

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 Rev. Msgr. William F. Stumpf,

Administrator 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, 2016, and 2015

ASSETS	2016	2015
Cash and cash equivalents	\$ 65,495,491	\$ 68,108,630
Investments	158,075,262	162,053,761
Receivables:		
Contributions—net	5,685,551	4,684,287
Deposit and loan fund—net of allowances of \$2,140,00 and \$2,300,000 in 2016 and 2015, respectively	32,877,034	34,987,402
Amounts due from parishes and other archdiocesan entities—net of allowances of \$13,560,000 and \$13,320,000 in 2016 and 2015, respectively	5,441,694	4,211,418
Other—net of allowances of \$296,000 and \$311,000 in 2016 and 2015, respectively	6,519,242	5,899,635
Total receivables—net	\$50,523,521	\$ 49,782,742
Other assets	430,153	501,931
Burial spaces and other inventories	3,444,334	3,589,299
Land, buildings and equipment, net	22,093,165	22,645,563
TOTAL ASSETS	\$ 300,061,926	\$ 306,681,926
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 5,788,140	\$ 6,032,104
Capital campaign due to parishes	1,661,536	2,356,301
Bonds and interest payable	41,399,811	43,801,748
Reserves for self-insurance	3,868,000	1,607,000
Other liabilities	5,246,816	5,158,701
Deposit and loan fund payable	42,429,944	45,501,994
Total liabilities	\$ 100,394,247	\$ 104,457,848
NET ASSETS:		
Unrestricted	\$ 170,530,020	\$ 171,306,594
Temporarily restricted	5,882,344	7,938,377
Permanently restricted	23,255,315	22,979,107
Total net assets	\$ 199,667,679	\$ 202,224,078
TOTAL LIABILITIES AND NET ASSETS	\$ 300,061,926	\$ 306,681,926

See notes to combined financial statements.

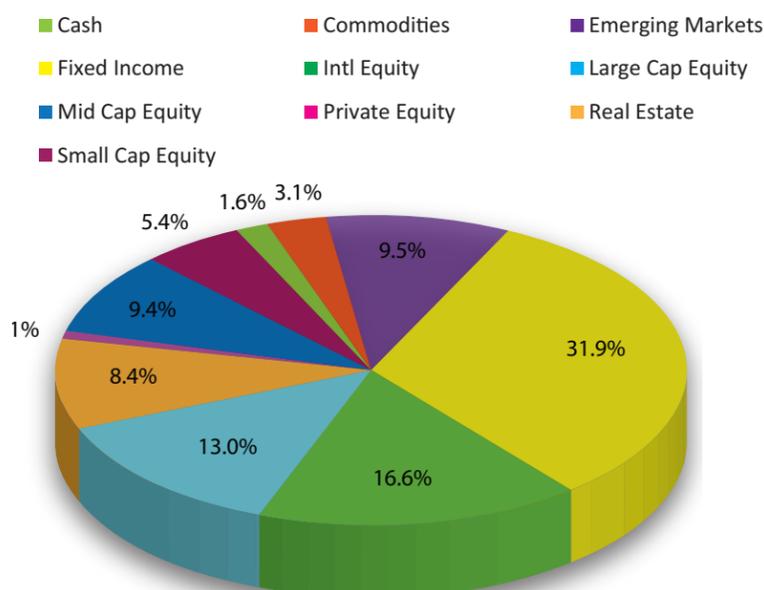
Chancery and Certain Entities of the Archdiocese of Indianapolis Combined Statements of Activities for the years ended June 30, 2016, and 2015

