Chancery and Certain Entities of the Archdiocese of Indianapolis

Combined Financial Statements as of and for the Years Ended June 30, 2017 and 2016, with Additional Combining and Supplemental Information as of and for the Year Ended June 30, 2017, and Independent Auditors' Report

CHANCERY AND CERTAIN ENTITIES OF THE ARCHDIOCESE OF INDIANAPOLIS

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INDEPENDENT AUDITORS' REPORT

To the Audit Committee of the Roman Catholic Archdiocese of Indianapolis, Inc.
Indianapolis, Indiana

Report on the Financial Statements

We have audited the accompanying combined financial statements of the Chancery and Certain Entities of the Archdiocese of Indianapolis (the "Chancery"), which comprise the combined statements of financial position as of June 30, 2017 and 2016, and the related combined statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the combined financial statements of the Chancery and Certain Entities of the Archdiocese of Indianapolis referred to above present fairly, in all material respects, the combined financial position of the Chancery as of June 30, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters—Supplemental Combining Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplemental combining information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in our audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

Other Matters—Other Accompanying Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The other accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in our audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2017, on our consideration of the Chancery's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Chancery's internal control over financial reporting and compliance.

Deloitte & Touche LLP

November 16, 2017

CHANCERY AND CERTAIN ENTITIES OF THE ARCHDIOCESE OF INDIANAPOLIS

COMBINED STATEMENTS OF FINANCIAL POSITION AS OF JUNE 30, 2017 AND 2016 (in thousands)

	2017	2016
ASSETS		
CASH AND CASH EQUIVALENTS	$ 68,597	$ 65,495
INVESTMENTS	173,036	158,075
RECEIVABLES:		
Contributions—net	4,478	5,685
Deposit and loan fund—net of allowances of $2,030 and $2,140 in 2017 and 2016, respectively	33,533	32,877
Amounts due from parishes and other Archdiocesan entities—net of allowances of $13,170 and $13,560 in 2017 and 2016, respectively	5,530	5,442
Other—net of allowances of $128 and $296 in 2017 and 2016, respectively	6,391	6,519
Total receivables—net	49,932	50,523
OTHER ASSETS	287	431
BURIAL SPACES AND OTHER INVENTORIES	3,298	3,444
LAND, BUILDINGS, AND EQUIPMENT—Net	21,583	22,093
TOTAL	$316,733	$300,061
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	$ 7,088	$ 5,787
Capital campaign due to parishes	1,233	1,662
Bonds and interest payable	37,331	41,400
Reserves for self-insurance	2,671	3,868
Other liabilities	5,679	5,247
Deposit and loan fund payable	46,196	42,430
Total liabilities	100,198	100,394
NET ASSETS:		
Unrestricted	184,813	170,530
Temporarily restricted	7,837	5,882
Permanently restricted	23,885	23,255
Total net assets	216,535	199,667
TOTAL	$316,733	$300,061

See notes to combined financial statements.

CHANCERY AND CERTAIN ENTITIES OF THE ARCHDIOCESE OF INDIANAPOLIS

COMBINED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017
(in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUES:				
Assessments	$ 10,888	$ -	$ -	$ 10,888
Service fees	28,453	12		28,465
Capital campaigns and contributions	7,216	504	630	8,350
United Catholic Appeal	4,621	1,858		6,479
Sales of goods and services	4,790			4,790
Program service fees and other	7,807	160		7,967
Other public support	5,732	350		6,082
Interest income and investment return	21,285	3,593		24,878
Net assets released from restrictions	4,522	(4,522)		-
Total support and revenues	95,314	1,955	630	97,899
EXPENSES:				
Salaries and wages	15,753			15,753
Employee benefits and taxes	6,508			6,508
Health care costs	22,689			22,689
Retirement plan contributions	5,386			5,386
Cost of equipment and supplies sold	1,828			1,828
Administrative and supplies	2,210			2,210
Property insurance	3,594			3,594
Depreciation	1,649			1,649
Repairs and maintenance	1,391			1,391
Occupancy costs	1,639			1,639
Interest	1,946			1,946
Bad debts	(180)			(180)
Professional services	6,900			6,900
Specific assistance	1,790			1,790
Contributions	5,941			5,941
Other	1,987			1,987
Total expenses	81,031	-	-	81,031
CHANGE IN NET ASSETS	14,283	1,955	630	16,868
NET ASSETS—Beginning of year	170,530	5,882	23,255	199,667
NET ASSETS—End of year	$184,813	$ 7,837	$23,885	$216,535

See notes to combined financial statements.

CHANCERY AND CERTAIN ENTITIES OF THE ARCHDIOCESE OF INDIANAPOLIS

COMBINED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016
(in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUES:				
Assessments	$ 10,931	$ -	$ -	$ 10,931
Service fees	28,705	71		28,776
Capital campaigns and contributions	8,772	2,059	318	11,149
United Catholic Appeal	4,501	1,877		6,378
Sales of goods and services	4,369			4,369
Program service fees and other	7,935	23		7,958
Other public support	5,461	373		5,834
Interest income and investment return	1,351	(132)		1,219
Net assets released from restrictions	6,369	(6,327)	(42)	-
Total support and revenues	78,394	(2,056)	276	76,614
EXPENSES:				
Salaries and wages	15,475			15,475
Employee benefits and taxes	7,894			7,894
Health care costs	18,621			18,621
Retirement plan contributions	5,663			5,663
Cost of equipment and supplies sold	1,849			1,849
Administrative and supplies	2,137			2,137
Property insurance	3,672			3,672
Depreciation	1,634			1,634
Repairs and maintenance	1,302			1,302
Occupancy costs	1,596			1,596
Interest	1,748			1,748
Bad debts	533			533
Professional services	6,725			6,725
Specific assistance	1,771			1,771
Contributions	6,145			6,145
Other	2,406			2,406
Total expenses	79,171	-	-	79,171
CHANGE IN NET ASSETS	(777)	(2,056)	276	(2,557)
NET ASSETS—Beginning of year	171,307	7,938	22,979	202,224
NET ASSETS—End of year	$170,530	$ 5,882	$23,255	$199,667

See notes to combined financial statements.

CHANCERY AND CERTAIN ENTITIES OF THE ARCHDIOCESE OF INDIANAPOLIS

COMBINED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2017 AND 2016 (in thousands)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 16,868	$ (2,557)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,649	1,634
Amortization of bond issuance costs, bond discounts and bond premiums	34	6
Provision for losses on receivables	(180)	533
Net (gain) loss on investments, realized and unrealized	(17,750)	6,209
Net (gain) loss on sale of land, buildings, and equipment	31	
Proceeds from contributions restricted for long-term investment	(702)	(391)
Changes in certain assets and liabilities:		
Receivables	1,317	(3,544)
Burial spaces and other inventories	146	145
Other assets	(64)	(2)
Accounts payable and accrued expenses	1,301	(244)
Capital campaign due to parishes	(429)	(695)
Reserves for self-insurance	(1,197)	2,261
Other liabilities	401	60
Net cash provided by operating activities	1,425	3,415
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(106,482)	(18,350)
Proceeds from investments sold or matured	109,272	16,119
Purchases of land, buildings, and equipment	(1,169)	(1,081)
Changes in deposit and loan fund receivable	(546)	2,270
Net cash provided by (used in) investing activities	1,075	(1,042)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Change in deposit and loan fund payable	3,766	(3,072)
Payment of bonds payable	(3,849)	(2,289)
Payments of mortgage liability	(17)	(17)
Proceeds from contributions restricted for investment in:		
Endowment	630	318
Property and equipment	72	73
Net cash provided by (used in) financing activities	602	(4,987)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,102	(2,614)
CASH AND CASH EQUIVALENTS—Beginning of year	65,495	68,109
CASH AND CASH EQUIVALENTS—End of year	$ 68,597	$ 65,495
SUPPLEMENTAL DISCLOSURES—		
Cash paid for interest	$ 1,992	$ 1,792

See notes to combined financial statements.

