



Summary of Financial Status

This summary of the financial status of the Archdiocese of Indianapolis ("Archdiocese") reflects activities of the chancery of the Archdiocese and certain affiliated agencies with direct accountability to the Most Reverend Joseph

W. Tobin, Archbishop of the Archdiocese of Indianapolis. The information presented has been derived from the audited financial statements and does not include the activities of parishes, missions and schools of the Archdiocese. All

significant transactions among entities detailed in this summary have been eliminated. The complete audited financial statements are available for public inspection at www.archindy.org/finance/archdiocese.html.

Chancery and Certain Entities of the Archdiocese of Indianapolis Combined Statements of Financial Position as of June 30, 2014, and 2013

ASSETS	2014	2013
Cash and cash equivalents	\$ 63,176,741	\$ 53,883,925
Investments	156,728,106	142,985,945
Receivables:		
Contributions, net	5,175,831	6,756,225
Deposit and loan fund, net	37,173,461	36,707,207
Amounts due from parishes and other archdiocesan entities, net	3,307,972	3,307,972
Other, net	3,479,504	3,853,201
Total receivables, net	\$ 49,848,152	\$ 50,624,605
Other assets	2,514,174	707,432
Burial spaces and other inventories	3,685,783	3,779,934
Land, buildings and equipment, net	22,589,039	22,212,496
TOTAL ASSETS	\$298,541,995	\$274,194,337
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 5,577,522	\$ 6,753,571
Capital campaign due to parishes	2,690,098	3,942,335
Bonds payable, net	40,358,123	43,689,743
Reserves for self-insurance	1,900,000	2,234,000
Other liabilities	4,827,987	8,138,643
Deposit and loan fund payable	38,053,425	35,344,293
Total liabilities	\$ 93,407,155	\$100,102,585
Net assets:		
Unrestricted	\$174,608,634	\$133,862,926
Temporarily restricted	8,069,600	18,349,865
Permanently restricted	22,456,606	21,878,961
Total net assets	\$205,134,840	\$174,091,752
TOTAL LIABILITIES AND NET ASSETS	\$298,541,995	\$274,194,337

Chancery and Certain Entities of the Archdiocese of Indianapolis Combined Statements of Activities for the years ended June 30, 2014, and 2013

SUPPORT AND REVENUES	2014	2013
Assessments	\$ 10,593,348	\$ 10,387,806
Service fees	25,288,118	23,425,777
Capital campaigns and contributions	11,487,228	10,394,658
Christ Our Hope Appeal	5,214,070	4,957,975
Sales of goods and services	4,910,700	4,684,260
Program service fees and other	7,186,827	6,565,901
Other public support	5,632,213	5,362,517
Interest income and investment return	26,040,499	18,600,898
Total support and revenues	\$ 96,353,003	\$ 84,379,792
EXPENSES		
Salaries and wages	\$ 13,998,877	\$ 13,789,328
Employee benefits and taxes	5,326,533	6,810,494
Health care costs	15,618,664	15,909,925
Retirement plan contributions	4,058,545	3,890,741
Cost of equipment and supplies sold	1,996,563	2,406,430
Administrative and supplies	2,211,459	2,394,113
Property insurance	2,318,006	4,643,057
Depreciation	1,589,076	1,495,680
Repairs and maintenance	1,065,973	965,765
Occupancy costs	1,520,920	1,461,948
Interest	2,523,847	2,474,976
Bad debts	238,347	4,093,482
Professional services	5,870,019	5,705,129
Specific assistance	1,738,294	1,753,829
Contributions	4,801,101	4,860,060
Capital campaign funds donated to parishes and others	1,000	69,510
Other	432,691	4,644,387
Total expenses	\$ 65,309,915	\$ 77,368,854
CHANGE IN NET ASSETS	31,043,088	7,010,938
NET ASSETS: Beginning of year	174,091,752	167,080,814
NET ASSETS: End of year	\$205,134,840	\$174,091,752