SUPPORT AND REVENUES	2016	2015
Assessments	\$ 10,931,176	\$ 11,057,732
Service fees	28,775,657	26,068,113
Capital campaigns and contributions	11,148,827	12,147,706
United Catholic Appeal	6,377,945	6,348,592
Sales of goods and services	4,369,166	4,124,243
Program service fees and other	7,957,901	7,370,017
Other public support	5,834,320	7,372,511
Interest income and investment return	\$ 1,218,699	\$ 64,844
Total support and revenues	\$ 76,613,691	\$ 74,553,758
EXPENSES		
Salaries and wages	\$ 15,473,046	\$ 14,547,888
Employee benefits and taxes	7,894,457	6,341,915
Health care costs	18,621,217	17,784,164
Retirement plan contributions	5,663,269	4,099,364
Cost of equipment and supplies sold	1,849,220	1,819,448
Administrative and supplies	2,137,464	2,236,172
Property insurance	3,671,760	2,129,112
Depreciation	1,633,520	1,579,307
Repairs and maintenance	1,301,900	1,087,734
Occupancy costs	1,596,024	1,564,441
Interest	1,747,730	1,853,652
Bad debts	533,223	(95,587)
Professional services	6,725,361	6,772,320
Specific assistance	1,770,781	1,546,552
Contributions	6,145,182	7,551,544
Other	2,405,936	2,101,724
Total expenses	\$ 79,170,090	\$ 72,919,750
CHANGE IN NET ASSETS	(2,556,399)	1,634,008
Consolidated of Related Entity	0	(4,544,770)
TOTAL CHANGE IN NET ASSETS	(2,556,399)	(2,910,762)
NET ASSETS: Beginning of year	202,224,078	205,134,840
NET ASSETS: End of year	\$ 199,667,679	\$ 202,224,078

CATHOLIC COMMUNITY FOUNDATION, INC.

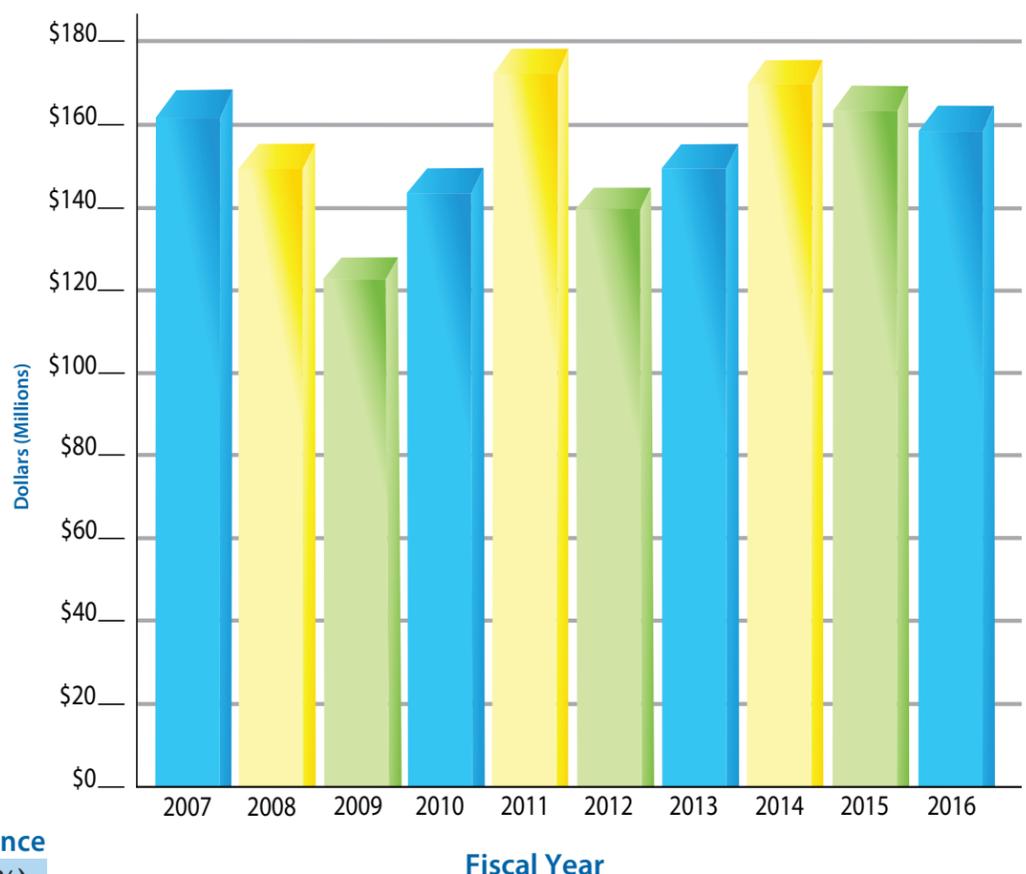
The Catholic Community Foundation is a separate, not-for-profit corporation established by the Archdiocese of Indianapolis to professionally invest and administer numerous individual endowment funds for the benefit of parishes, schools, agencies and other institutions affiliated with the Archdiocese. As of June 30, 2016, the Catholic Community Foundation comprised 466 separate endowment accounts and 106 charitable gift annuities worth \$161 million.