1. NATURE OF OPERATIONS

Principles of Consolidation and Combination—The financial statements include the consolidated accounts of ADI Schools Inc. and combined accounts of the following legal entities (collectively, the Chancery and Certain Entities of the Archdiocese of Indianapolis or the Chancery): Roman Catholic Archdiocese of Indianapolis, Inc., Bishop Simon Bruté College Seminary, Inc., Our Lady of Fatima Retreat House, Inc., St. Mary's Child Center, Inc., Catholic Youth Organization of the Archdiocese of Indianapolis, Inc., CYO Camp Rancho Framasa, Inc., Criterion Press, Inc., Archdiocese of Indianapolis Cemeteries, Inc., Catholic Community Foundation, Inc., Catholic Charities of the Archdiocese of Indianapolis, Inc., Catholic Charities Indianapolis, Inc., Catholic Charities Bloomington, Inc., Catholic Charities Terre Haute, Inc., St. Elizabeth Catholic Charities, Inc., Catholic Charities Tell City, Inc., and Terre Haute Catholic Charities Foodbank, Inc. These legal entities are organized into secretariats, as described below.

All transactions among the entities included in the consolidated and combined financial statements have been eliminated. The financial statements do not include the parishes, missions, schools, and certain other archdiocesan activities.

Chancery—Certain administrative functions of the Archdiocese of Indianapolis (the "Archdiocese") are centered in the Chancery, which oversees the overall operations of the Archdiocese, including all ministry, mission, and social service activities of the various agencies and parishes and provides training, resources, and leadership for the activities undertaken by these agencies.

Clergy, Religious and Parish Life Coordinators—This secretariat is responsible for assisting in the assignment, training, and support of clergy, parish life coordinators, and seminarians in accordance with canon law, including Bishop Simon Bruté College Seminary.

Worship and Evangelization—This secretariat is responsible for coordinating the ministries of religious education for adults, youth, and children, evangelization, worship, adult initiation and retreat ministry, including Our Lady of Fatima Retreat House (Fatima Retreat House). Fatima Retreat House provides facilities for parish gatherings, personal and directed retreats, spiritual and educational programs, and group meetings in an environment conducive to prayer, spiritual enrichment, reflection, relaxation, and creative thinking.

Catholic Schools—This secretariat is responsible for coordinating the ministries of education, including Catholic schools, the Catholic Youth Organization (CYO), and St. Mary's Child Center (SMCC) in order to teach and share Catholic beliefs, traditions and values. CYO provides programmed spiritual, cultural, social and physical development for young people to help provide a sense of Christian responsibility. CYO also conducts summer residential and year-round outdoor education at Camp Rancho Framasa in Brown County (Indiana). SMCC was established for the purpose of serving children at risk for a wide range of social, emotional, economic and environmental problems. SMCC offers a preschool for children at risk for developmental delays in Indianapolis, IN.

Pastoral Ministries—This secretariat is responsible for collaborating with parishes and campus ministries of the archdiocese to assist them in the lifelong process of forming disciples. This includes youth ministry, young adult and college campus ministry, intercultural ministries, lay ministry formation, and pro-life and family life ministries.

Communications—This secretariat is responsible for Archdiocesan communications, including The Criterion, media relations, archdiocesan publications, print services, advertising, content of the archdiocesan web site, special events, and video and audio productions. The Archdiocese publishes a weekly Catholic newspaper named The Criterion, which is mailed to all registered parishioners of the Archdiocese.

Finance and Administrative Services—This secretariat is responsible for coordinating the financial, accounting, information technology, and management services of the Archdiocese. Accounting responsibilities include administering the Archdiocesan Deposit and Loan Fund, processing payroll for all archdiocesan entities, and performing the accounting duties for the entities included in these combined financial statements. Finance and Administrative Services also provides financial services to parishes by assisting parishes with budgeting and financial management.

Stewardship and Development—This secretariat serves the parishes, schools and agencies of the Archdiocese by providing education and consultation about stewardship and development. Stewardship and Development coordinates the United Catholic Appeal effort, development efforts for the Catholic Charities, Catholic education, archdiocesan-wide capital campaigns, and other stewardship activities.

Vicariate Judicial—This secretariat is responsible for assisting the Archbishop in the judicial affairs of the Archdiocese in accordance with canon law.

Parish Shared Services and Support—Parish Shared Services and Support is responsible for maintaining the health care and benefit plans of the Archdiocese including lay person retirement plan contributions and administering of health and welfare benefits for employees throughout the Archdiocese. Parish Shared Services and Support also coordinates the property insurance and cemetery services for the Archdiocese. The Catholic Cemeteries Association is made up of eight cemeteries including St. Malachy North and St. Malachy West in Brownsburg, IN, and Calvary, Holy Cross, St. Joseph, and Our Lady of Peace cemeteries in Indianapolis, IN, and Calvary and St. Joseph cemeteries in Terre Haute, IN.

Archdiocesan Deposit and Loan Fund—The Archdiocesan Deposit and Loan Fund (ADLF) was established by the Archdiocese to provide parishes and Archdiocesan agencies with a source for low-cost loan funding of capital improvements and major renovations. Each parish and agency is required to deposit amounts in excess of those required for operations into the ADLF. The policy is established by the Archbishop with the advice and counsel of the Archdiocesan Finance Council and is administered by the Chief Financial Officer of the Archdiocese.

Catholic Community Foundation—The majority of the Archdiocesan endowment activities occur through the Catholic Community Foundation (CCF). The CCF is a separate nonprofit corporation that promotes the establishment and growth of endowment funds and planned giving to provide perpetual funding for participating parishes, schools, agencies, and institutions of or within the Archdiocese. Distributions from endowment funds are used to meet the financial needs of entities as restricted by the donor or as designated by the participating organizations. CCF investments are managed by external investment managers and are supervised by the Board of Directors of the CCF.

Catholic Charities—The Archdiocese, through the Secretariat for Catholic Charities, oversees the work of five social service agencies with locations throughout the Archdiocese and is responsible for coordinating various social ministries of the Archdiocese to work for peace and social justice through service and advocacy.

These social service agencies include Catholic Charities Indianapolis (CCI), Catholic Charities Bloomington (CCB), St. Elizabeth Catholic Charities (SECC), Catholic Charities Tell City (CCTC), and Catholic Charities Terre Haute (CCTH), (collectively, "Catholic Charities").

- CCI provides a variety of human service programs to individuals, families, children and seniors, including counseling, financial and material assistance, after-school care, emergency shelter, refugee replacement and adult day care in the Indianapolis, IN area. CCI also provides support for women experiencing unintended, crisis pregnancies. CCI has a licensed, full service adoption agency, providing lifelong birth parent and adoptive parent support, adoption search and home studies for domestic and international placements.

- CCB provides counseling services and outreach services to both individuals and groups in Bloomington, IN and the surrounding counties. CCB also operates a homeless shelter for women and children in Bedford, IN.

- SECC is located in New Albany, IN and provides a variety of services to Indiana and Kentucky residents. These services include residential housing for pregnant teens and women; residential housing for adult women with children; adoption services; mental health counseling; supported living program for developmentally delayed adults; Court Appointment Special Advocates program (CASA) for Floyd and Washington counties; court appointed supervised visitation; and distribution of baby items to the community.

- CCTC operates a food pantry, material support for pregnant women and mothers, family strengthening program, book delivery for elderly shut-ins and financial assistance in the Tell City, IN area.

