholic Directory, the School is exempt from filing an IRS Form 990, *Return of Organization Exempt from Income Taxes*. However, income from certain activities not directly related to the School's tax-exempt purpose is subject to taxation as unrelated business income.

**New Accounting Pronouncements**

During the fiscal year, the School adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). The update clarifies the principles for recognizing contract revenue and enhances disclosures sufficient to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

During the fiscal year, the School also adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). The update clarifies and improves the scope and accounting guidance for contributions received and contributions made. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional.

Analysis of the provisions of these standards resulted in no significant changes in the way the School recognizes revenue, and therefore no changes to the previously issued audited statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standards.

**Date of Management's Review**

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through October 28, 2020, which is the date the financial statements were available to be issued.

**SALPOINTE CATHOLIC HIGH SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 2 – LIQUIDITY AND AVAILABILITY**

The following represents the School's financial assets at fiscal year end:

Financial assets at year end:	
Cash and cash equivalents	\$ 3,106,235
Tuition receivable, net	28,283
Pledges receivable, net	440,871
Investments	<u>7,848,311</u>
Total financial assets	<u>11,423,700</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	7,015,718
Less: Net assets with purpose restrictions available to be used in less than a year	<u>(3,818,144)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 8,226,126</u>

The School does not have a formal policy or goal regarding operating reserves or specific policies regarding excess cash. The School regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts. The School has a line of credit with \$3.3 million available to meet cash flow needs associated with ongoing capital projects. The \$5.0 million line of credit matures on June 30, 2025, and has an interest rate of 4.5 percent. Interest is due monthly and principal upon maturity. See Note 10 for amounts drawn on the lines of credit as of year end.

**NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS**

Fair value is defined as the price that the School would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date.

Accounting standards establish a three-tier fair value hierarchy that prioritizes the inputs to valuation techniques. Inputs refer broadly to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Observable inputs are those that reflect the assumptions that market participants would use in pricing the asset and are based on market data obtained from independent sources.

**SALPOINTE CATHOLIC HIGH SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS**

Unobservable inputs reflect the School's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

- Level 1: Quoted prices in active markets for identical investments.
- Level 2: Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability.
- Level 3: Unobservable inputs for the asset or liability.

The level of fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Fair Values Measured on Recurring Basis

Fair values of assets measured on a recurring basis at year end are as follows:

	<u>Hierarchy Level</u>	<u>Fair Value</u>
Investments		
Government and corporate bond funds	Level 1	\$ 2,458,484
Municipal bonds	Level 1	218
Equity funds	Level 1	5,389,609
Total assets		<u>\$ 7,848,311</u>

The following methods and assumptions were used to estimate the fair value for each class of financial instrument measured at fair value.

*Investments* – Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

The School recognizes transfers into and out of levels within the fair value hierarchy at the end of the reporting period. There were no transfers between levels during the current fiscal year.

**SALPOINTE CATHOLIC HIGH SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 4 – PLEDGES RECEIVABLE**

Pledges receivable activity for the current year:

Beginning of fiscal year	\$ 1,620,641
Additional pledges received	1,645,000
Payment of pledges	<u>(941,415)</u>
End of fiscal year	<u>\$ 2,324,226</u>

Pledges receivable consist of the following:

Pledges receivable before unamortized discount	\$ 2,324,226
Less: Unamortized discount	<u>(145,094)</u>
Total	2,179,132
Less: Allowance for uncollectibles	<u>(300,277)</u>
Net pledges receivable	<u>\$ 1,878,855</u>
Amounts due in:	
Less than one year	\$ 506,280
One to five years	<u>1,817,946</u>
Total	<u>\$ 2,324,226</u>

The discount rate used to determine the present value of pledges receivable is commensurate with the risks involved and was based on the line of credit rates as of year end. The School considers the donor relationship, the donors' past history of timely payments and the donors' overall creditworthiness.