Asset Allocations as of June 30, 2016 Cash and Investments = \$158,490,365



FY 2016 Fund Performance	
COMPOSITE	(0.8%)
EQUITY	(5.4%)
FIXED	5.9%

Cash and Investments in Millions of Dollars



The Chancery staff assists the Archbishop in providing leadership, guidance and support for the Catholic Community to proclaim the word of God, celebrate the sacraments and exercise the ministry of charity. We operate in alignment with the Archbishop's definition of stewardship: do what you can, with what you have, when you believe in God. As shown in this accountability report, we continue to serve the Catholic Community of Central and Southern Indiana within a balanced budget. This discipline is expected of all Archdiocesan ministries and we will not debt finance ministry without a clear means to fund repayment. The Archdiocese of Indianapolis is grateful for the many gifts of time, talent and treasure that we receive and in turn take great care in utilizing our resources in an honest, ethical, compassionate and just manner. While the Archdiocese of Indianapolis is comprised of numerous parishes, schools and

agencies, we are united as one Catholic Church. This unity is reflected within our shared funds and plans, whereby combining our resources enables us to lower costs and create greater efficiency.

The Archdiocese faces many external challenges similar to other organizations within the United States. Over the past year, we have taken steps to comply with the various regulatory requirements such as the Affordable Care Act, various executive actions from the president of the United States and Federal agencies as well as state directives. This has required an investment of resources in a new information systems and the creation of an Archdiocesan Compliance Committee. The Compliance Committee's purpose is to ensure compliance with federal and state laws, grant program requirements, and Archdiocesan policies and ethical standards. While changes have been challenging for our

parishes and employees throughout archdiocese, we will maintain our Catholic identity and comply with civil law.

In addition to regulatory compliance, the volatility of the U.S. and world markets continues to impact our investment returns for the Catholic Community Foundation and our pension plans. Markets sold off in January and February of 2016 amid concerns of a slowing global economy, weakening corporate profitability, and increased instability the geopolitical environment with wars and terrorism creating the largest number of refugees since WW II. Turmoil in China, falling oil prices, slow growth in the Euro zone, and an increasing dollar hurt performance for the international markets. Markets rebounded during March though the early part of June based on improving expectations for US GDP growth and the continued strength in the U.S.

Job front. The unexpected Brexit vote by the UK led to increased volatility at the end of the fiscal year. The Federal Reserve continues to maintain a historical low rate interest environment, which has been in place since the major market correction in 2009-2010. We continue to follow our investment policy statement and will maintain our Catholic principals in following the USCCB socially responsible guidelines, which may lower our returns due to activities of high growth industries that are contrary to our Catholic Values. We continue to monitor and adjust our strategies as needed to sustain our resources and to continue the mission of the Church.

The following sections of the accountability report provide more detail of the activity of the Chancery to lead, guide and support our Catholic Community of Central and Southern Indiana.

CHANCERY FISCAL YEAR 2016 OPERATING RESULTS

The chancery offices and agencies of the Archdiocese of Indianapolis have a robust, dedicated effort for budgeting and monitoring its operations. Each year we budget at a break even point for our general operations and each year we work to meet or exceed those expectations by managing expenses and conservatively budgeting revenues. For fiscal year 2015-2016 we ended the fiscal year within \$700,000 of budget on \$26.5 million of operational expenses.