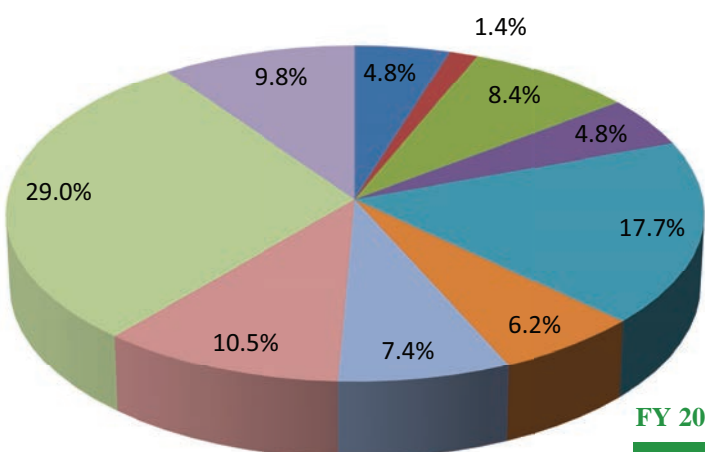


Catholic Community Foundation, Inc.

The Catholic Community Foundation is a separate, not-for-profit corporation established by the Archdiocese of Indianapolis to professionally invest and administer numerous individual endowment funds for the benefit of parishes, schools, agencies and other institutions affiliated with the Archdiocese. As of June 30, 2014, the Catholic Community Foundation comprised 435 separate endowment accounts and 106 charitable gift annuities worth \$169 million.

Asset Allocations as of June 30, 2014 Cash and Investments = \$168,970,702

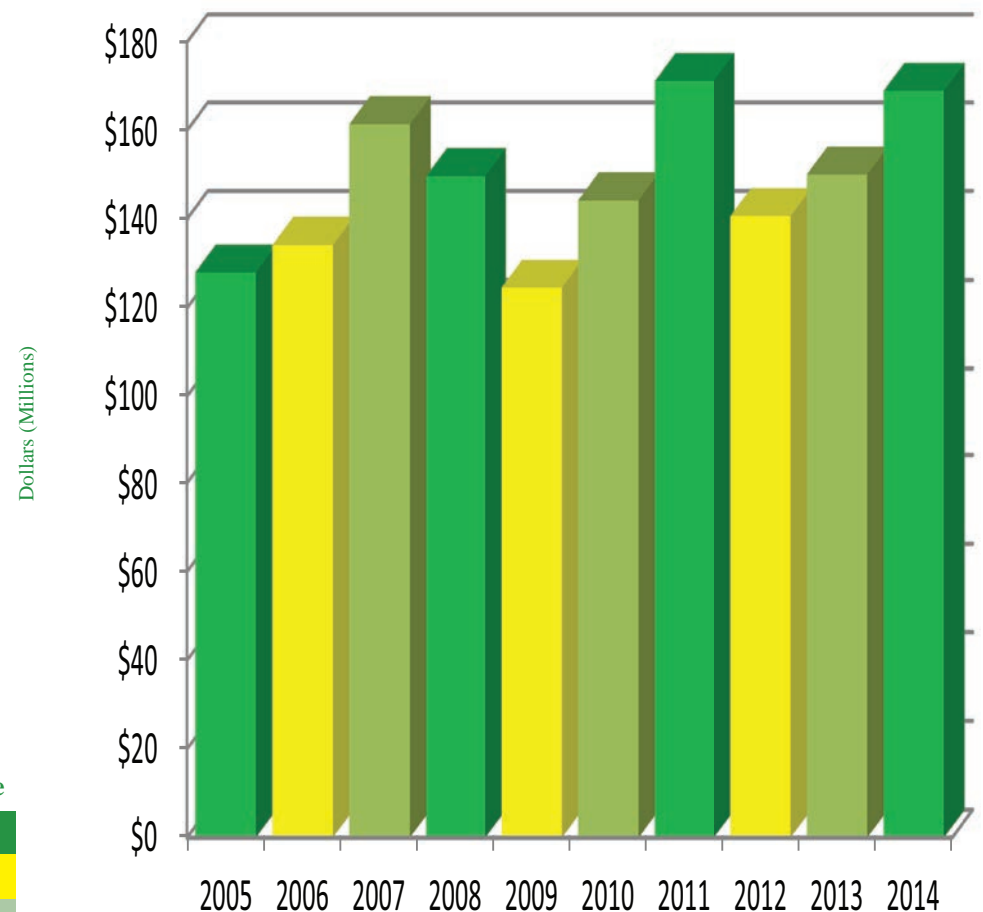
- Real Estate
- Commodities
- Mid Cap Equity Securities
- Emerging Markets and other
- Private Equity
- International Equity Securities
- Large Cap Equity Securities
- Cash
- Small Cap Equity
- Fixed Income