**NOTE 5 – TUITION REVENUE**

Tuition revenue is shown net of tuition assistance as follows:

Tuition income	\$ 12,606,135
Tuition assistance	<u>(7,083,339)</u>
Total	<u>\$ 5,522,796</u>

**SALPOINTE CATHOLIC HIGH SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 6 – REVENUE FROM CONTRACT WITH CUSTOMERS**

Changes in contract liabilities for the fiscal year are as follows:

	Deferred Tuition	Deferred Sales
Beginning of year	\$ 1,046,058	\$ 21,043
Revenue recognized that was included in contract liabilities at the beginning of the year	(890,948)	(20,493)
Increase in contract liabilities due to cash received during the period	<u>1,017,292</u>	<u>37,830</u>
End of year	<u>\$ 1,172,402</u>	<u>\$ 38,380</u>

**NOTE 7 – ENDOWMENTS**

The School's endowment consists of donor-restricted contributions that were made primarily for the purpose of financial aid. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The Board of Directors of the School has interpreted the State of Arizona's 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 School retains in perpetuity (a) the original value of initial and subsequent gifts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditures by the School in a manner consistent with the standard of prudence prescribed by UPMIFA.

**SALPOINTE CATHOLIC HIGH SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 7 – ENDOWMENTS**

In accordance with UPMIFA, the School considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- a. The duration and preservation of the fund
- b. The purpose of the donor-restricted endowment fund
- c. General economic conditions
- d. The possible effect of inflation and deflation
- e. The expected total return from income and the appreciation of investments
- f. Other resources of the organization
- g. The investment policies of the organization

Endowment Net Asset Composition by Type of Fund as of year end:

	<u>With Donor Restriction</u>
Donor-restricted endowment funds	
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 3,197,574
Accumulated investment gains	<u>1,586,271</u>
Total funds	<u>\$ 4,783,845</u>

**Investment Return Objectives, Risk Parameters and Strategies**

The School has adopted investment and spending policies, approved by the Board, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of four and one half percent, while growing the funds if possible. Therefore, the School expects its endowment assets, over time, to produce an average rate of return of approximately seven and one half percent annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

**SALPOINTE CATHOLIC HIGH SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 7 – ENDOWMENTS**

**Spending Policy**

The School has a policy of appropriating for distribution each year four and one half percent of its endowment fund's average fair value for the previous three year period. In establishing this policy, the School considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The School expects the current spending policy to allow its endowment funds to grow at a nominal average rate of three percent annually. This is consistent with the School's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Changes in Endowment Net Assets as of year end:

	<u>With Donor Restriction</u>
Endowment net assets, beginning of year	\$ 4,765,480
Contributions	42,285
Investment return, net	131,381
Amounts appropriated for expenditure	<u>(155,301)</u>
Endowment net assets, end of year	<u>\$ 4,783,845</u>

**NOTE 8 – NET ASSETS**

Net assets with donor restrictions were as follows:

Specific Purpose	
Capital improvements	\$ 1,902,064
Financial aid scholarships	124,103
Student activities and services	49,716
Instructional	60,268
Athletics	75,526
Charitable annuity	20,196
Endowments	
Subject to appropriation	1,586,271
Perpetual in nature	<u>3,197,574</u>
Total	<u>\$ 7,015,718</u>

**SALPOINTE CATHOLIC HIGH SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 8 – NET ASSETS**

Net assets released from donor restrictions are as follows:

Satisfaction of purpose restrictions	
Capital improvements	\$4,790,167
Financial aid scholarships	147,253
Student activities and services	6,504
Instructional	2,631
Athletics	60,789
Charitable annuity	800
Endowments	<u>155,301</u>
Total	<u>\$5,163,445</u>

**NOTE 9 – PAYCHECK PROTECTION PROGRAM (PPP) LOAN**

The School received approval for a Payroll Protection Program (PPP) loan under the CARES Act on April 11, 2020. The loan will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities within 24 weeks of loan approval (at least 60% of the forgiven amount must be used for payroll). Loan payments will also be deferred for seven months, however interest will continue to accrue. Neither the government nor lenders will charge any fees for the loans. Forgiveness is based on the School maintaining or quickly rehiring employees and maintaining salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease. Recipients must also comply with certain Small Business Administration (SBA) requirements and make certain certifications. The loan has a maturity of two years, an interest rate of 1% if not forgiven, and no prepayment penalty.

