

To the Parishioners of the Archdiocese of Indianapolis:

As I look back on the past 18+ months, I reflect on the profound challenges that we have faced as individuals, as families, as separate parishes, as an archdiocese, as a nation and as a world. It has truly been a time period of trials and tests that could not be predicted nor prepared for and required timely decisions but also flexibility for frequent changes. As we navigated this time period, the Archbishop continued to provide leadership, guidance, and support for the Catholic Community. We worked to carry out the mission of the Church to the best of our abilities while also following government restrictions necessary to ensure the safety of our communities. All parishes, schools, agencies, parishioners, and pastors should be commended for their efforts. It is against this backdrop, that I submit this accountability report for the 2021 fiscal year.

The global pandemic had an impact on some of the parish and archdiocesan stewardship metrics, but it wasn't uniform across the diocese. Parishes were able to react to reduced and eliminated Mass times and still maintain the critical ministries of their parishes and schools. Many locations were aided in their efforts but additional government support whether that was through Payroll Protection loans or education grants to make required improvements in schools to get children back in the classrooms. This funding also enabled us to keep everyone employed at their current rates during the mandated shut-down periods and beyond. This additional funding also helped our agencies continue their critical ministries, especially the agencies within Catholic Charities. This was especially important given the increases in unemployment and the numbers of families that required assistance for basic needs.

One significant positive financial result the past year has been the growth in the equity markets. While it remains volatile, we've seen tremendous growth in the investment portfolio of the Catholic Community Foundation. This directly impacts our resources for ministries throughout the diocese as many of our parishes, school and agencies maintain sizeable endowments in the Foundation that use annual distributions to support their ministries.

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. Below we provide you financial insight into those plans and shared funds by detailing current year results and highlight accomplishments and continued challenges. It's important to us that we share this information widely each year.

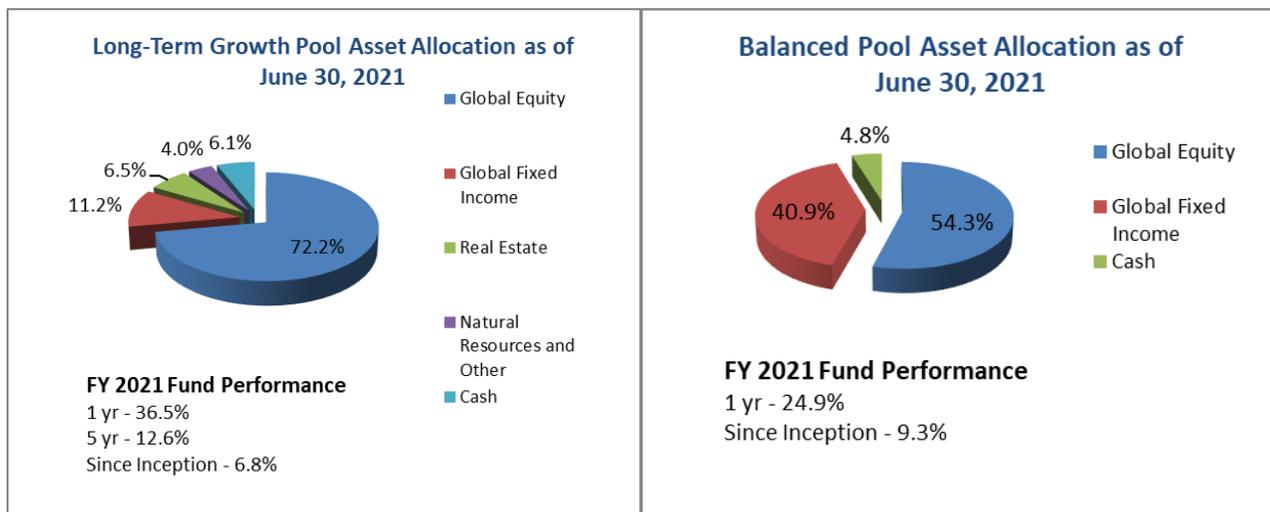
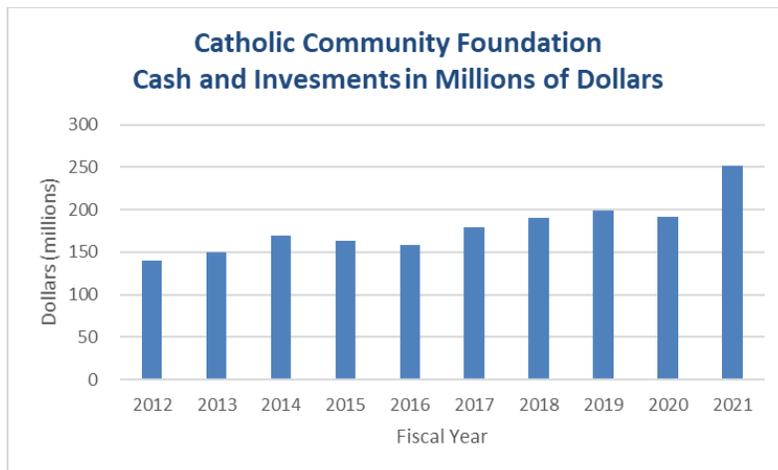
While we cannot predict the lasting effects of the pandemic, nor how long they will last, we do know that we face many challenges in the days to come. The volatility and vulnerability of the world markets is just one example of that. We also face the risks of inflation which will impact parishioners and employees. This will require a conscious effort at all locations to mitigate the impact of inflation on our employees. Some of our parishes did not make it through the pandemic without suffering some significant losses and thus a reduction in their reserves or in the worst cases, the addition of operating debt to the Archdiocese in order to pay their bills. We continue our practices of working closely with these parishes to re-establish financial stability.