FY 2014 Fund Performance

Composite	15.40%
Equity	24.30%
Fixed	5.00%

Cash and Investments in Millions of Dollars





Chief Financial Officer's Report

The Chancery provides leadership, guidance and support to the Catholic community to proclaim the word of God, celebrate the sacraments and exercise the ministry of charity. The following accountability report reflects that the Archdiocese operates by the Archbishop's definition of stewardship and continues to be good stewards of the Church's resources in leading the Catholic Church of central and southern Indiana. For fiscal year 2014, the chancery and agencies of the Archdiocese continue to operate at a balance or surplus as compared to budget. The financial results were benefitted by a very generous bequest, lower parish bad debt expense, and the reversal of an uncertain tax liability. The parish bad debt expense continues to

trend down as we proactively identify and work with parishes experiencing negative financial issues. Our foundation's net assets increased to \$170 million with \$7.1 million distributed to parishes, schools, cemeteries and ministry agencies this past year. The clergy and lay retirement plans continue to show improvement from the underfunding during the 2008-2010 time periods due to the positive trends in the equity markets.

The Archdiocese welcomes students and their families who are committed to the mission and vision of our Catholic schools to choose Catholic education. In the 2013-2014 school year, the Archdiocese accepted 5,144 Indiana Choice Scholarships, which is 29.8% of our total enrollment, an increase from 3,724, 21.6% of total

enrollment in the 2012-2013 school year. As a participant in the Indiana Choice Scholarship program, we continue to comply with the policies and procedures required under the program as good stewards of any resources we have received.

In conjunction with parish charitable ministries, Archdiocesan Catholic Charities works with individuals, families and communities to help them meet their needs, overcome their obstacles, eliminate oppression, and build a just and compassionate society in central and southern Indiana. Our five agencies, located in Bloomington, New Albany, Indianapolis, Tell City and Terre Haute provide 35 programs, including homeless shelters, food banks and pantries, pregnancy and

adoption services, counseling, adult daycare and support services, and disaster relief assistance. In fiscal year 2014, the agency provided help and created hope for over 181,000 people within the state of Indiana with a budget of \$12 million utilizing 200 staff members and 3,300 volunteers.

Similar to all organizations, the Archdiocese faces many challenges associated with various government laws and regulations enacted over the last several years. They've presented many operational and philosophical issues. We continue to be committed to providing our employees with the solid benefits and other services which are in-line with Catholic teaching, balanced with controlling costs to the employees and parishes, schools and agencies.

Chancery Fiscal Year 2014 Operating Results

The chancery offices and agencies of the Archdiocese of Indianapolis completed its ninth consecutive year with a break even or surplus operating budget. For fiscal year 2013-2014 we ended the fiscal year \$3.3 million or 10% ahead of budget on \$34 million of operational expenses. The operations surpluses were generated mostly from unexpected bequests and contributions.