While the School intends to seek forgiveness of the PPP loan, the outstanding balance has been presented as a loan payable until forgiveness is formally approved by the lender. If no part of the loan is forgiven, the School anticipates the following repayment schedule.

Year End:		
	2021	\$ 758,614
	2022	<u>948,267</u>
Total loan payments		1,706,881
Less: Amount representing interest		<u>(21,881)</u>
Present value of loan payments		\$ 1,685,000

**SALPOINTE CATHOLIC HIGH SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 9 – PAYCHECK PROTECTION PROGRAM (PPP) LOAN**

The School must complete and submit a loan forgiveness application to the lender in order to receive loan forgiveness. Upon receipt of the loan forgiveness application the lender will determine if the School is entitled to forgiveness of some or all of the loan amount. The lender has 60 days from the receipt of the application to issue a decision to the SBA. As of October 28, 2020 the School has not submitted the loan forgiveness application to the lender.

The School must retain all records relating the PPP loan, including documentation necessary to support the loan forgiveness application and documentation supporting material compliance with program requirements. The School must retain all documentation for six years after the loan is forgiven. The loan forgiveness is subject to audit and adjustment by the SBA. Any ineligible loan amounts may result in the SBA requiring the School repay the loan forgiven in part, or in whole.

**NOTE 10 – LINES OF CREDIT**

Credit line payable consisted of the following:

<u>Description</u>	
Promissory note dated December 18, 2013. Principal amount of \$6.0 million, of which no additional amounts may be advanced. Interest rate is paid monthly at a rate of LIBOR + 1.75 percent with maturity on January 15, 2024; secured by capital campaign pledges receivable and the related cash account.	\$ 245,000
Promissory note dated December 19, 2018. Principal amount of \$5.0 million, of which \$3.3 million was unused at year end. Interest rate of 4.5 percent, with maturity on June 30, 2025; secured by ASPIRE campaign pledges receivable and the related cash account.	1,730,000
	<hr/>
Total credit line payable	<u>\$ 1,975,000</u>

Total interest expense related to the lines of credit for the fiscal year was \$32,663.

**SALPOINTE CATHOLIC HIGH SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 11 – OBLIGATIONS UNDER CAPITAL LEASES**

The School leases sports lighting improvements from PNC Equipment Finance under a capital lease. The economic substance of the lease is that the School is financing the acquisition of the assets through the lease, and, accordingly, it is recorded in the School's liabilities. The related assets are not capitalized or depreciated due to the departure from generally accepted accounting principles.

The lease agreement contains a bargain purchase option at the end of the lease term.

The following is a schedule by years of future minimum payments required under the lease together with their present value as of year end:

Year End:		
	2021	\$ 178,895
	2022	178,895
	2023	<u>178,895</u>
Total minimum lease payments		536,685
Less: Amount representing interest		<u>(5,301)</u>
Present value of minimum lease payments		<u>\$ 531,384</u>

**NOTE 12 – EMPLOYEE BENEFIT PLANS**

The School has a defined contribution plan that qualifies under Section 401(k) of the Internal Revenue Code. The plan covers employees of the School with at least one year of service who have attained at least 21 years of age. The School contributes up to seven percent of gross salaries to the plan for qualified employees. Employees may make contributions to the plan up to 90 percent of their annual wages (excluding bonuses), which are contributed on a pre-income tax basis subject to annual limitations established by the Internal Revenue Service. Plan expenses were \$398,308 for the fiscal year.

# Letter of Specific Intent

## **Letter of Specific Intent**

To Whom it may concern:

Attached to this note is the Deed conveying the property at 1545 E. Copper and 1540 E. Glenn St. from the Roman Catholic Church of the Diocese of Tucson to the Society of Mount Carmel dated July 25, 1955.