- CCTH provides human service programs to individuals and families, including assisted living for the elderly, emergency shelter facilities, soup kitchens, adult day activity programs and a youth center for underprivileged children in Terre Haute, IN. CCTH acts as the fiscal agent for the Ryves Neighborhood Association; a program designed to provide community building and organizing in an effort to improve the safety and condition of the neighborhood. CCTH also operates the regional food bank for the Wabash Valley serving seven counties.

ADI Schools, Inc.—ADI Schools, Inc. (ADI) was established in 2009 to operate two Indianapolis Mayor sponsored charter schools, Andrew Academy and Padua Academy. In May 2011, the Archdiocese guaranteed repayment on the issuance of bonds for construction at the two facilities where ADI Schools, Inc. operated its schools. The debt is secured by the facilities and future construction.

In August 2014, ADI Schools, Inc. announced plans to surrender the charters for their two schools at the end of the 2014-2015 school year. St. Anthony Catholic School, operated by the Notre Dame ACE Academies, opened for the 2015-2016 school year in the facility previously occupied by Padua Academy. Another charter school management company has entered into a seven-year lease with ADI Schools, Inc. and Archdiocese of Indianapolis Properties, Inc. for the facility previously occupied by Andrew Academy. ADI Schools, Inc. will continue to hold the debt related to both construction bonds and receive the lease payments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—The classification of the Chancery's net assets and its support, revenues, expenses, gains, and losses is based on the existence or absence of donor-imposed restrictions. Net assets are grouped into the following three categories:

Unrestricted Net Assets—Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Archbishop.

Temporarily Restricted Net Assets—Net assets whose use by the Chancery is subject to donor-imposed stipulations that can be fulfilled by actions of the Chancery pursuant to those stipulations or that expire by the passage of time.

Permanently Restricted Net Assets—Absent donor stipulations to the contrary, permanently restricted net assets consist of net assets subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by the Chancery.

Cash and Cash Equivalents—Cash equivalents include money market funds and certificates of deposit purchased with original maturities of three months or less. For these short-term investments, cost approximates the fair market value.

Investments—Investments are recorded at fair value, with the unrealized gains and losses reflected in the combined statement of activities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The CCF investment committee and management periodically reviews investment results and valuations utilizing market information provided by CCF's investment advisers and custodian. See Note 3 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Unrealized (depreciation) appreciation includes the Chancery's gains and losses on investments bought and sold as well as held during the year.

Archdiocesan Deposit and Loan Fund (ADLF)—Deposit and loan fund receivable consists of loans made to parishes and agencies. Deposit and loan fund payable consists of deposits made by parishes and agencies. The parishes and agencies receive statements on ADLF deposit and loan accounts on a monthly basis. Specifically for loan accounts, an allowance for uncollectible amounts is monitored and assessed regularly by management. The allowance is based on quantitative and qualitative factors on the ability of the related parish or agency to repay the loan (see Note 6).

Amounts Due from Parishes and Other Archdiocesan Entities—The Chancery provides centralized purchasing and other benefit related services to parishes, schools and agencies. These amounts are charged monthly. Management provides for probable uncollectible amounts through an allowance based on the ability of the related entity to repay the outstanding amounts (see Note 6).

Burial Spaces and Other Inventories—Inventory is valued at the lower of cost or market. Unsold burial space (land and mausoleum) is valued at cost, determined using the average cost method. Other inventories are valued at cost determined on a first-in, first-out basis.

Land, Buildings, Equipment, and Depreciation—Land, buildings, and equipment are recorded at cost or, if donated, at fair value as of the date of contribution, less accumulated depreciation. The Chancery reviews long-lived assets for impairment whenever events or changes in circumstances indicate that their carrying value may not be recoverable. Depreciation is provided on a straight-line basis over the estimated useful life of the related asset. The estimated useful lives of buildings, which includes building improvements, range from 5 to 20 years, while the estimated useful lives of equipment range from 3 to 10 years. Maintenance and repairs are expensed as incurred.

Capital Campaign Due to Parishes—Capital campaign due to parishes is comprised of the portion of contributions raised through the Legacy for Our Mission campaign which is to be returned to parishes as well as amounts collected in excess of parish goals for the annual United Catholic Appeal. Funds received through capital campaigns are remitted to the parishes approximately one month following donor collection.

Assessments and Service Fees—Revenue from assessments and service fees is recognized when earned in the period assessed. All revenue from assessment and service fees are from related parties.

Goods and Services—Revenue from the sale of goods or services are recognized when the goods are delivered or the services are performed.

Contributions and Contributions Receivable—Unconditional promises to give are recorded in the period pledged as contributions receivable and classified as unrestricted, temporarily restricted, or permanently restricted revenue, depending on the existence and nature of any donor restrictions. The Chancery reports gifts of cash or other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a temporary restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statement of activities as net assets released from restrictions. If a donor restriction is satisfied in the same year contributed, the contribution is reported as an increase in unrestricted net assets. Net assets released for the years ended June 30, 2017 and 2016 include purpose restrictions satisfied for Catholic Charities, Fundraising Campaigns, and other.

Also included in capital campaigns and contribution revenue on the combined statements of activities are endowment contributions received from unrelated donors and financially interrelated entities. Financially interrelated entities include parishes, schools, and agencies of the Archdiocese of Indianapolis.

Contributions receivable as of June 30 consist of the following:

	2017	2016
Contributions expected to be received in less than one year	$2,904	$3,448
Contributions expected to be received in one to five years	1,532	1,609
Contributions expected to be received in more than five years	843	1,365
Unamortized discount	(264)	(337)
Allowance for uncollectible contributions receivable	(537)	(400)
Total contributions receivable—net	$4,478	$5,685

Contributed Rent, Services, and Materials—Certain donated rent, services, and materials are reflected as contributions and expense at the estimated fair value as of the date of receipt. Donated services for specialized skills are recorded as contributions and expenses at the estimated value at the time the service is rendered, based on competitive equivalent rates. Other donated services and materials received are not reflected in the combined financial statements since fair market values at the date of donation are not reasonably determinable. Absent donor-imposed restrictions regarding how long the contributed assets must be used, the Chancery reports expirations of donor-imposed restrictions when the related contributed asset is placed into service. In-kind contributions of $813 and $852 are included in contribution revenue in the combined statement of activities for the years ended June 30, 2017 and 2016, respectively.

Fundraising Costs—The Chancery accounts for fundraising events by applying the direct costs associated with these events against the gross proceeds from the events within program service fees and other revenue in the combined statement of activities. Direct fundraising costs for the years ended June 30, 2017 and 2016 are $681 and $806, respectively.

Tax Status—The Archdiocese is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is classified as a public charity under Section 509(a) under the group tax exemption of the United States Catholic Conference and included in the Official Catholic Directory for 2017.

Prior to June 2009, the Archdiocese was an unincorporated association of entities. In June 2009, the Archdiocese underwent a legal restructuring to create separate legal entities for many of its operating divisions. While the day-to-day activities of the Archdiocese did not change, its post-restructuring operations are carried out by the Archdiocese and numerous separate legal entities. After the restructuring, certain of these separate legal entities were no longer exempt from IRS filing requirements as church organizations and file annual Federal or State information returns as required.

Accounting principles generally accepted in the United States of America (U.S. GAAP) requires the Chancery to evaluate any tax positions taken and recognize a tax liability (or asset) if the Chancery has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Chancery has evaluated all tax positions and concluded that there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the combined financial statements as of June 30, 2017 or 2016. The Chancery is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any year in progress. Fiscal years ended June 30, 2015 through June 30, 2017 remain open and subject to examination.

Concentration of Credit Risk—The Chancery maintains the majority of its cash and cash equivalents with a financial institution located in Indianapolis, Indiana. Generally, such cash and cash equivalents are in excess of insurance limits mandated by the Federal Depository Insurance Corporation.

Estimates—The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of support and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risks and Uncertainties—The Chancery invests in various securities including corporate stocks, fixed income mutual funds, and collective trust funds. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the combined statements of financial position and combined statements of activities.