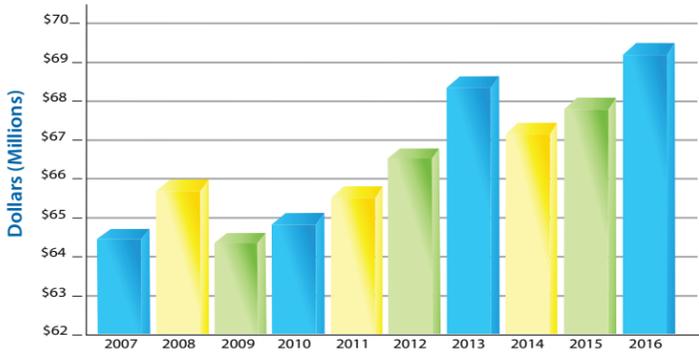
The archdiocese has historically been challenged by parish operating deficits and underperforming construction loans. The financial impact of these parish loans show up in the deposit and loan fund operated by the archdiocese for its parishes ("ADLF").

The ADLF has approximately \$11.0 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

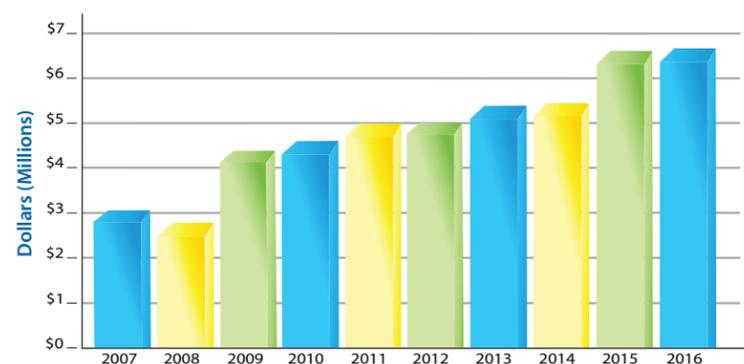
For the fiscal year ended June 30, 2016, parish stewardship, through Sunday and holy day collections, experienced an increase compared to the previous fiscal year. The 2% increase compared to fiscal year 2015 is a good indicator of the strength of our parishes as many of them have completed the Connected in the Spirit process. Many of our parishes have a historical, positive trend of increased or consistent giving at the parish level which demonstrates the strong and steady member commitment.

Parish Sunday and Holy Day Collections (2007-2016)



The FY 2016 annual parish and archdiocesan community United Catholic Appeal: Christ our Hope received annual pledges totaling \$6.4 million consistent with the pledges of \$6.3 million in FY 2015. Every dollar raised through the United Catholic Appeal directly supports ministries and programs that strengthen Catholic education and faith formation, encourage vocations by educating our seminarians and deacons and sustaining our retired priests, and caring for people most in need across the 39 counties of the Archdiocese. The results of last year's appeal really demonstrates the enthusiasm that our parishioners share for the ministry work being done throughout the Archdiocese.

United Catholic Appeal: Christ Our Hope (2007-2016)



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. In many of the early years since the inception of our high deductible plan, we were 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 partially close the funding gap for our Lay Retirement plan (see section Parish Services: Priest and Lay Employee Retirement Plans). In recent years, we announced our first premium increases to participants and locations since its inception to help offset the rising claim costs within this plan. We continue to actively manage this plan through benefit improvements, wellness initiatives and low-cost options to reduce the likelihood and magnitude of premium increases in the future.

Property and Liability Insurance Plan

The property insurance plan has experienced positive results for the past decade. The continued positive results have enabled us to fund a property insurance reserve fund in the Catholic Community Foundation of \$9.9 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 2016-2017 fiscal year which translates into lower premiums paid by our parishes, schools, and agencies for property and liability insurance.

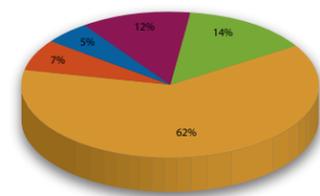
Priest and Lay Employee Retirement Plans

The archdiocese administers a defined benefit plan (Priest Pension Plan) for the priests and both a defined benefit (Lay Pension Plan) and defined contribution plan (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, 2016 indicates that the Lay Pension Plan was underfunded by \$31.4 million or a funding level of 64%, a marked decrease in funding levels from 2013 and 2011 which had funding levels of 84% and 76%, respectively. The large increase in the unfunded liability is a result of poorer than anticipated investment results within the portfolio of assets backing the plan and some changes to the actuarial assumptions within the plan to be in line with industry norms.