The purpose of this conveyance was for the Carmelite Order to own and manage Salpointe Catholic High School.

Additionally, attached is the Lease Agreement and Extension of Lease between the Society of Mount Carmel and Salpointe Catholic.

### **Activities on site:**

Salpointe Catholic High School has operated at this location since 1950. As a Carmelite school, it is dedicated to excellence and responds to the challenges of our times.

Salpointe Catholic is a secondary educational institution that offers a full range of curricula, full competitive athletics, highly-acclaimed fine arts, faith-strengthening religious programs and extra-curricular activities. The activities on site are normal and customary to a private high school with an annual enrollment of up to 1200 students.

### **Other Activities/Uses on site:**

In addition to the school, a portion of the 33 acres contains the Carmelite Priory. It is the residence of Priests (1) and Brothers (2) who work at Salpointe, as well as other retired Carmelite Priests and Brothers (5).

PHONE 3-4744

**EXHIBIT A****SCHOOL LEASE**

DATE OF LEASE	TERM OF LEASE		RENT
	Beginning	Ending	
March <u>23</u> , 1993	01/01/93	6/30/2002	\$100.00 per annum plus additional rent set forth in Paragraph 20.
Location of Premises:			
1545 East Copper Street, Tucson, Arizona together with parking facilities, land and other buildings connected with or contiguous thereto.			
Purpose:			
Operation of a Private, Parochial, Secondary School.			

**LESSEE**

NAME: Salpointe Catholic High School, an Arizona non-profit corporation

ADDRESS: 1545 East Copper Street  
Tucson, Arizona 85719

**LESSOR**

NAME: Society of Mt. Carmel, an Illinois not for profit corporation

1317 Frontage Road  
Darien, Illinois 60559

In consideration of the mutual covenants and agreements herein stated, Lessor hereby leases to Lessee and Lessee hereby leases from Lessor solely for the above purpose the premises designated above (the "Premises"), together with the appurtenances thereto, for the above term.

**RENT**

1. Lessee shall pay Lessor or Lessor's agent as rent for the Premises the sum stated above, annually in advance, until termination of this lease, at Lessor's address stated above or such other address as Lessor may designate in writing.

**CONDITION AND UPKEEP OF PREMISES**

2. Lessee has examined and knows the condition of the Premises and has received the same in good order and repair, and acknowledges that no representations as to the condition and repair thereof have been made by Lessor, or his agent, prior to or at the execu-

tion of this lease that are not herein expressed; Lessee will keep the Premises including all appurtenances, in good repair, replacing all broken glass with glass of the same size and quality as that broken, and will repair or replace any heating, plumbing, air-conditioning or electrical equipment with others of equal quality, and will keep the Premises, including adjoining alleys, in a clean and healthful condition according to the term of this lease at Lessee's expense, and upon the termination of this lease, in any way, will yield up the Premises to Lessor, in good condition and repair, loss by fire and ordinary wear excepted, and will deliver the keys therefor at the place of payment of said rent.

#### **LESSEE NOT TO MISUSE; SUBLET; ASSIGNMENT**

3. Lessee will not allow the Premises to be used for any purpose that will increase the rate of insurance thereon, nor for any purpose other than that hereinbefore specified, and will not load floors with machinery, goods or equipment, beyond the floor load rating prescribed by applicable municipal ordinances, and will not allow the Premises to be occupied in whole, or in part, by any other entity, and will not sublet the same or any part thereof, nor assign this lease without in each case the written consent of the Lessor first had, and Lessee will not permit any transfer by operation of law of the interest in the Premises acquired through this lease, and will not permit the Premises to be used for any unlawful purpose, or for any purpose that will injure the reputation of the building or increase the fire hazard of the building, or disturb the tenants or the neighborhood, and will not permit the same to remain vacant or unoccupied for more than ten consecutive days; and will not allow any signs, cards or placards to be posted, or placed thereon, nor permit any alteration of or addition to any part of the Premises, except by written consent of Lessor; all alterations and additions to the Premises shall remain for the benefit of Lessor unless otherwise provided in the consent aforesaid.