New Accounting Pronouncements—In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 makes several improvements to current reporting requirements such as the presentation of statement of financial position amounts for two classes of net assets rather than for the currently required three classes, disclosures around restrictions on net assets, information provided about expenses of the period and presentation of operating cash flows. ASU 2016-14 is effective for the Chancery beginning on July 1, 2018. The Chancery is currently evaluating the effect this guidance will have on the combined financial statements and disclosures.

In May 2015, the FASB issued ASU 2015-07, *Disclosures for Investments in Certain Entities that Calculate Net Asset Value* (“NAV”) *per Share (or its Equivalent)*. ASU 2015-07 eliminates the requirement to categorize investments in the fair value hierarchy if the fair value is measured at net asset value per share (or its equivalent) using the practical expedient in the FASB’s fair value measurement guidance. ASU 2015-07 was adopted as of June 30, 2017, and was applied retrospectively as of June 30, 2016. The adoption of ASU 2015-07 impacted the disclosure of the fair value hierarchy table in Note 3.

In April 2015, the FASB issued ASU 2015-03, *Simplifying the Presentation of Debt Issuance Cost*. This ASU requires an entity to present such costs in the balance sheet as a direct deduction from the related debt liability rather than as an asset. Amortization of the costs will continue to be reported as interest expense. ASU 2015-03 was adopted as of June 30, 2017. The adoption of ASU 2015-03 did not have a significant impact on the combined statements of financial position and disclosures. The adoption of ASU 2015-03 had no impact on the combined statements of activities and combined statements of cash flows.

In February 2015, the FASB issued ASU 2015-02, *Amendments to the Consolidations Analysis*. The amendments in this update provide guidance under U.S. GAAP about limited partnerships, which will be variable interest entities, unless the limited partners have either substantive kick-out rights or participation rights. It also changes the effect that fees paid to a decision maker or service provider have on consolidation analysis and amends how variable interest held by related parties affect the consolidation conclusion. ASU 2015-02 is effective for the Chancery beginning on July 1, 2017. The Chancery is currently evaluating the effect this guidance will have on the combined financial statements and disclosures.

In August 2014, the FASB issued ASU 2014-15, *Presentation of Financial Statements-Going Concern*. The amendments in this update provide guidance in U.S. GAAP about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. In doing so, the amendments should reduce diversity in the timing and content of footnote disclosures. ASU 2014-15 is effective for the Chancery on July 1, 2017.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also specifies the accounting for some costs to obtain or fulfill a contract with a customer, and indicates an entity should disclose sufficient information to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. This guidance is effective for the Chancery beginning on June 1, 2020. An entity should apply the amendments in this update retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this update recognized at the date of initial application. The Chancery is currently evaluating the effect this guidance will have on the combined financial statements and disclosures.

3. INVESTMENTS

The Chancery follows FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, which requires entities to establish valuation techniques to measure fair value of financial assets and liabilities according to a three level hierarchy. The three levels of the fair value hierarchy are as follows:

Level 1—assets and liabilities measured at quoted prices in an active market accessible at the date of measurement. Quoted market prices provide the most reliable evidence of fair value.

Level 2—assets and liabilities measured at other than quoted prices in an active market (Level 1) that are observable either directly or indirectly.

Level 3—assets and liabilities measured at unobservable inputs, there is minimal if any measurable market activity.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of June 30, 2017 and 2016. The Chancery adopted ASU 2015-07 as of June 30, 2017 and retrospectively applied it to the June 30, 2016 investments disclosures.

Common Stock Equities—Fair value for individual equity securities is based on the closing prices in active markets.

Fixed Income Mutual Funds—Valued at the daily closing price as reported by the fund. Level 1 mutual funds held by the Chancery are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The Level 1 mutual funds held by the Chancery are deemed to be actively traded.

Collective Trust Fund, Real Estate, and Other Funds—Level 1 assets are valued at the exchange traded price. All other assets are valued at the net asset value provided by the investment manager. The net asset value is used as a practical expedient to estimate fair value. The net asset value is based on the fair value of the underlying investments held by the funds less their liabilities.

While the Chancery believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. Investment assets for which market quotations are not readily available are fair valued in accordance with management established procedures that includes consultation with the independent investment committee and investment consultants.

The following tables set forth by level within the fair value hierarchy the Chancery's investment assets at fair value as of June 30, 2017 and 2016. Certain investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the combined statements of financial position.

	Fair Value Included in Combined Statement of Financial Position	Fair Value Hierarchy		
		Level 1	Level 2	Level 3
As of June 30, 2017				
Cash equivalents	$ 6,403	$ 6,403	$ -	$ -
Investments:				
Common stock equities:				
Commodities—ETF	5,535	5,535		
Equities—domestic	57,009	57,009		
Equities—international	34,386	34,386		
Fixed income mutual funds:				
Government backed securities	5,761	5,761		
Mortgage backed securities	1,799	1,799		
Total return	26,703	26,703		
High yield	7,224	7,224		
Collective trust fund valued at NAV	18,512			
Real estate and other funds	12,503	12,503		
Real estate and other funds valued at NAV	3,604			
Total investments	173,036	150,920	-	-
Total recurring fair value measurements	$179,439	$157,323	$ -	$ -

As of June 30, 2016	Fair Value Included in Combined Statement of Financial Position	Fair Value Hierarchy Level 1	Level 2	Level 3
Cash equivalents	$ 3,231	$ 3,231	$ -	$ -
Investments:				
Common stock equities:				
Commodities—ETF	5,083	5,083		
Equities—domestic	34,280	34,280		
Equities—international	41,636	41,636		
Fixed income mutual funds:				
Government backed securities	399	399		
Mortgage backed securities	4,996	4,996		
Bank loans	7,975	7,975		
Total return	35,459	35,459		
High yield	2,272	2,272		
Collective trust fund valued at NAV	10,496			
Real estate and other funds	11,151	11,151		
Real estate and other funds valued at NAV	4,328			
Total investments	158,075	143,251	-	-
Total recurring fair value measurements	$161,306	$146,482	$ -	$ -

As of June 30, 2017 and 2016, the fair value of $3,039 and $2,353 of charitable gift annuities were included in investments, respectively. As of June 30, 2017 and 2016, an immaterial amount of charitable gift annuities were held in cash and cash equivalents. Offsetting liabilities of $2,626 and $2,102 are included in accounts payable and accrued expenses as of June 30, 2017 and 2016, respectively, for those charitable gift annuities in which the beneficiary is an entity other than the Chancery. This liability includes the guaranteed payments to donors and is recorded at net present value based on actuarially determined life expectancy tables. The discount rate used to calculate the present value of the liability ranges from 1.8% to 4.6%

There were no significant transfers between levels during the years ended June 30, 2017 and 2016.

Interest income and investment return for the years ended June 30, 2017 and 2016, is as follows:

	2017	2016
Interest and dividends	$ 5,111	$ 4,860
Net realized and unrealized gains (losses)	17,750	(6,209)
Total investment (loss) return	22,861	(1,349)
ADLF loan and other interest income	2,017	2,568
Total interest income and investment return	$24,878	$ 1,219

4. NET ASSET VALUE PER SHARE

The following table for June 30 sets forth a summary of the Chancery's investments with a reported NAV.

Investment	Fair Value* 2017	Fair Value* 2016	Unfunded Commitment	Other Redemption Restrictions	Redemption Notice Period
Real estate investments [a]	$ 1,303	$ 1,658	$150	Restricted redemption before end of partnership term on December 31, 2018 unless written notice submitted of withdrawal due to changes in law or unanticipated circumstances.	120 days
	15	164		Requires general partner approval.	None
	1,946	1,777	0	Redemption price cannot be greater than current offering price of common stock shares sold in primary offering.	None
	340	729	0	No redemption before March 31, 2020 except by approval of general partner for special circumstances.	None
Total real estate investments	3,604	4,328	150		
Collective trust fund [b]	18,512	10,496	0	None	None
Total	$22,116	$14,824	$150		

* The fair values of the investments have been estimated using the net asset value of the investment.