We look forward to the New Year and focusing our attention in 2022 on these challenges and more. We intend to continue to support parishes in any way we can. As individual parishes, schools and agencies regain their financial footing and re-invigorate their ministries, the whole of the Archdiocese strengthens.

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.

## 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, 2021, the Catholic Community Foundation comprised 547 separate endowment accounts and 68 charitable gift annuities worth \$251 million(net). The composite investment returns for the year were 36.5% for the long-term pool and 24.9% for the balanced pool. Parishes, schools, and agencies of the archdiocese added 21 new endowments during the year. The endowments distributed \$9.0 and \$8.8 million respectively in fiscal years 2021 and 2020, to support parish, school, and agency ministries, demonstrating the ability of endowments to provide long-term funding for ministries.



## Chancery Fiscal Year 2021 Operating Results

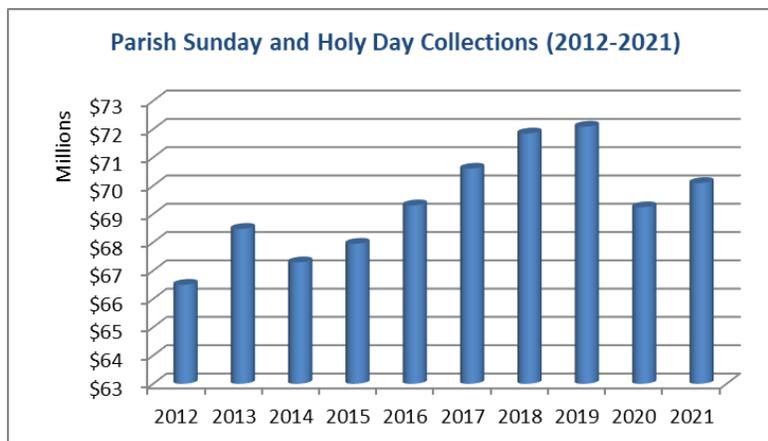
The Chancery offices and agencies of the Archdiocese of Indianapolis continued to be impacted by the on-going COVID-19 pandemic. As noted above, the greater Archdiocese was and continues to be impacted at all our parishes, schools, and agencies whether it's through Mass attendance, adequate staffing, school enrollment and attendance, delivery of ministry and charitable services, infrastructure changes to accommodate spacing, and employee healthcare among others. Fortunately, the Chancery offices and agencies of the Archdiocese have a robust, dedicated effort for budgeting and monitoring its operations that allows us to adjust to much of this change and uncertainty. Each year we budget at a break-even point for our general operations as well as the parish shared services plans (individually and collectively) and each year we work to meet or exceed those expectations by managing expenses and conservatively budgeting revenues.