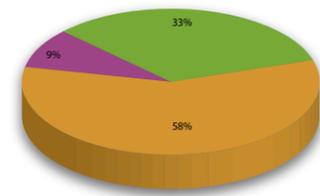
FY 2016 Health Care Expenses

Administration Health claims Health premiums
HSA Contributions Wellness

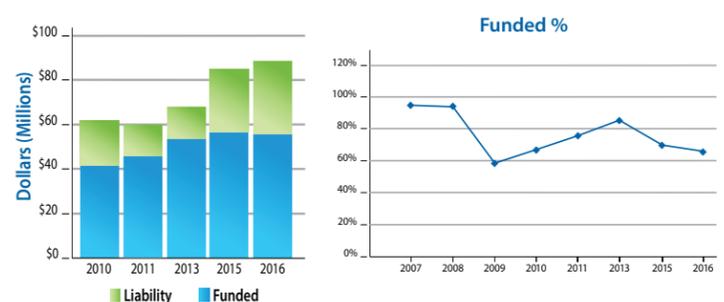


FY 2016 Property and Liability Expenses

Administration related expenses Property and liability claims expenses
Insurance premiums expense



Lay Employee Retirement Plan Funded Status



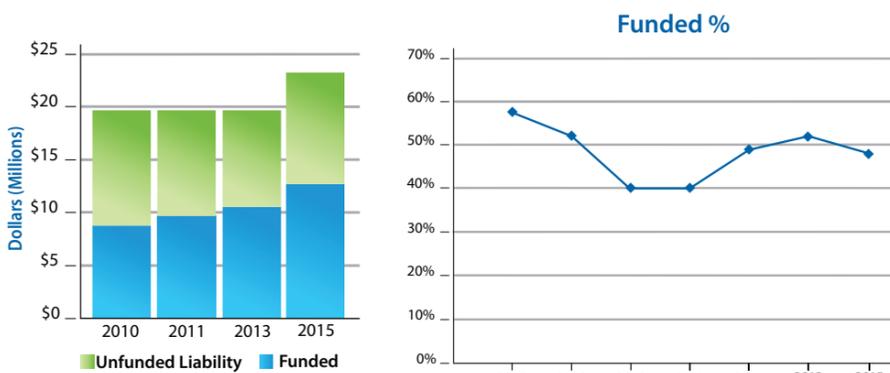
Priest and Lay Employee Retirement Plans (cont.)

In addition to the Lay Pension Plan, the Archdiocese provides a retirement savings plan or 403b 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. Coinciding with this increase in employer match for the 403(b) Plan, The Chancery also announced changes to the Lay Pension Plan that took effect January 1, 2012. Starting on that date, no newly hired employees were eligible to participate in the Lay Pension Plan. Existing employees as of that date did continue to accrue benefits in the Lay Pension Plan. Freezing the plan to new entrants and bolstering the benefits within our 403b retirement plan was seen as only the first step of several to correct a serious funding issue within this legacy pension plan for lay employees.

In early 2016, the leadership team took the next step to ensure our retirement benefits for lay employees are fully adequate for employees and not a financial burden to our parishes, schools and agencies and their ministries. After much research and prayerful consideration, the difficult decision was made that no new benefits will be earned under the lay pension plan as of July 1, 2016. After July 1, 2016, we will continue to fund the benefits previously earned under the plan, but no new benefits will accrue in the future. Going forward, the employee 403(b) savings plan will continue to be the focus of our efforts to provide our employees with an adequate vehicle for retirement savings. The underfunding issue in our Lay Pension Plan does not go away with this decision, but it does change the magnitude and duration of it. We will continue to budget for and fund the Lay Pension Plan annually into the future.

The Archdiocese remains fully dedicated to providing retirement benefits to its employees that meet or exceed market recommendations upon retirement.