[a] These real estate investments include several real estate funds that invest primarily in U.S. private real estate funds and distressed real estate loan funds. The fair values of the investments have been estimated using the net asset value of the Chancery's ownership interest in the capital. These investments have no defined frequency of redemption.

[b] This collective trust fund is a Catholic Values S&P 500 index fund. There are no redemption period or redemption restrictions.

5. CATHOLIC COMMUNITY FOUNDATION ENDOWMENTS

Catholic Community Foundation Interpretation of UPMIFA—The Board of Trustees (Board) of the Catholic Community Foundation (CCF) has interpreted 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-imposed restricted endowment funds absent explicit donor stipulations and endowment contract conditions to the contrary.

CCF administers and invests individual endowment funds for the benefit of participating parishes, schools, agencies of the Archdiocese of Indianapolis and other individual donors (see Note 1). Endowment distributions may be directed to specific causes as directed by the donor or to archdiocesan, parish, school or agency ministries.

CCF standard endowment contract language includes that the fair value of the fund includes appreciation or depreciation of the investment, distributions for specified purposes and administration fees. CCF does not guarantee a rate of return or that the value of the fund will appreciate. Based on this contract language, CCF has no responsibility to replenish the funds should net depreciation occur.

CCF considers endowments subject to donor-imposed stipulation that neither expire by the passage of time nor can be fulfilled or otherwise removed by the donor or CCF as permanently restricted. CCF classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment. Because CCF has no responsibility under the endowment contracts to replenish depreciated funds, other activity related to permanently restricted endowments, including investment gains and losses, distributions and administrative fees are recorded as temporarily restricted net assets. As of June 30, 2017 and 2016, temporarily restricted net assets includes $795 and ($1,147) related to this cumulative activity, respectively.

Any remaining portion of the donor restricted endowment fund not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Board in a manner consistent with the standard of prudence prescribed by UPMIFA.

Unrestricted endowment funds can be established by parishes, schools, and agencies of the Archdiocese as well as the Chancery. Distributions from these endowments are designated by management for a specific parish, school or agency while allowing the recipient organization the flexibility to determine the use of the funds, these funds are classified as unrestricted. Unrestricted and temporarily restricted net assets are considered appropriated for expenditure when budgets are approved for the upcoming fiscal year or when distributions are made to parish, school or agency of the Archdiocese.

Return Objectives and Risk Parameters—CCF has adopted investment and spending policies for endowment assets to maintain inflation-adjusted annual distributions. The overall, long-term investment goal of CCF is to achieve an annualized total return (net of fees and expenses), through appreciation and income, greater than the rate of inflation plus any spending.

Strategies Employed for Achieving Objectives—The assets are to be managed in a manner that will meet the long-term investment objective, while at the same time attempting to limit the volatility in year-to-year spending. The CCF Board of Trustees and Investment Committee agree that investing in securities with higher return expectations outweighs their short-term volatility risk. As a result, the majority of assets will be invested in equity or equity-like securities. Fixed income funds will be used to lower the short-term volatility of the portfolio and to provide income stability, especially during periods of weak or negative equity markets.

Spending Policy and How the Investment Objectives Relate to Spending Policy—Income available for spending is determined by a total return system. CCF shall make distributions to the endowment beneficiary in the amount of 5% of the net fair market value of the fund, which includes the change of market value of the Fund, dividends and interest, net of expenses, all averaged over the prior three years. CCF may update this spending rate, based on actual investment performance over time.

Endowment net asset composition by type of fund as of June 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment funds:				
Board designated	$148,517	$ -	$ -	$ 148,517
Donor designated		795	23,868	24,663
Total	$148,517	$795	$ 23,868	$ 173,180

Changes in endowment net assets for year ended June 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets—beginning of year	$134,032	$(1,147)	$23,238	$156,123
Investment return:				
Investment income—net	5,325	873		6,198
Net appreciation	12,778	2,230		15,008
Total investment return	18,103	3,103	-	21,206
Contributions	2,434		630	3,064
Transfers				-
Distributions—net	(6,052)	(1,161)		(7,213)
Net assets—end of year	$148,517	$ 795	$23,868	$173,180

Endowment net asset composition by type of fund as of June 30, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment funds:				
Board designated	$134,032	$ -	$ -	$134,032
Donor designated		(1,147)	23,238	22,091
Total	$134,032	$(1,147)	$23,238	$156,123

Changes in endowment net assets for year ended June 30, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets—beginning of year	$137,056	$ 338	$22,962	$160,356
Investment return:				
Investment income—net	3,966	685		4,651
Net appreciation	(6,120)	(1,044)		(7,164)
Total investment return	(2,154)	(359)	-	(2,513)
Contributions	5,480		318	5,798
Transfers		42	(42)	-
Distributions—net	(6,350)	(1,168)		(7,518)
Net assets—end of year	$134,032	$(1,147)	$23,238	$156,123

6. DEPOSIT AND LOAN FUND AND AMOUNTS DUE FROM PARISHES AND OTHER RELATED ENTITIES

The Chancery operates a centralized financing program through its Archdiocesan deposit and loan fund (ADLF). Archdiocesan entities remit funds in excess of immediate operating needs to the fund, shown as a liability on the accompanying combined statements of financial position, which are then used for making loans that are reflected as assets on the accompanying combined statements of financial position to other Archdiocesan entities at rates below the prevailing commercial rate. Deposits are due on demand. In order to qualify for a construction or renovation loan, generally entities are required to have 50% of the project costs on deposit in the ADLF with the remaining project expenses payable from pledges or expected endowment distributions. Typically, loans mature on construction borrowings based on the collection period of the pledges made to support the related project. The collectability of loans is based on individual facts and circumstances and is monitored regularly by the Chancery.

For the years ended June 30, 2017 and 2016, the loan interest rate for all new loans was 3.75%. Loan interest rates for all loan balances averaged 4.2% during the years ended June 30, 2017 and 2016. Interest income and investment return includes loan interest earned of $1,536 and $1,586 for the years ended June 30, 2017 and 2016, respectively. Interest at an average rate of 0.75% was paid on funds on deposit during both the years ended June 30, 2017 and 2016.

The combined loan fund receivable and amounts due from parishes and other entities balances as of June 30 consist of the following:

	2017	**2016**
Construction loans secured	$ 33,003	$ 32,459
Non interest bearing operational loans unsecured	17,912	17,608
Interest bearing operational loans and other receivables unsecured	3,348	3,952
	54,263	54,019
Less allowance for loan losses	(15,200)	(15,700)
Total combined loan fund receivable and amounts due from parishes and other entities	$ 39,063	$ 38,319

The combined loan fund receivable and amounts due from parishes and other entities is presented in the statement of financial position as follows:

	2017	**2016**
Deposit and loan fund	$33,533	$32,877
Amounts due from parishes and other Archdiocesan entities	5,530	5,442
Total combined loan fund receivable and amounts due from parishes and other entities	$39,063	$38,319

Transactions in the allowance for loan losses for loan fund receivable and amounts due from parishes and other entities for the year ended June 30 are as follows:

	2017	**2016**
Balance—July 1	$15,700	$15,620
Losses charged off	(154)	(230)
Change in provision for loan losses	(346)	310
Balance—June 30	$15,200	$15,700

7. LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment as of June 30 consist of the following:

	2017	2016
Land	$ 4,552	$ 4,545
Buildings	37,288	36,310
Equipment	5,586	5,681
Construction in progress	10	89
Accumulated depreciation	(25,853)	(24,532)
Total land, buildings, and equipment—net	$ 21,583	$ 22,093

8. BONDS PAYABLE

In December 2013, the Indiana Finance Authority (IFA) issued secured bonds of $18,387 in aggregate principal amount of Roman Catholic Archdiocese of Indianapolis, Inc. Series 2013 Note (2013 Note). The 2013 Note matures in January 2033, with a fixed interest rate of 3.37% per annum for the first 10 years. After the initial 10-year period the lender may exercise a put-option to require redemption of the remaining principle outstanding. If the put option is not exercised the Chancery has the option to re-price the bond for the remaining 10-year period. As of June 30, 2017 and 2016, the balance of the 2013 Note is $16,387 and $16,887, respectively.