#### **MECHANIC'S LIEN**

4. Lessee will not permit any mechanic's lien or liens to be placed upon the Premises or any building or improvement thereon during the term hereof, and in case of the filing of such lien Lessee will promptly pay same. If default in payment thereof shall continue for thirty (30) days after written notice thereof from Lessor to the Lessee, the Lessor shall have the right and privilege at Lessor's option of paying the same or any portion thereof without inquiry as to the validity thereof, and any amounts so paid, including expenses and interest, shall be so much additional indebtedness hereunder due from Lessee to Lessor and shall be repaid to Lessor immediately on rendition of bill therefor.

#### **INDEMNITY FOR ACCIDENTS**

5. Lessee covenants and agrees that he will protect and save and keep the Lessor forever harmless and indemnified against and from any penalty or damages or charges imposed for any violation of any laws or ordinances, whether occasioned by the neglect of Lessee or those holding under Lessee, and that Lessee will at all times protect, indemnify and save and keep harmless the Lessor against

and from any and all loss, cost, damage or expense, arising out of or from any accident or other occurrence on or about the Premises, causing injury to any person or property whomsoever or whatsoever and will protect, indemnify and save and keep harmless the Lessor against and from any and all claims and against and from any and all loss, cost, damage or expense arising out of any failure of Lessee in any respect to comply with and perform all the requirements and provisions hereof.

#### **NON-LIABILITY OF LESSOR**

6. Except as provided by Arizona statute, Lessor shall not be liable for any damage occasioned by failure to keep the Premises in repair, nor for any damage done or occasioned by or from plumbing, gas, water, sprinkler, steam or other pipes or sewerage or the bursting, leaking or running of any pipes, tank or plumbing fixtures, in, above, upon or about Premises or any building or improvement thereon nor for any damage occasioned by water, snow or ice being upon or coming through the roof, skylights, trap door or otherwise, nor for any damages arising from acts or neglect of any owners or occupants of adjacent or contiguous property.

#### **WATER, GAS AND ELECTRIC CHARGES**

7. Lessee will pay, in addition to the rent above specified, all water, rents, gas and electric light and power bills taxed, levied or charged on the Premises, for and during the time for which this lease is granted, and in case said water rents and bills for gas, electric light and power shall not be paid when due, Lessor shall have the right to pay the same, which amounts so paid, together with any sums paid by Lessor to keep the Premises in a clean and health condition, as above specified, are declared to be so much additional rent and payable with the installment of rent next due thereafter.

#### **KEEP PREMISES IN REPAIR**

8. Lessor shall not be obligated to incur any expense for repairing any improvements upon said demised premises or connected therewith, and the Lessee at his own expense will keep all improvements in good repair as well as in a good tenantable and wholesome condition, and will comply with all local or general regulations, laws and ordinances applicable thereto, as well as lawful requirements of all competent authorities in that behalf. Lessee will, as far as possible, keep said improvements from deterioration due to ordinary wear and from falling temporarily out of repair. If Lessee does not make repairs as required hereunder promptly and adequately, Lessor may but need not make such repairs and pay the costs thereof, and such costs shall be so much additional rent immediately due from and payable by Lessee to Lessor. Lessee's obligation to maintain and repair the premises and improvements thereon shall include all structural repairs and maintenance of any kind.

## **ACCESS TO PREMISES**

9. Lessee will allow Lessor free access to the Premises for the purpose of examining or exhibiting the same, or to make any needful repairs, or alterations thereof which Lessor may see fit to make and will allow to have placed upon the Premises at all times notice of "For Sale" and "To Rent", and will not interfere with the same.

## **ABANDONMENT AND RELETTING**

10. If Lessee shall abandon or vacate the Premises, or if Lessee's right to occupy the Premises be terminated by Lessor by reason of Lessee's breach of any of the covenants herein, the same may be re-let by Lessor for such rent and upon such terms as Lessor may deem fit; and if a sufficient sum shall not thus be realized monthly, after paying the expenses of such re-letting and collecting to satisfy the rent hereby reserved, Lessee agrees to satisfy and pay all deficiency monthly during the remaining period of this lease.

