Chancery and Certain Entities of the Archdiocese of Indianapolis

Combined Financial Statements as of and for the Year Ended June 30, 2018, with Additional Combining and Supplemental Information as of and for the Year Ended June 30, 2018, 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 statement of financial position as of June 30, 2018, and the related combined statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Combined 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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, 2018, and the changes in their net assets and their cash flows for the year 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.

Deloitte & Touche LLP

December 20, 2018

CHANCERY AND CERTAIN ENTITIES OF THE ARCHDIOCESE OF INDIANAPOLIS

COMBINED STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2018 (In thousands)

	2018
ASSETS	
CASH AND CASH EQUIVALENTS	$ 21,117
INVESTMENTS	278,521
RECEIVABLES:	
Contributions receivable—net	3,810
ADLF loan receivable—net of allowance of $2,240	30,609
Amounts due from parishes and other Archdiocesan entities—net of allowance of $12,931	6,631
Other receivable—net of allowance of $104	6,667
Total receivables—net	47,717
OTHER ASSETS	244
BURIAL SPACES AND OTHER INVENTORIES	3,090
LAND, BUILDINGS, AND EQUIPMENT—Net	20,876
TOTAL	$ 371,565
LIABILITIES AND NET ASSETS	
LIABILITIES:	
Accounts payable and accrued expenses	$ 6,192
Capital campaign due to parishes	236
Bonds and interest payable	30,418
Reserves for self-insurance	3,109
Other liabilities	6,257
ADLF deposit payable	58,107
Pooled checking program deposit payable	34,245
Total liabilities	138,564
NET ASSETS:	
Unrestricted	199,330
Temporarily restricted	8,946
Permanently restricted	24,725
Total net assets	233,001
TOTAL	$ 371,565

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, 2018
(In thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUES:				
Assessments	$ 11,092	$	$	$ 11,092
Service fees	29,859	50		29,909
Capital campaigns and contributions	9,149	1,320	840	11,309
United Catholic Appeal	4,331	1,758		6,089
Sales of goods and services	4,491			4,491
Program service fees and other	7,761	66		7,827
Other public support	4,584	227		4,811
Interest income and investment return	18,450	2,955		21,405
Net assets released from restrictions	5,267	(5,267)		
Total support and revenues	94,984	1,109	840	96,933
EXPENSES:				
Salaries and wages	16,042			16,042
Employee benefits and taxes	6,076			6,076
Health care costs	21,466			21,466
Retirement plan contributions	5,069			5,069
Cost of equipment and supplies sold	1,961			1,961
Administrative and supplies	2,246			2,246
Property insurance	3,212			3,212
Depreciation	1,675			1,675
Repairs and maintenance	1,455			1,455
Occupancy costs	1,726			1,726
Interest	2,377			2,377
Bad debts	516			516
Professional services	6,779			6,779
Specific assistance	962			962
Contributions	6,322			6,322
Other	2,583			2,583
Total expenses	80,467			80,467
CHANGE IN NET ASSETS	14,517	1,109	840	16,466
NET ASSETS—Beginning of year	184,813	7,837	23,885	216,535
NET ASSETS—End of year	$ 199,330	$ 8,946	$ 24,725	$ 233,001

See notes to combined financial statements.

CHANCERY AND CERTAIN ENTITIES OF THE ARCHDIOCESE OF INDIANAPOLIS

COMBINED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2018 (In thousands)

	2018
CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	$ 16,466
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	1,675
Amortization of bond issuance costs, bond discounts and bond premiums	34
Provision for losses on receivables	516
Net (gain) loss on investments, realized and unrealized	(9,924)
Net (gain) loss on disposal of land, buildings, and equipment	151
Proceeds from contributions restricted for long-term investment	(1,184)
Changes in certain assets and liabilities:	
Receivables	4,265
Burial spaces and other inventories	208
Other assets	43
Accounts payable and accrued expenses	(937)
Capital campaign due to parishes	(997)
Reserves for self-insurance	438
Other liabilities	587
Net cash provided by operating activities	11,341
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of investments	(79,203)
Proceeds from investments sold or matured	61,196
Purchases of land, buildings, and equipment	(1,078)
Changes in ADLF loan receivable	2,714
Net cash used in investing activities	(16,371)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Change in ADLF deposit payable	11,911
Change in pooled checking program deposit payable	2,894
Payment of bonds payable	(6,940)
Payments of mortgage liability	(17)
Proceeds from contributions restricted for investment in:	
Endowment	840
Property and equipment	344
Net cash provided by financing activities	9,032
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,002
CASH AND CASH EQUIVALENTS—Beginning of year	17,115
CASH AND CASH EQUIVALENTS—End of year	$ 21,117
SUPPLEMENTAL DISCLOSURES:	
Cash paid for interest	$ 2,343
Capital expenditures in accounts payable and accrued expenses	$ 41

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 combined 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, marriage and family life ministry, and human life and dignity ministry.