Priest Retirement Plan Funded Status



Similar to the Lay Pension Plan, the most recent actuarial valuation report for the Priest Pension Plan as of January 1, 2015 indicates that the plan is underfunded by \$12.3 million, which represents a funding level of only 48 percent. This is comparative to the funding levels in 2013 and 2011 which had 52% and 49% levels, respectively. We look to invest new dollars and hope to recover investment losses in the plans, as the funding level of this Priest Pension Plan 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.

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 inception we have disbursed approximately \$4.9 million to support our parishes and schools with the greatest needs. The endowment that is established to support these grants had a June 30, 2016 balance of \$4.1 million which allows us to distribute approximately \$210,000 in grants each year. In 2016, the United Catholic Appeal overages added an additional \$380,000 which allowed for a total of \$590,000 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 \$1.3 million 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, 2016 balance of \$3.0 million which allows for approximately \$160,000 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, 2016 balance of \$5.0 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 \$158.5 million at June 30, 2016. The composite investment returns for the year were -0.8% driven by the equity returns which were quite volatile over the course of the year. The Foundation investments have returned a very respectable 6.9% (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 15 new endowments during the year, bringing the total number of endowments held in the foundation to 466. The endowments distributed over \$7.5 and \$7.7 million respectively in fiscal years 2016 and 2015, to support parish, school and agency ministries, demonstrating the ability of endowments to provide long-term funding for ministries.

OPERATING BUDGET FOR 2016-2017

For the 2016-2017 fiscal year we anticipate a break-even operating budget on approximately \$37.8 million of total operating expenses. We anticipate the most significant challenges to include:

- Managing and assisting the parishes that continue to be challenged by operating deficits or large construction related debts
- Continuing efforts to make prudent, difficult decisions on our retirement plans to alleviate the financial stress present within parishes and the Chancery due to their underfunded status
- Maintaining the support within our parishes for the United Catholic Appeal
- Managing our city center schools to balance their supported budgets and provide a high quality Catholic education in one of the most impoverished regions of our diocese
- Providing parishes, schools and agencies with sound employee benefit and service plans while minimizing cost increases and meeting the guidelines within the Affordable Care Act
- Redefining our investment strategy to increase market returns while still following the Catholic investing guidelines

On the other hand, we have several positive opportunities:

- Celebrating the strong support for catholic education within our diocese while utilizing the benefit of state vouchers in our school system to provide quality Catholic-based education
- Continuing strong growth in the Catholic Community Foundation with an increase in endowments, planned giving opportunities and charitable gift annuities
- Completing the Connected in the Spirit process for the remaining deaneries which will allow us to focus on strengthening all parish communities and deepening their ministries in their communities

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:

Open..... Archbishop, Chairman
Rev. William F. Stumpf..... Archdiocesan Administrator
Brian Burkert..... Chief Financial Officer

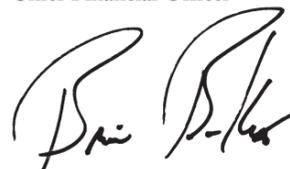
Members

Marie Ameis..... Sts Francis and Clare, Greenwood
J. Patrick Byrne..... St. Mary-of-the-Knobs, Floyds Knobs
Pat Carney..... St. Patrick, Terre Haute
Kevin Halloran St. Charles Borromeo, Bloomington
Lance Lyday St. Simon the Apostle, Indianapolis
Greg Monte..... St. Patrick, Terre Haute
Scott Nickerson St. Pius X, Indianapolis
Karen Pipes St. Elizabeth Ann Seton, Richmond
Dan Riley St. Luke, Indianapolis
Jerry Williams St. Simon, Indianapolis

This past fiscal year marked continuing financial advancement for the parishes, schools and agencies of the Archdiocese of Indianapolis as we work to strengthen the core of all our ministries. We continue to place great emphasis on improving the financial stability of those parishes experiencing financial hardship. May God lead us toward continued success in our ministries.

Respectfully submitted,

Brian Burkert
Chief Financial Officer



Brian Burkert, CPA
Chief Financial Officer