For fiscal year 2020-2021, our Catholic Center operations ended the year with a surplus over our budget expectations by \$2.1 million. Much of this was due to the sale of a piece of undeveloped property which resulted in a gain of \$2 million. The parish shared services plans ended the fiscal year with a combined \$.8 million surplus (on a combined total of almost \$44 million in expenses or about 1.8%) which generally represented favorable results in the cemetery operations and the property insurance plan offset by unfavorable results in the clergy health plan. See separate sections included in this report for more details on the shared services plans' revenue and expenses for the fiscal year. Our Treasury Operations ended the fiscal year with a \$60 million dollar surplus driven almost exclusively by the investment results within the Catholic Community Foundation as shown above. These results, though they look great on paper, represent increases in endowment balances that generate budget support only through an annual distribution of up to 5%, as all investment gains are re-invested.

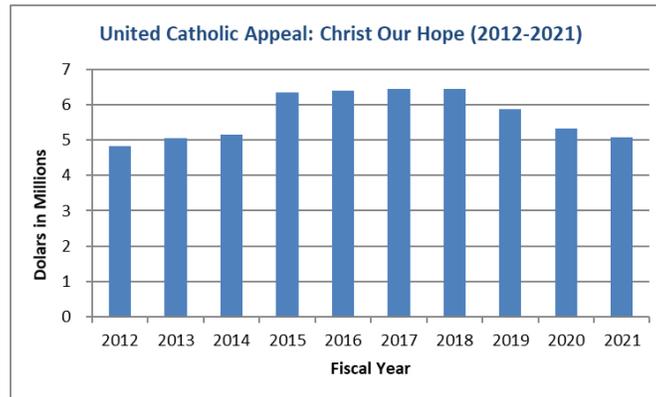
The archdiocese has historically been challenged by operating deficits at some of our parishes and underperforming construction loans. The financial impact of these parish loans is evidenced in the deposit and loan fund operated by the archdiocese for its parishes ("ADLF"). The ADLF has approximately \$4.5 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. Although these efforts have been negatively affected at some parishes as a result of the pandemic over the past year and a half, generally they 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, 2021, parish stewardship, through Sunday and holy day collections, experienced a modest increase compared to the previous fiscal year. The 1.2% increase compared to fiscal year 2020 is a good indicator that our parishes are starting to see parishioners return to Mass on a more regular basis as local communities implement different restrictions due to the pandemic. Although Sunday and holy day collections are still lagging the pre-pandemic levels in 2018 and 2019, this quick recovery is a strong indicator of the strength of the ministry within our parishes despite difficult times for many of our local communities and the broader Church in many parts of the world. 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.



The fiscal year 2021 annual parish and archdiocesan community United Catholic Appeal: Christ our Hope received annual pledges totaling \$5.1 million compared to a goal of \$6.3 million. These results are lower than the pledges received in fiscal years 2020 and 2019. Every dollar raised through the United Catholic Appeal directly supports ministries and programs that strengthen our families through Catholic Education and faith formation (goal \$2.0 million), encourage vocations by educating our seminarians and deacons and sustaining our retired priests (goal \$3.2 million), and caring for people most in need across the 39 counties of the Archdiocese (goal \$1.0 million). The overall results of the appeal over the years really demonstrate the enthusiasm that our parishioners share for the ministry work being done throughout the Archdiocese. When the appeal results don't reach the goal level, changes are made to the budgets for the programs covered by the appeal or supplement with unbudgeted fundraising initiatives.



## Parish Shared 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. The administration of these plans on a combined basis allows us to provide significant leverage and expertise that would otherwise be difficult for individual parishes, schools, or agencies to achieve.