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 property 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 agencies, 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. The parishes and agencies receive statements on ADLF deposit and loan accounts on a monthly basis from the Archdiocese. See Note 6.

Pooled Checking Program—The Pooled Checking Program is a partnership between the Archdiocese and a local financial institution. The Pooled Checking Program provides participating entities with demand deposit accounts that earn interest at a rate exceeding market interest rates for standard commercial checking accounts while retaining traditional checking account services such as branch deposits, checking, and electronic banking. The funds from participating deposit accounts are pooled together and invested in fixed income bonds to earn a higher rate of return. See Note 7.

Catholic Community Foundation—The majority of the Archdiocesan endowment activities occur through the Catholic Community Foundation (CCF). The CCF 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.—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. ADI Schools, Inc. ceased operations on June 30, 2015, and exists now only to hold the bonds, which the Archdiocese is responsible for repaying. The Archdiocese repaid the full balance due on both bonds on May 31, 2018 (see Note 9).

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. The Chancery maintains a majority of its operating funds in the Pooled Checking Program (see Note 7). Generally, such cash and cash equivalents are in excess of insurance limits mandated by the Federal Depository Insurance Corporation. Cash and cash equivalents as of June 30, 2018 consist of the following:

Cash	$ 1,927
Invested in cash equivalents:	
Pooled checking program cash equivalents (see Note 7)	9,370
Catholic Community Foundation cash equivalents	9,820
Total invested in cash equivalents	19,190
Total cash and cash equivalents	$ 21,117

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 review 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.

ADLF Loan Receivable—ADLF loan receivable consists of loans made to parishes and agencies. 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. Substantially all revenue from assessment and service fees are from related parties.

Sales of Goods and Services—Revenue from the sales 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 year ended June 30, 2018 includes purpose restrictions satisfied for Catholic Charities, Fundraising Campaigns, and others.

Also included in capital campaigns and contribution revenue on the combined statement 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, 2018 consist of the following:

Contributions expected to be received in less than one year	$ 2,610
Contributions expected to be received in one to five years	1,316
Contributions expected to be received in more than five years	585
Unamortized discount	(211)
Allowance for uncollectible contributions receivable	(490)
Total contributions receivable—net	$ 3,810

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 $611 are included in contribution revenue in the combined statement of activities for the year ended June 30, 2018.

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 year ended June 30, 2018 are $698.

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 2018.

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, 2018. 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, 2016 through June 30, 2018 remain open and subject to examination.

On December 22, 2017, the Tax Cuts and Jobs Act (the "Act") was enacted into legislation, which includes a broad range of provisions affecting businesses. The Act makes changes to the computation of unrelated business income tax liability by, among other provisions, reducing the corporate tax rate from 35% to 21% and changing the rules for utilizing losses from unrelated trade or business activities. The Act did not have a material effect on the combined financial statements and disclosures.

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 statement of financial position and combined statement 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 February 2016, the FASB issued ASU 2016-02 Leases, which requires a lessee to recognize most leases on the balance sheet thereby resulting in the recognition of lease assets and liabilities for those leases currently classified as operating leases. ASU 2016-02 is effective for the Chancery for the fiscal year ending June 30, 2021. The Chancery is currently evaluating the effect this guidance will have on the combined financial statements and disclosures.

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 was adopted as of July 1, 2017. The adoption of ASU 2015-02 had no impact 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 was adopted as of July 1, 2017. The adoption of ASU 2014-15 had no impact on the combined financial statements and disclosures.

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 July 1, 2019. 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.

Correction of Immaterial Error—Subsequent to the issuance of the Chancery's combined financial statements as of and for the year ended June 30, 2017, the Chancery identified an immaterial error related to classification of cash and cash equivalents and investments. The Chancery evaluated the materiality of this misstatement from quantitative and qualitative perspectives and concluded that it was immaterial. Management has corrected the classification in the combined financial statements as of and for the year ended June 30, 2018. The correction resulted in a change in cash and cash equivalents as of the beginning of the year (June 30, 2017) in the combined statement of cash flows from $68,597 to $17,115.