In December 2010, the IFA issued secured bonds of $17,585 in aggregate principal amount of Roman Catholic Archdiocese of Indianapolis, Inc. Series 2010 Note (2010 Note). The 2010 Note matures in January 2021, with a fixed interest rate of 2.89% per annum. On August 1, 2013, the 2010 Note was amended to reduce the interest rate to a fixed interest rate of 2.74% per annum. As of June 30, 2017 and 2016, the balance of the 2010 Note is $16,095 and $17,585, respectively.

In April 2006, the IFA issued secured bonds of $13,435 in aggregate principal amount of Educational Facilities Refunding Revenue Bonds, Series 2006A and $17,475 Educational Facilities Refunding Revenue Bonds, Series 2006B (collectively the 2006 Bonds). The net proceeds from the sale of the 2006 Bonds were loaned for the purpose of refunding the outstanding principal of $32,455 of the Economic Development Revenue Bonds, Series 1996 including interest accrued and any redemption premium. The proceeds of the 2006 Bonds were deposited in a separate irrevocable trust with an escrow trustee. The Series 2006A bonds matured between July 1, 2006 and July 1, 2016, with interest ranging from 4.0% and 5.0%. The Series 2006B bonds were refinanced with the 2010 Note. The remaining balance of the 2006A Bonds was paid in full in July 2016. As of June 30, 2016, the balance of the 2006A Bonds was $1,515.

In May 2011, the IFA issued secured Qualified School Construction Bonds of $2,600 in aggregate principal amount of ADI Schools, Inc. Series 2011, Padua Academy Project (2011 Padua Note) and $3,600 in aggregate principal amount of ADI Schools, Inc. Series 2011, Andrew Academy Project (2011 Andrew Note), a total of $6,200 in aggregate principal. The net proceeds from each of the bonds were used to perform construction at each of the two educational facilities. The notes mature in June 2026, with a fixed interest rate of 4.99%. Under the American Recovery and Reinvestment Act of 2009, the Federal Treasury provides a federal subsidy equal to 4.5% interest on the Series 2011 Andrew

Note. As of June 30, 2017 and 2016, the balance of the 2011 Padua Note is $1,986 and $2,131, respectively. As of June 30, 2017 and 2016, the balance of the 2011 Andrew Note is $2,750 and $2,950, respectively.

All bond issuances include certain financial coverage covenants and other performance requirements. The Archdiocese is in compliance with the debt coverage ratio and total fund ratio covenants as of June 30, 2017 and 2016.

Payments due over the next five years are as follows:

Years Ending June 30	**Amount**
Bonds payable:	
2018	$ 2,538
2019	2,613
2020	2,688
2021	11,634
2022	844
Thereafter	16,901
Total bonds payable	37,218
Interest payable as of June 30, 2017	286
Unamortized bond issuance costs as of June 30, 2017	(173)
Total bonds and interest payable	$37,331

9. OTHER LIABILITIES

A summary of other liabilities as of June 30 is as follows:

	2017	**2016**
Contributions received for other charitable organizations	$ 1,556	$ 1,464
Cemeteries deferred revenue	3,378	3,115
Refundable advances and other	745	668
Total other liabilities	$ 5,679	$ 5,247

10. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30 are available for the following purposes:

	2017	2016
Catholic Charities	$2,859	$2,653
Catholic Education	1,348	(44)
United Catholic Appeal	1,837	1,983
Parish Purposes and other	1,793	1,290
Total temporarily restricted net assets	$7,837	$5,882

11. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets as of June 30 are available for the following purposes:

	2017	2016
Catholic Charities	$ 5,132	$ 5,118
Catholic Education	14,653	14,351
Parishes	3,583	3,331
Other	517	455
Total permanently restricted net assets	$23,885	$23,255

12. FUNCTIONAL EXPENSES

A summary of expenses by functional classification for the years ended June 30 is as follows:

	2017	2016
Program activities:		
Catholic cemeteries	$ 3,343	$ 3,251
Catholic charities	11,830	11,373
Catholic community foundation	3,064	4,983
Catholic schools	6,580	6,442
Clergy, religious and parish life coordinators	4,298	4,553
Communications	1,305	1,443
Deposit and loan fund	1,405	1,480
Mission office	93	161
Parish ministry support	3,144	1,620
Parish shared service plans and other	37,129	32,410
Pastoral ministries	1,156	1,615
Worship and evangelization	1,243	1,199
Total program activities	74,590	70,530
Supporting activities:		
Administrative services	5,059	6,669
Stewardship and development	1,382	1,972
Total supporting activities	6,441	8,641
Total functional expenses	$81,031	$79,171

13. RELATED-PARTY TRANSACTIONS

All Archdiocesan entities pay annual assessments and service fees to the Chancery. An assessment is levied on parishes and missions to provide for the operating budget of the Chancery (the “Cathedraticum”) and is reflected as assessments revenue in the combined statement of activities. Service fees are charged to all entities for insurance, health, and retirement programs centrally administered by the Chancery for the benefit of the entire Archdiocese and are reflected as service fees revenue in the combined statement of activities.

The Chancery also provides services to the parishes and schools. These services include centralized purchasing, payroll and employee benefits, processing of parish collections to designated missions, and the publication of a newspaper.

As discussed in Note 2, the Chancery receives contributions from financially related entities. Financially related entities include parishes, schools, and other agencies of the Archdiocese of Indianapolis. These contributions are included in capital campaigns and contributions in the combined statement of activities.

St. Mary's Child Center Endowment Trust Fund (the "Trust") is a separate legal entity that was established with a transfer of endowment funds from SMCC. The Co-Trustees of the Trust are independent of the Board of Directors of SMCC. Investment income of $0 and $30 was transferred from the Trust to SMCC for use in operations during the years ended June 30, 2017 and 2016, respectively. In addition, the Trust contributed $180 to SMCC for use in operations during each of the years ended June 30, 2017 and 2016.

14. PRIESTS' AND LAY EMPLOYEES' BENEFIT PLANS

Defined Benefit Plans—The Chancery participates in noncontributory, defined benefit pension plans administered by the Archdiocese for qualifying lay employees and Archdiocesan priests employed at the various parishes, schools, and agencies throughout the entire Archdiocese. For the purposes of the combined financial statements, these pension plans are considered to be multi-employer plans as defined under ASC 715, Compensation-Retirement Benefits, because financial activity of parishes and other entities of the Archdiocese that contribute to these plans, is not included in these combined financial statements. There are no separate valuations of plan benefits or segregation of plan assets specifically for the Chancery. As a religious organization, the Chancery plans are not subject to the Employee Retirement Income Security Act (ERISA) or the Pension Protection Act of 2006 (PPA).

The risks of participating in these multiemployer plans are different from the risks associated with single-employer plans in the following respects:

a. Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.

b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

c. If the Chancery chooses to stop participating in either of the multiemployer plans, they may be required to pay those plans an amount based on the underfunded status of the plan.