## **HOLDING OVER**

11. Lessee will, at the termination of this lease by lapse of time or otherwise, yield up immediate possession to Lessor, and failing so to do, will pay as liquidated damages for the whole time such possession is withheld, the sum of Five Hundred and 00/100ths Dollars (\$500.00) per day; but the provisions of this clause shall not be held as a waiver by Lessor of any right of re-entry as hereinafter set forth; nor shall the receipt of said rent or any part thereof, or any other act in apparent affirmance of tenancy, operate as a waiver of the right to forfeit this lease and the term hereby granted for the period still unexpired for a breach of any of the covenants herein.

## **EXTRA FIRE HAZARD**

12. There shall not be allowed, kept, or used on the Premises any inflammable or explosive liquids or materials save such as may be necessary for use in the purpose of the Lessee, and in such case, any such substances shall be delivered and stored in amount, and used, in accordance with the rules of the applicable Board of Underwriters and statutes and ordinances now or hereafter in force.

## **DEFAULT BY LESSEE**

13. If default be made in the payment of the above rent, or any part thereof, or in any of the covenants herein contained to be kept by the Lessee, Lessor may at any time thereafter at his election declare said term ended and reenter the Premises or any part thereof, with or (to the extent permitted by law) without notice or process of law, and remove Lessee or any persons occupying the same, without prejudice to any remedies which might otherwise be used for arrears of rent, and Lessor shall have at all times the right to distrain for rent due, and shall have a valid and first lien upon all personal property which Lessee now owns, or may hereafter acquire or have an interest in, which is by law subject to

such distraint, as security for payment for the rent herein reserved.

#### NO RENT DEDUCTION OR SET OFF

14. Lessee's covenant to pay rent is and shall be independent of each and every other covenant of this lease. Lessee agrees that any claim by Lessee against Lessor shall not be deducted from rent nor set off against any claim for rent in any action.

#### RENT AFTER NOTICE OR SUIT

15. It is further agreed, by the parties hereto, that after the service of notice, or the commencement of a suit or after final judgment for possession of the Premises, Lessor may receive and collect any rent due, and the payment of said rent shall not waive or affect said notice, said suit, or said judgment.

#### PAYMENT OF COSTS

16. Lessee will pay and discharge all reasonable costs, attorney's fees and expenses that shall be made and incurred by Lessor in enforcing the covenants and agreements of this lease.

#### RIGHTS CUMULATIVE

17. The rights and remedies of Lessor under this lease are cumulative. The exercise or use of any one or more thereof shall not bar Lessor from exercise or use of any other right or remedy provided herein or otherwise provided by law, nor shall exercise nor use of any right or remedy by Lessor waive any other right or remedy.

#### FIRE AND CASUALTY

18. In case the Premises shall be rendered untenable during the term of this lease by fire or other casualty, Lessor, at his option, may terminate the lease or repair the Premises within 60 days thereafter. If Lessor elects to repair, this lease shall remain in effect provided such repairs are completed within said time. If Lessor shall not have repaired the Premises within said time, then at the end of such time the term hereby created shall terminate. If this lease is terminated by reason of fire or casualty as herein specified, rent shall be apportioned and paid to the day of such fire or other casualty.

#### SUBORDINATION

19. This lease is subordinate to all mortgages which may now or hereafter affect the Premises.

#### ADDITIONAL RENT

20. It is expressly understood by the parties that improvements have been added to the Premises during the last two years for which the construction related charges have not been fully paid and the Lessee may from time to time acquire additional real property

and improvements on, adjacent to or near the demised Premises during the term of this lease. Such additional property or improvements, when acquired, shall become the property of the Lessor as additional rent under this lease and such property and improvements so acquired shall be subject to the terms and conditions of this lease. Lessee agrees to cause title to any such property to be conveyed to the Lessor. Lessee further agrees to fully pay the cost of any improvements constructed on or added to the demised premises as additional rent.