The Archdiocese continues to be challenged by parish

operating deficits. The financial impact of these parish deficits shows up in the deposit and loan fund operated by the Archdiocese for its parishes ("ADLF"). The ADLF has approximately \$12.7 million in negative net equity as a result of parish loans and interest forgiven over the last 20 years. The ADLF currently operates at a small surplus (inclusive of the current level of annual parish operating deficits) designed to slowly recover this negative equity over a period

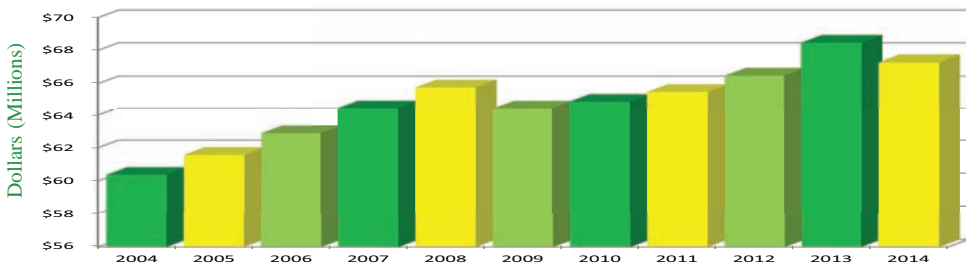
of years. Over the past several years, we've implemented a plan that is designed to help the struggling parishes navigate their financial troubles by identifying areas for improvement, improving the transparency to the parishioners, and reducing or eliminating operating deficits and accumulated debt to the Archdiocese. These efforts are paying off for many parishes as we have fewer parishes with operating debt on their balance sheet and more parishes with a balanced budget.

Parish and Archdiocesan Stewardship

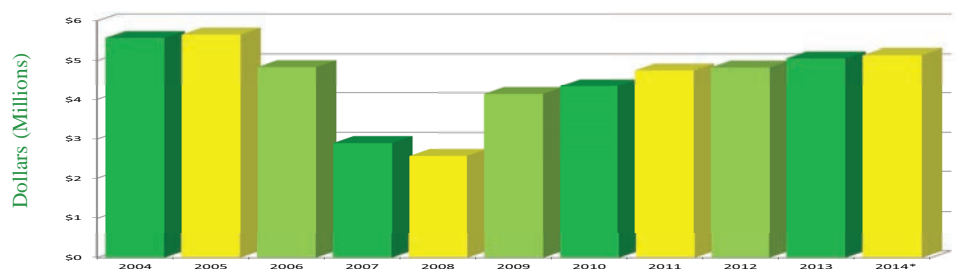
For the fiscal year ended June 30, 2014, parish stewardship, through Sunday and holy day collections, experienced a slight decrease compared to the previous fiscal year. The less than 2% decrease compared to fiscal year 2013 is partially related to financial reporting issues as the Archdiocese implements the Connected in the Spirit initiative in many of our deaneries. Many of our parishes continue to see the positive trend of increased or consistent giving at the parish level, which demonstrates the strong and steady member commitment despite our current economic environment and the changes facing many of our parishes.

The FY 2014 annual parish and archdiocesan community United Catholic Appeal: Christ Our Hope experienced a modest increase in recorded revenues. The FY 2014 appeal also enabled parishes to direct resources into those ministries closest to their community. The appeal received pledges totaling \$5.2 million in fiscal year 2014, compared to the pledges of \$5.1 million in FY 2013. While the annual appeal continues to trend upward, we are still below our historic highs.

Parish Sunday and Holy Day Collections (2004 through 2014)



United Catholic Appeal: Christ Our Hope (2005 through 2014)



*2014 fiscal year appeal not complete as of printing.

Parish Services: Insurance and Benefit Plans

The Archdiocese operates several insurance plans, employee and priest benefit plans, and other services on behalf of parishes, schools, agencies and employees. Two of the larger plans are the lay employee health insurance plan and the property and liability insurance plan. Despite the challenging economic environment, both of these plans continue to experience positive results.

Lay Employee Health Insurance Plan

Since 2007 the Archdiocese has been operating a high deductible health insurance plan, complete with Health Savings Accounts (HSA) for our lay employees. While medical and dental expenses trend upward on a national basis, our claims experience has trended much lower and has contributed to generating a surplus in this plan. Most years since the inception of our high deductible plan, we have been able to give back to both the employees participating via bonus contributions to their personal HSA and back to parishes, schools and agencies via premium reductions. We have also funded an endowment with some of the surplus that is designed to be used to offset significant expense increases in the future. In fiscal years 2012 and 2011, we spent a portion of the surplus from the Lay Health plan to close the funding gap for our Lay Retirement plan (see section Parish Services: Priest and Lay Employee Retirement Plans).