The Roman Catholic Archdiocese of Indianapolis Lay Employees' Retirement Plan (the "Lay Plan") provides pension benefits based primarily on compensation and employee's years of service. Lay employees hired prior to January 1, 2012 that work in excess of 1,500 hours in a calendar year are eligible for retirement benefits. An employee is vested in the pension plan after five years of service. Effective June 30, 2016, the plan was frozen and no additional benefits were accrued. The Chancery bills each parish, school, or agency an amount for lay retirement costs based upon approximately 5.0%, as of June 30, 2017 and 2016, of each entity's previous year payroll costs. The Chancery's retirement plan contributions expense for the Lay Plan was $3,530 and $3,802 for fiscal years 2017 and 2016, respectively, which represent the sole contributions made to the plan for those years. The plan year-end is December 31. As of the most recent valuation date of January 1, 2017, the plan was 63.6% funded, the fair value of plan assets was $55,635, and the accumulated value of plan benefits was $87,444.

The Roman Catholic Archdiocese of Indianapolis Pension Plan for Archdiocesan Priests (the "Priests' Plan") will provide retired priests with a standard monthly pension benefit of $2,056 and $2,033 (stated in actual dollars, not in thousands) for fiscal years 2017 and 2016, respectively, commencing July 1st following the priests' 70th birthday. Priests are 50% vested at five years of service graded to 100% vested at 10 years of service. An amount sufficient to fund the Priests' Plan is supported by the annual United Catholic Appeal. The Chancery's retirement plan contributions expense for the Priests' Plan was $1,800 for fiscal years 2017 and 2016, which represent the sole contributions made to the plan for those years. The plan year-end is June 30. As of the most recent valuation date of July 1, 2017, the plan was 52% funded, the fair value of plan assets was $13,094, and the accumulated value of plan benefits was $25,108.

Defined Contribution Plans—The Chancery's lay employees and clergy have the option of being part of a discretionary thrift savings plan sponsored by the Archdiocese. Under the 403(b) plan, all employees are eligible to voluntarily contribute a percentage of their compensation and all clergy are eligible to voluntarily contribute a set amount of their compensation. Employees and clergy can contribute a maximum of $18 into the 403(b) plan for calendar years 2017 and 2016. Employees and clergy over the age of 50 are eligible for an additional $6 catch up provision, for a total annual contribution of $24 for each of the calendar years 2017 and 2016.

The Archdiocese matches 50% of employee contributions up to a maximum of 8% of the eligible wages. Employer matching contributions are presented as employee benefits and taxes expense in the combined statements of activities. Archdiocesan contributions are immediately fully vested and were $2,565 and $2,381 for the years ended June 30, 2017 and 2016, respectively.

The Archdiocese matches 50% of clergy contributions of up to $2.4 per year. The Chancery made contributions of $92 and $94 to the clergy defined contribution plan for the years ended June 30, 2017 and 2016, respectively.

15. COMMITMENTS AND CONTINGENCIES

Self-Insurance—A partially self-insured property and liability program is administered by the Chancery for Archdiocesan facilities. The program is funded by aggregate risk management fees from parishes, schools, and other entities and pays the initial $1,000 for property claims, $300 for workers compensation claims, and $250 for liability claims. Claims in excess of these limits are insured with insurance carriers.

The Archdiocese administers a self-insured medical health plan for clergy and eligible lay employees at the parishes, schools and agencies. The lay program is funded by participant premium contributions and direct billings to parishes, schools, and agencies based upon the number of employees participating in the program. The clergy program is supported by direct billings to parishes and agencies based upon the actuarially estimated plan costs. Both programs pay for the first $250 of claims per individual per year to a maximum aggregate of 125% of expected claims, which vary based on enrollment. Amounts in excess of these limits are insured with a general insurance carrier. Medical and health care claims totaled $17,624 and $14,160 for the years ended June 30, 2017 and 2016, respectively.

Litigation—The Chancery is involved with various legal actions arising in the ordinary course of its activities. Where applicable, reserves have been established for those cases where the potential liability is estimable and probable. It is the opinion of management that the ultimate liability, if any, with respect to these matters will not materially affect the combined financial position of the Chancery.

Contractual Commitments on Construction—The Chancery, parishes, schools, and agencies contractual commitments on construction pending or in process totaled approximately $622 as of June 30, 2017. Management expects these obligations to be paid within one year.

16. SUBSEQUENT EVENTS

The Chancery has evaluated subsequent events for recognition or disclosure through the date which the combined financial statements were available to be issued, November 16, 2017, and no events have occurred that require disclosure.

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SUPPLEMENTAL COMBINING INFORMATION

CHANCERY AND CERTAIN ENTITIES OF THE ARCHDIOCESE OF INDIANAPOLIS

COMBINING SCHEDULE—COMBINING STATEMENT OF ACTIVITIES INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017
(In thousands)

	Chancery	Clergy and PLC	Worship and Evangelization	Catholic Schools	Pastoral Ministries	Catholic Charities	Communications	Finance and Administrative Services	Stewardship and Development	Vicariate Judicial	Parish Shared Services and Support	CCF and ADLF	Total Before Eliminations	Eliminations	Combined Total June 30, 2017
SUPPORT AND REVENUES:															
Assessments	$3,286	$ -	$ 193	$ 80	$ -	$ -	$ 321	$2,629	$1,018	$416	$ 2,945	$ -	$ 10,888	$ -	$10,888
Service fees	44	134	87	64	146		5	204	856		31,144		32,684	(4,219)	28,465
Capital campaigns and contributions	(142)	694	230	1,792	150	3,796	(36)		1		4	4,109	10,598	(2,248)	8,350
United Catholic Appeal	2,404	1,371	297	737	1,124	804							6,737	(258)	6,479
Sales of goods and services			17	73		2	1,157				3,624		4,873	(83)	4,790
Program service fees and other	17	429	643	3,064	18	3,355					617		8,143	(176)	7,967
Other public support	(98)			1,292	64	4,824							6,082		6,082
Interest income and investment return	2,268	129	19	205	67	363					1,961	24,391	29,403	(4,525)	24,878
Total support and revenues	7,779	2,757	1,486	7,307	1,569	13,144	1,447	2,833	1,875	416	40,295	28,500	109,408	(11,509)	97,899
EXPENSES:															
Salaries and wages	1,457	613	703	3,805	628	5,634	440	1,336	668	281	188		15,753		15,753
Employee benefits and taxes	345	754	205	916	170	1,613	92	301	181	90	4,681		9,348	(2,840)	6,508
Health care costs											22,689		22,689		22,689
Retirement plan contributions	1,856										3,530		5,386		5,386
Cost of equipment and supplies sold			8			2	708				1,110		1,828		1,828
Administrative and supplies	28	64	137	569	92	875	11	60	447	6	4		2,293	(83)	2,210
Property insurance		37	23	42	8	81		174			3,692		4,057	(463)	3,594
Depreciation	340	292	87	253		471					206		1,649		1,649
Repairs and maintenance	3	182	59	130	1	112		642	30	1	231		1,391		1,391
Occupancy costs	19	69	118	460	1	816	3	283	2	3			1,774	(135)	1,639
Interest									28		150	1,800	1,978	(32)	1,946
Bad debts	257			(2)		39	(15)				(459)		(180)		(180)
Professional services	458	296	11	462	201	923	100	242	78	22	4,295	832	7,920	(1,020)	6,900
Specific assistance				1		1,789							1,790		1,790
Contributions	3,293	13	(32)	248	62	734			843		439	7,215	12,815	(6,874)	5,941
Other	482	127	72	(741)	116	(1,695)	52	68	79	15	125	1	(1,299)	3,286	1,987
Total expenses	8,538	2,447	1,391	6,143	1,279	11,394	1,391	3,106	2,356	418	40,881	9,848	89,192	(8,161)	81,031
CHANGE IN NET ASSETS	$ (759)	$ 310	$ 95	$1,164	$ 290	$ 1,750	$ 56	$ (273)	$ (481)	$ (2)	$ (586)	$18,652	$ 20,216	$ (3,348)	$16,868

See independent auditors' report.