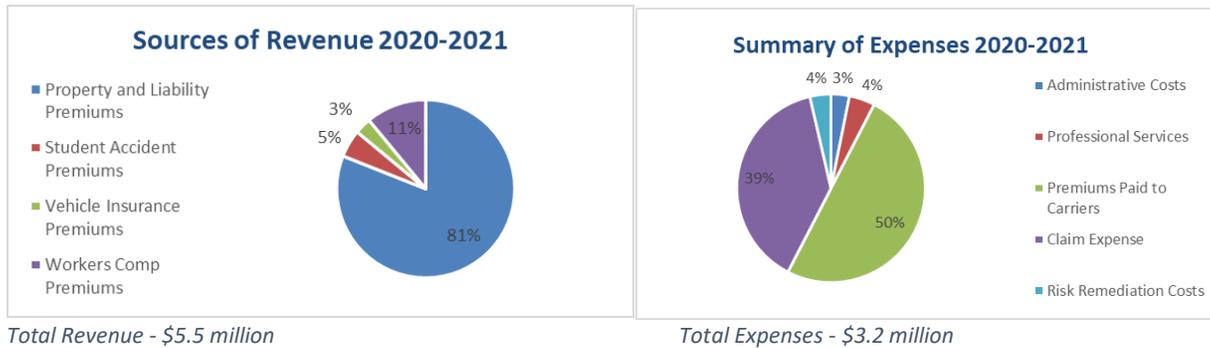
### Lay Employee Health Insurance Plan

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 Priest and Lay Employee Retirement Plans). Since inception of this plan, we've had limited and modest premium increases to participants and locations 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 generally experienced positive results for the past decade plus. The continued positive results have enabled us to build a property insurance reserve fund in the Catholic Community Foundation of \$15.8 million as of June 30, 2021. The reserve fund was established to protect parishes, schools and agencies against catastrophic losses and helped significantly to mitigate annual insurance cost increases. The Archdiocese maintains our self-insurance level at \$1 million for all plan participants which translates into lower premiums paid by our parishes, schools, and agencies for property and liability insurance.



## Priest and Lay Employee Retirement Plans

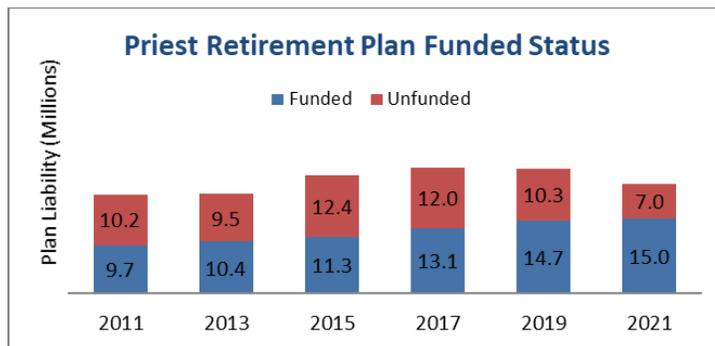
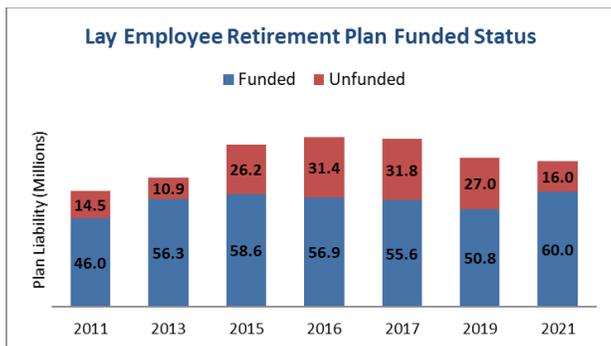
The archdiocese administers a defined benefit plan (Priest Pension Plan) for the priests and both a defined benefit (Lay Pension Plan) and defined contribution plan (403(b) Savings Plan) for eligible lay employees employed at the various parishes, schools, and agencies throughout the archdiocese.