## **INSURANCE**

21. Lessee shall keep in force throughout the term of the lease liability insurance coverages for its operations on the Premises substantially in accordance with the coverages established by Lessor from time to time. Lessee shall provide Lessor with current certificates of insurance at all times and shall name Lessor as an additional insured under said policies. Any new insurer is subject to Lessor's approval, not to be unreasonably withheld. Lessee shall maintain fire and casualty insurance on the Premises and include Lessor as an additional named insured as its interest may appear in amounts not exceeding the reasonable replacement costs of the Premises at Lessee's expense and subject to Lessor's reasonable approval, not to be unreasonably withheld.

## **RENEWAL**

22. Lessee shall have the option to renew this lease for additional ten (10) year terms upon the same terms and conditions as set forth herein. Lessee shall notify Lessor in writing of its intent to renew not less than sixty (60) days prior to the date of expiration of the initial term or any renewal term. Failure to do so notify Lessor shall render this lease null and void upon the last day of the applicable term.

## **PLURALS; SUCCESSORS**

23. The words "Lessor" and "Lessee" wherever herein occurring and used shall be construed to mean "Lessors" and "Lessees" in case more than one person constitutes either party to this lease; and all the covenants and agreements contained shall be binding upon, and inure to, their respective successors, heirs, executors, administrators and assigns and may be exercised by his or their attorney or agent.

## **SEVERABILITY**

24. Wherever possible, each provision of this lease shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this lease shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this lease.

IN WITNESS WHEREOF the parties have set their hand and seal as of the date first above written.

SOCIETY OF MT. CARMEL, an  
Illinois not for profit  
corporation

SALPOINTE CATHOLIC HIGH  
SCHOOL, an Arizona non-profit  
corporation

By Quincy R. Courville, Jr.  
Its President

By Leo M. Carthy, Jr.  
Its President

## EXTENSION OF SCHOOL LEASE

This Extension of School Lease is entered into as of the date stated below by and between Salpointe Catholic High School, an Arizona non-profit corporation ("Lessee") and Society of Mount Carmel of Arizona, an Arizona non-profit corporation ("Lessor").

### Purposes.

Lessee and Lessor (Lessor through its parent corporation and duly authorized agent) entered into an agreement dated March 23, 1993, under the terms of which they entered into a lease for real estate, buildings and equipment (the "School Lease"), the terms of which were attached to that School Lease as Exhibit A, and the same Exhibit A is attached to this agreement. The parties intend by this agreement to acknowledge the continuation of that School Lease and to extend the terms thereof according to the provisions of this agreement. The parties therefore enter into this agreement in order to accomplish those purposes.

### Provisions.

1. The parties acknowledge that the School Lease of March 23, 1993, the provisions of which are stated on Exhibit A attached and made a part of this Agreement, has continued in effect through the date hereof under the same terms and provisions since the ending date of the School Lease of June 30, 2002 except as set forth herein. Each party acknowledges the fulfillment of all of the terms, provisions and obligations stated therein for that period of time.

2. By virtue of this agreement, the parties extend the School Lease for another ten (10) years, commencing on the date of the execution of this agreement, and continuing until the tenth (10<sup>th</sup>) anniversary of that date. In addition, at the Lessee's option, the School Lease may be extended for two (2) additional ten (10) year periods under the same terms, provisions and obligations. The options to extend the School Lease for the two (2) additional periods, shall be automatically exercised by the Lessee unless the Lessee provides Lessor with written notice to the contrary, on or before the expiration of an existing term.

As evidence of their agreement to the foregoing, the parties have caused this agreement to be executed by their respectively authorized officers, as of this 24 day of June, 2013.

#### **Lessor:**

Society of Mount Carmel of Arizona  
an Arizona not for profit corporation

By: Carl J. Markelz  
Rev. Carl Markelz  
Its: President

#### **Lessee:**

Salpointe Catholic High School,  
an Arizona non-profit corporation

By: Kay Sullivan  
Kay Sullivan  
Its: President