Property and Liability Insurance Plan

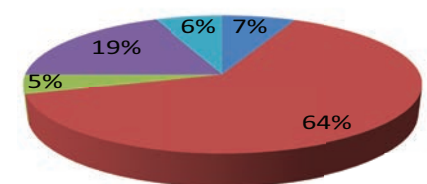
The property insurance plan also experienced positive results for the 2013-2014 fiscal year. The continued positive results have enabled us to fund a property insurance reserve fund in the Catholic Community Foundation of \$9 million. The reserve fund was established to protect parishes, schools and agencies against catastrophic losses and will help to mitigate annual insurance cost increases. The Archdiocese was also able to maintain our self-insurance level at \$1 million for the 2013-2014 fiscal year, which translates into lower premiums paid by our parishes, schools, and agencies for property and liability insurance.

Priest and Lay Employee Retirement Plan

The Archdiocese administers a defined benefit plan for the priests and both a defined benefit plan (Lay Pension Plan) and defined contribution plan (Lay 403(b) Plan) for eligible lay employees employed at the various parishes, schools, and agencies throughout the Archdiocese. Over the past several years we've communicated the funding challenges the Archdiocese and individual parishes face to fully fund the two defined benefit plans. While positive investment results will assist in closing the gap, the Archdiocese has also contributed additional funding to assist in alleviating the funding deficit. In fiscal years 2011 and 2012, additional contributions to the Lay Pension Plan of \$6.3 million were made. Our most recent report from our plan actuaries as of January 1, 2013, indicates that the Lay Pension Plan was underfunded by \$10.9 million for a funding level of 84%, an improvement from a 76% funding level in 2011. In September 2011 the Chancery announced changes to this plan and effective January 1, 2012, no newly hired employees are eligible to participate in the Lay Pension Plan. Existing employees as of that date will continue to accrue benefits in the Lay Pension Plan. In addition to the Lay Pension Plan, the Archdiocese provides a retirement savings plan, or 403(b) Plan, whereby both employees and employer can contribute. Beginning in January 2012 the Archdiocese increased the match of employer contributions. The Archdiocese matches 50% of up to a maximum of 8% of employee eligible compensation. This match is an increase from 50% of 6% of eligible wages prior to 2012. The Archdiocese remains fully dedicated to providing retirement benefits to its employees that meet or exceed market recommendations upon retirement. However, as we continue to focus on funding levels of our existing retirement plans and research industry practices in this area, we may need to re-assess the specifics of our retirement plan structure.

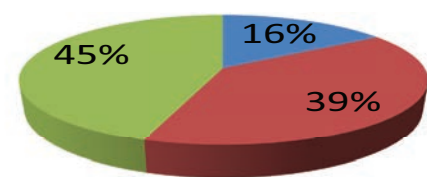
FY 2014 Health Care Expenses

- Administration
- Health claims
- Health premiums
- HSA Contributions
- Wellness

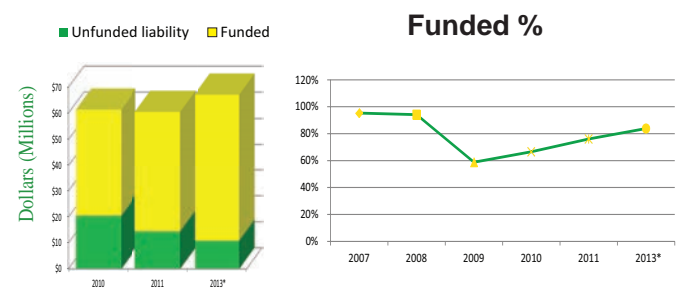


FY 2014 Property and Liability Expenses

- Administration-related expenses
- Property and liability claims expenses
- Insurance premiums expenses



Lay Employee Retirement Plan Funded Status



*Actuarial valuation reports are obtained every other year starting in 2011.