The employee 403(b) Savings Plan is the focus of our efforts to provide our employees with an adequate vehicle for retirement savings. This Savings Plan allows both employees and employer to contribute to employee accounts. The Archdiocese matches 50% of up to a maximum of 8% of employee eligible compensation. With automatic enrollment and escalating contributions for new employees, as well as diversified investment options, the archdiocese is fully dedicated to providing retirement benefits to its employees that meet or exceed market recommendations upon retirement.

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 (Lay and Priest). The archdiocese leadership team has taken several steps to attempt to close that funding gap in recent years including freezing the Lay plan effective in 2016. While positive investment results can 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 totaling \$6.3 million were made.

Our most recent report from our plan actuaries as of January 1, 2021 indicates that the Lay Pension Plan was underfunded by \$16.0 million or a funding level of 79%, a marked increase in funding status since 2019 which had a funding ratio of 65%. The large decrease in the unfunded liability is primarily a result of better than anticipated investment results within the portfolio of assets backing the plan for the past two years. In addition, the Plan has not experienced any significant changes in actuarial assumptions and active employees have remained working longer than expected which results in positive gains to the Plan as assets are invested longer.

The most recent actuarial valuation report for the Priest Pension Plan as of January 1, 2021 indicates that the plan is underfunded by \$7.0 million, which represents a funding level of 68 percent. This is an improvement compared to the funding levels over the previous decade which had funding ratios of between 48% and 58%. We look to invest new dollars and hope for continued investment gains in the plans, as the funding level of this Priest Pension Plan is a priority for the Archdiocese.



The underfunding issue in our Priest and Lay Pension Plans are likely to remain long term issues for the Archdiocese. We will continue to budget for and fund the Pension Plans annually into the future.

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 two special bequests, we have four 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; matching grants for capital needs in our parishes, schools, and agencies; and devotion to the Queenship of Mary and Divine Mercy of Jesus.

### ***St. Francis Xavier Home Missions Fund***

The St. Francis Xavier Home Mission Endowment Fund is established to provide grants to home mission parishes in the archdiocese. These grants began in 2002 and since inception we have disbursed approximately \$6.5 million to support our parishes and schools with the greatest needs. The endowment that is established to support these grants had a June 30, 2021 balance of \$5.9 million which allows us to distribute approximately \$240,000 in grants each year.

### ***Growth and Expansion Endowment Fund***

The Growth and Expansion Endowment Fund is 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 \$2.2 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, 2021 balance of \$4.1 million which allows for approximately \$170,000 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 are 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, 2021 balance of \$6.9 million which generates annual grants of about \$290,000.

## ***The Queen and Divine Mercy Endowment Fund***

The Queen and Divine Mercy Center Endowment Fund was established by Rev. Elmer J. Burwinkel to promote devotion to the Queenship of Mary and to the Divine Mercy of Jesus. The endowment had a June 30, 2021 balance of \$1.2 million which generates annual grants of about \$50,000. Grants have been awarded annually since 2012. Parishes, schools, and agencies of the Archdiocese of Indianapolis are eligible to apply for this grant.

For more information on the grant process and a summary of all awards issued in 2020-2021, please visit the Finance Office webpage at [www.archindy.org/finance/grant](http://www.archindy.org/finance/grant) or contact Stacy Harris in the Finance Office at [sharris@archindy.org](mailto:sharris@archindy.org).

## **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 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](http://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:

Most Rev. Charles C. Thompson	Archbishop, Chairman
Rev. William F. Stumpf	Vicar General
Brian Burkert	Chief Financial Officer

## **Members**

J. Patrick Byrne	St. Mary-of-the-Knobs, Floyds Knobs
Pat Carney	St. Patrick, Terre Haute
Steve Gutzwiler	St. Simon the Apostle, Indianapolis
Martha Lehman	St. Christopher, Indianapolis
Lance Lyday	St. Simon the Apostle, Indianapolis
Bruce Rippe	St. Louis, Batesville
Andy Rinzel	St. Joseph, Shelbyville
Jeffrey Whiting	St. Luke, Indianapolis