OTHER ACCOMPANYING SUPPLEMENTARY INFORMATION

CHANCERY AND CERTAIN ENTITIES OF THE ARCHDIOCESE OF INDIANAPOLIS

CERTAIN ENTITIES OF THE ARCHDIOCESE OF INDIANAPOLIS
STATEMENT OF FINANCIAL POSITION INFORMATION
AS OF JUNE 30, 2017
(In thousands)

	Archdiocese of Indianapolis Cemeteries, Inc.	Criterion Press, Inc.	Our Lady of Fatima Retreat House, Inc.	Catholic Youth Organization of the Archdiocese of Indianapolis, Inc.	CYO Camp Rancho Framasa, Inc.	St. Mary's Child Center, Inc.
ASSETS						
CASH AND CASH EQUIVALENTS	$ 5	$ -	$ 46	$1,202	$ 156	$ 831
INVESTMENTS	2,879	-	-	845	356	64
RECEIVABLES:						
Contributions—net			69	35	27	59
Other—net	2,974	12	12	312		29
Total receivables—net	2,974	12	81	347	27	88
OTHER ASSETS				3		4
BURIAL SPACES AND OTHER INVENTORIES	3,265		33			
LAND, BUILDINGS, AND EQUIPMENT—Net	2,608		428	233	2,960	759
TOTAL	$11,731	$ 12	$588	$2,630	$3,499	$1,746
LIABILITIES AND NET ASSETS						
LIABILITIES:						
Accounts payable and accrued expenses	$ 6,807	$ 35	$ 29	$ 28	$ 437	$ 113
Other liabilities	3,378	5	10	51	373	
Total liabilities	10,185	40	39	79	810	113
NET ASSETS:						
Unrestricted (deficit)	1,546	(28)	480	2,521	2,307	1,599
Temporarily restricted			69	30	118	34
Permanently restricted					264	
Total net assets (deficit)	1,546	(28)	549	2,551	2,689	1,633
TOTAL	$11,731	$ 12	$588	$2,630	$3,499	$1,746

See independent auditors' report.

CHANCERY AND CERTAIN ENTITIES OF THE ARCHDIOCESE OF INDIANAPOLIS

CERTAIN ENTITIES OF THE ARCHDIOCESE OF INDIANAPOLIS
STATEMENT OF ACTIVITIES INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017
(in thousands)

	Archdiocese of Indianapolis Cemeteries, Inc.	Criterion Press, Inc.	Our Lady of Fatima Retreat House, Inc.	Catholic Youth Organization of the Archdiocese of Indianapolis, Inc.	CYO Camp Rancho Framasa, Inc.	St. Mary's Child Center, Inc.
SUPPORT AND REVENUES:						
Capital campaigns and contributions	$ 4	$ (36)	$219	$ 181	$ 148	$1,276
Sales of goods and services	2,989	1,157	17	66	8	
Program service fees and other	317		629	932	1,020	757
Other public support					76	865
Interest income and investment return	395		18	26	12	1
Total support and revenues	3,705	1,121	883	1,205	1,264	2,899
EXPENSES:						
Salaries and wages		257	374	523	623	1,936
Employee benefits and taxes		51	114	126	141	489
Cost of equipment and supplies sold	562	708	8			
Administrative and supplies		10	126	71	258	220
Property insurance	53		23	18	20	4
Depreciation	203		87	19	109	125
Repairs and maintenance	174		59	36	73	20
Occupancy costs		1	72	115	152	180
Interest	32					
Bad debts	1	(14)				(2)
Professional services	2,106	95	2	308	12	41
Specific assistance						1
Contributions			11			
Transfers to Catholic Community Foundation	148					
Other	64	12	21	(778)	(288)	35
Total expenses	3,343	1,120	897	438	1,100	3,049
CHANGE IN NET ASSETS	362	1	(14)	767	164	(150)
NET ASSETS—Beginning of year	1,184	(29)	563	1,784	2,525	1,783
NET ASSETS—End of year	$1,546	$ (28)	$549	$2,551	$2,689	$1,633

See independent auditors' report.

CHANCERY AND CERTAIN ENTITIES OF THE ARCHDIOCESE OF INDIANAPOLIS

CATHOLIC CHARITIES AGENCIES
STATEMENT OF FINANCIAL POSITION INFORMATION
AS OF JUNE 30, 2017
(in thousands)

	Catholic Charities Indianapolis, Inc.	Catholic Charities Bloomington, Inc.	St. Elizabeth Catholic Charities, Inc.	Catholic Charities Tell City, Inc.	Catholic Charities Terre Haute, Inc.	Terre Haute Catholic Charities Foodbank, Inc.
ASSETS						
CASH AND CASH EQUIVALENTS	$1,304	$ 20	$ 544	$69	$ 26	$1,560
ACCOUNTS RECEIVABLE—Net	620	60	70			
CONTRIBUTIONS RECEIVABLE—Net	35		37			163
OTHER ASSETS	10	3	2			
PROPERTY AND EQUIPMENT—Net	3,201	133	1,391		1,263	106
INVESTMENTS	2,065		187	13	70	328
TOTAL	7,235	216	2,231	82	1,359	2,157
LIABILITIES AND NET ASSETS						
LIABILITIES:						
Accounts payable and accrued expenses	$ 405	$ 538	$ 75	$ 3	$ 65	$ -
Other liabilities	102	87	60		256	
Total liabilities	507	625	135	3	321	-
NET ASSETS:						
Unrestricted (deficit)	5,272	(418)	1,982	72	1,053	668
Temporarily restricted	336	9	104	7	(16)	1,489
Permanently restricted	1,120		10		1	
Total net assets	6,728	(409)	2,096	79	1,038	2,157
TOTAL	$7,235	$ 216	$2,231	$82	$1,359	$2,157

See independent auditors' report.

CHANCERY AND CERTAIN ENTITIES OF THE ARCHDIOCESE OF INDIANAPOLIS

CATHOLIC CHARITIES AGENCIES
STATEMENT OF ACTIVITIES INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017
(in thousands)

	Catholic Charities Indianapolis, Inc.	Catholic Charities Bloomington, Inc.	St. Elizabeth Catholic Charities, Inc.	Catholic Charities Tell City, Inc.	Catholic Charities Terre Haute, Inc.	Terre Haute Catholic Charities Foodbank, Inc.
SUPPORT AND REVENUES:						
Contributions	$ 1,554	$ 165	$ 385	$ 98	$ 288	$ 464
Special events, net	107	54	246	3	22	43
Archdiocesan support	555	118	120	54	95	27
United Way operating support	672	26		19	110	19
Government grants, federal	3,468	13	96		194	43
Government grants, state and local	11		136			15
Program service fees	1,537	355	776			160
Investment return	94		9		1	32
Miscellaneous	42	1			8	
Total support and revenues	8,040	732	1,768	174	718	803
EXPENSES:						
Salaries and wages	3,600	492	772	58	339	300
Employee benefits and taxes	1,056	123	200	17	89	107
Professional services	424	68	294	16	11	37
Supplies	445	42	159	24	13	189
Occupancy	486	60	94		143	61
Transportation	155	1	20	3	3	29
Specific assistance	1,603		3	30	5	
Contributions	104					
Other	(1,740)	23	(80)	(6)	6	53
Depreciation	277	10	100		80	6
Total expenses	6,410	819	1,562	142	689	782
CHANGE IN NET ASSETS	1,630	(87)	206	32	29	21
NET ASSETS—Beginning of year	5,098	(322)	1,890	47	1,009	2,136
NET ASSETS—End of year	$ 6,728	$(409)	$2,096	$ 79	$1,038	$2,157

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