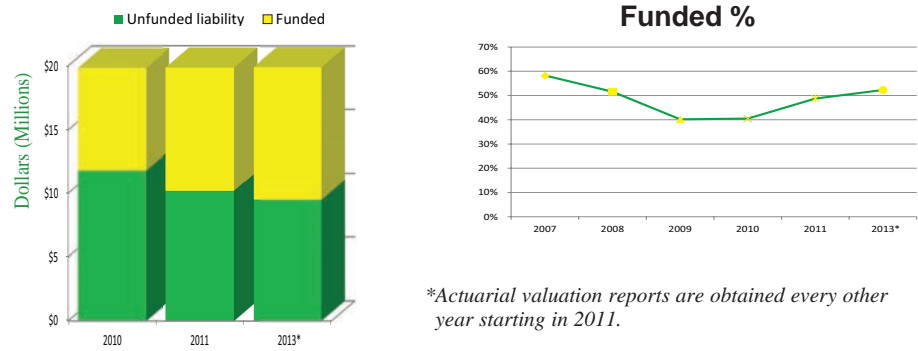


Chief Financial Officer's Report

Priest and Lay Employee Retirement Plans (cont.)

Similar to the Lay defined benefit plan, the most recent actuarial valuation report as of January 1, 2013 indicates that the priest retirement plan is underfunded by \$9.5 million, which represents a funding level of only 52%. This is also an improvement over the 2011 actuarial funding analysis that reported a funding level of 49%. We look to invest new dollars and continue to recover investment losses in the plans, as the funding level of each of these benefit plans is a priority for the Archdiocese. For financial reporting purposes, these pension plans are considered to be multiemployer plans, since the financial activity of parishes and other entities of the Archdiocese, which contribute to these plans, is not included in the audited combined financial statements. There are neither separate valuations of plan benefits nor segregation of plan assets specifically for the Chancery.

Priest Retirement Plan Funded Status



Expenses Related to Sexual Misconduct Lawsuits

In fiscal year 2014, approximately \$43,000 was spent to provide counseling for victims of sexual misconduct perpetrated or alleged to have been perpetrated by priests or lay employees of the Archdiocese. Approximately \$47,000 was spent for these purposes in fiscal year 2013. Through January 2014, we have settled a total of twelve sexual abuse lawsuits through mediation with an average settlement per case of \$150,000. Additionally, approximately \$56,000 was spent for legal fees to defend the Archdiocese from sexual misconduct lawsuits in 2014. In 2013, \$60,000 was spent in legal defense costs. There are currently two additional cases in litigation.

Archdiocesan Grants Awarded

Thanks to the generosity of the parishes in the Archdiocese and a special bequest, we have three endowments in the Catholic Community Foundation that have been established such that the annual distributions are used to award grants in the Archdiocese to parishes, schools and agencies. These grant opportunities are awarded through an application process and target home mission opportunities; growth and expansion initiatives in the Archdiocese; and matching grants for capital needs in our parishes, schools and agencies.

St. Francis Xavier Home Missions Fund

The St. Francis Xavier Home Mission Endowment Fund was established to provide grants to home mission parishes in the Archdiocese. The annual distribution from the endowment is combined with the funds the parishes direct that are collected over and above the parish United Catholic Appeal goal. These funds are then awarded to home mission parishes and schools. These grants began in 2002, and since their inception we have disbursed approximately \$3.9 million to support our parishes and schools with the greatest needs. The endowment that is established to support these grants had a June 30, 2014 balance of \$4.4 million, which allows us to distribute approximately \$200,000 in grants each year. In 2014, the United Catholic Appeal overages added an additional \$100,000, which allowed for a total of over \$300,000 in grant awards.

Growth and Expansion Endowment Fund

The Growth and Expansion Endowment Fund was established to provide grants to parishes, schools and agencies in the Archdiocese that are growing their existing ministries consistent with the overall strategic plan of the Archdiocese. Since the inception of this granting fund we have disbursed approximately \$930,000 to support various growth opportunities in ministry and capital throughout the Archdiocese. The endowment that is established to support these grants had a June 30, 2014 balance of \$3.4 million, which allows for approximately \$155,000 in annual grant funding.