This past fiscal year marked one of the most challenging in our history. Despite those challenges, we did see some signs of continuing financial advancement and stability for the parishes, schools, and agencies of the Archdiocese of Indianapolis as we worked to combat the global pandemic. As we hope to emerge in the next fiscal year on the other side of the global pandemic, we will renew our goal 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, CPA  
Chief Financial Officer

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 Most Reverend Charles C. Thompson, Archbishop of the Archdiocese of Indianapolis. The information presented has been derived from the audited financial statements and does not include the activities of parishes, missions, and schools of the Archdiocese. All significant transactions among entities detailed in this summary have been eliminated. The complete audited financial statements are available for public inspection at [www.archindy.org/finance/archdiocese.html](http://www.archindy.org/finance/archdiocese.html).

**Chancery and Certain Entities of the Archdiocese of Indianapolis  
Combined Statements of Financial Position as of June 30, 2021 (in thousands)**

	2021
<b>ASSETS</b>	
CASH	\$ 4,729
INVESTMENTS	389,886
RECEIVABLES:	
Contributions receivable—net of allowance of \$136	4,216
ADLF loan receivable—net of allowance of \$487	23,113
Accounts receivable—net of allowance of \$1,249	<u>10,452</u>
Total receivables—net	37,781
OTHER ASSETS	527
BURIAL SPACES AND OTHER INVENTORIES	2,535
LAND, BUILDINGS, AND EQUIPMENT—Net	<u>23,162</u>
<b>TOTAL</b>	<b><u>\$ 458,620</u></b>
<b>LIABILITIES AND NET ASSETS</b>	
LIABILITIES:	
Accounts payable and accrued expenses	\$ 3,290
Bonds and interest payable	19,149
Reserves for self-insurance	3,835
Other liabilities	7,904
ADLF deposit payable	70,880
Pooled checking program deposit payable	<u>33,308</u>
Total liabilities	<u>138,366</u>
NET ASSETS:	
Without donor restriction	269,589
With donor restriction	<u>50,665</u>
Total net assets	<u>320,254</u>
<b>TOTAL</b>	<b><u>\$ 458,620</u></b>

**Chancery and Certain Entities of the Archdiocese of Indianapolis**  
**Combined Statement of Activities for the year ended June 30, 2021 (in thousands)**

	Without Donor Restriction	With Donor Restriction	Total
<b>SUPPORT AND REVENUES:</b>			
Assessments	\$ 16,823	\$ -	\$ 16,823
Insurance Premiums	24,612		24,612
Contributions	12,937	2,309	15,246
United Catholic Appeal	3,636	1,455	5,091
Sales of goods and services	5,159		5,159
Program fees	4,496		4,496
School tuition, net	6,494		6,494
Grants and other public support	5,902	1,286	7,188
Fundraising events, net	1,211		1,211
Interest income and investment return	51,343	12,236	63,579
Other	3,015		3,015
Gain on early forgiveness of debt	1,200		1,200
Net assets released from restrictions	6,256	(6,256)	-
Total support and revenues	143,084	11,030	154,114
<b>EXPENSES:</b>			
Salaries and wages	19,377		19,377
Employee benefits and taxes	6,183		6,183
Health care costs	25,299		25,299
Retirement plan contributions	5,112		5,112
Professional services	8,739		8,739
Cost of sales of goods and supplies sold	1,667		1,667
Administrative and supplies	3,345		3,345
Property insurance	2,712		2,712
Repairs and maintenance	1,280		1,280
Depreciation	2,220		2,220
Occupancy costs	1,839		1,839
Interest	1,286		1,286
Bad debts	494		494
Contributions	4,578		4,578
Specific assistance	897		897
Other	1,354		1,354
Total expenses	86,382	0	86,382
<b>TOTAL CHANGE IN NET ASSETS</b>	56,702	11,030	67,732
<b>NET ASSETS—Beginning of year</b>	212,887	39,635	252,522
<b>NET ASSETS—End of year</b>	<u>\$ 269,589</u>	<u>\$ 50,665</u>	<u>\$ 320,254</u>