James P. Scott Capital Improvement Endowment Fund

This endowment fund was made possible by an undesignated estate gift to the Archdiocese from James P. Scott. The annual distributions will be provided in the form of a matching grant or award to support parish, school and agency capital projects that demonstrate the greatest potential impact on an archdiocesan program, parish or the larger Catholic community. The endowment had a June 30, 2014, balance of \$5.7 million, which generates annual grants of about \$270,000.

For more information on the grant process, please visit the Finance Office webpage at www.archindy.org/finance/grant or contact Stacy Harris in the Finance Office at sharris@archindy.org.

Catholic Community Foundation, Inc

The Catholic Community Foundation's total cash and investments were \$169 million at June 30, 2014. The composite investment returns for the year were 15.4%, driven by the equity returns which were quite volatile over the course of the year. The Foundation investments have returned a very respectable 5.8% (annualized) since the inception of the current investment structure in January 1995 despite facing one of the worst 10-year periods in history of the U.S. equity markets. Parishes, schools and agencies of the Archdiocese added 31 new endowments during the year, bringing the total number of endowments held in the foundation to 435. The endowments distributed over \$7.2 and \$6.7 million respectively in fiscal years 2014 and 2013, to support parish, school and agency ministries, demonstrating the ability of endowments to provide long-term funding for ministries.

Operating Budget for 2014-2015

For the 2014-2015 fiscal year we anticipate a break-even operating budget on approximately \$35.9 million of total operating expenses. We anticipate the most significant challenges to include:

- Continuing to manage and assist parishes challenged by operating deficits.
- Strengthening the support with our parishes for the United Catholic Appeal and other Archdiocesan-wide mission initiatives.
- Continuing to manage and assist our center city schools in balancing their supported budgets.
- Providing parishes, schools and agencies with sound employee benefits, which include health and other employee insurance programs and retirement plans, while minimizing cost.
- Managing and assisting parishes, schools and agencies with compliance issues to protect our organization's assets, employees, volunteers and any other stakeholders.

On the other hand, we have several positive opportunities:

- Utilizing the benefit of state vouchers in our school system while providing quality Catholic-based education.
- Structuring our assets to better match liabilities, enabling us to manage our risks and opportunities.
- Continuing strong growth in the Catholic Community Foundation with an increase in endowments and charitable gift annuities.

Accountability

Accountability is an important part of our stewardship responsibilities. Each year, the Archdiocese subjects itself to the scrutiny of an independent audit. The firm of Deloitte & Touche LLP performed the audit for the last fiscal year. The audited financial statements are available for inspection through the Office of Accounting Services or at www.archindy.org/finance/archdiocese. Archdiocesan leadership has established and regularly confers with the Archdiocesan Finance Council. The council, whose existence is required by canon law, focuses on financial policies, procedures and activities of the Church in central and southern Indiana. Current members of the Archdiocesan Finance Council are:

Rev. Joseph W. Tobin..... Archbishop, Chairman
 Rev. William F. Stumpf..... Vicar General and Moderator of the Curia

Jerry Williams..... President, St. Simon the Apostle, Indianapolis
 Greg Monte..... Vice President, St. Patrick, Terre Haute

Members

Daniel L. DeBard..... St. Patrick, Terre Haute
 Kenneth J. Hedlund..... St. Matthew the Apostle, Indianapolis
 Scott Nickerson..... St. Pius X, Indianapolis
 Dan Riley..... St. Luke the Evangelist, Indianapolis
 Timothy Robinson..... St. Joan of Arc, Indianapolis

Brian Burkert..... Chief Financial Officer, Staff

This past fiscal year marked continuing financial advancement for the parishes, schools and agencies of the Archdiocese of Indianapolis as we worked to build a sound financial footing. Revenues continued to grow, expenses generally fell in line with or below budget expectations, and we've seen a recovery in the investment markets. We continue to place great emphasis on improving the financial stability of those parishes experiencing deficit operations. May God lead us toward continued success in our ministries.

Respectfully submitted,

Brian Burkert, CPA
 Chief Financial Officer