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. Fair value of fixed income bonds is provided by a third-party pricing source. The pricing source uses various valuation approaches, including market and income approaches, using Level 2 inputs.

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, 2018.

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

Fixed Income Bonds—Fixed income bonds are valued using Level 2 inputs.

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 table sets forth by level within the fair value hierarchy the Chancery's investment assets at fair value as of June 30, 2018. Certain investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) practical exedient 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 statement of financial position.

	Fair Value Included in Combined Statement of Financial Position	**Fair Value Hierarchy**		
		Level 1	**Level 2**	**Level 3**
Cash equivalents	$ 19,190	$ 19,190	$	$
Investments:				
Common stock equities:				
Commodities—ETF	5,898	5,898		
Equities—domestic	66,292	66,292		
Equities—international	35,154	35,154		
Pooled checking program investments:				
Fixed income bonds—domestic	95,487		95,487	
Fixed income bonds—international	2,046		2,046	
Fixed income mutual funds:				
Government backed securities	5,863	5,863		
Mortgage backed securities	1,851	1,851		
Total return	22,554	22,554		
High yield	7,313	7,313		
Real estate and other funds	12,734	12,734		
Investments valued at NAV:				
Collective trust fund	20,173			
Real estate and other funds	3,156			
Total investments	278,521	157,659	97,533	
Total recurring fair value measurements	$ 297,711	$ 176,849	$ 97,533	$

As of June 30, 2018, the fair value of $3,092 of charitable gift annuities was included in investments. As of June 30, 2018, an immaterial amount of charitable gift annuities was held in cash and cash equivalents. Offsetting liabilities of $2,659 are included in accounts payable and accrued expenses as of June 30, 2018 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 year ended June 30, 2018.

Interest income and investment return for the year ended June 30, 2018 is as follows:

Interest and dividends	$ 9,655
Net realized and unrealized gains	9,924
Total investment return	19,579
ADLF loan and other interest income	1,826
Total interest income and investment return	$ 21,405

4. NET ASSET VALUE PER SHARE

The following table for June 30, 2018 sets forth a summary of the Chancery's investments with a reported NAV.

Investment	Fair Value*	Unfunded Commitment	Other Redemption Restrictions	Redemption Notice Period
Real estate investments [(a)]:	$ 893	$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
	2		Requires general partner approval.	None
	1,935		Redemption price cannot be greater than current offering price of common stock shares sold in primary offering.	None
	326		No redemption before March 31, 2020 except by approval of general partner for special circumstances.	None
Total real estate investments	3,156	150		
Collective trust fund [(b)]:	20,173		None	None
Total	$ 23,329	$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, 2018, temporarily restricted net assets includes $2,082 related to this cumulative activity.

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, 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Funds:				
Board Designated	$157,272	$	$	$157,272
Donor Designated		2,082	24,708	26,790
Total	$157,272	$ 2,082	$24,708	$184,062

Changes in endowment net assets for year ended June 30, 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets—beginning of year	$148,517	$ 795	$ 23,868	$173,180
Investment return:				
Investment income—net	8,713	1,955		10,668
Net appreciation	4,253	551		4,804
Total investment return	12,966	2,506		15,472
Contributions	1,971		840	2,811
Transfers	4	(4)		
Distributions—net	(6,186)	(1,215)		(7,401)
Net assets—end of year	$157,272	$ 2,082	$ 24,708	$184,062

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 statement of financial position, which are then used for making loans that are reflected as assets on the accompanying combined statement 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.

The loan interest rate for all new loans was 3.75% for the year ended June 30, 2018. Loan interest rates for all loan balances averaged 4.0% during the year ended June 30, 2018. Interest income and investment return includes loan interest earned of $1,450 for the year ended June 30, 2018. Interest at an average rate of 0.75% was paid on funds on deposit during the year ended June 30, 2018.

The combined ADLF loan receivable and amounts due from parishes and other entities balances as of June 30, 2018 consist of the following:

Construction loans secured	$ 30,450
Non interest bearing operational loans unsecured	20,794
Interest bearing operational loans and other receivables unsecured	1,167
	52,411
Less allowance for loan losses	(15,171)
Total combined ADLF loan receivable and amounts due from parishes and other entities	$ 37,240

The combined ADLF loan receivable and amounts due from parishes and other Archdiocesan entities as of June 30, 2018 is presented in the statement of financial position as follows:

ADLF loan receivable	$30,609
Amounts due from parishes and other Archdiocesan entities	6,631
Total combined ADLF loan receivable and amounts due from parishes and other Archdiocesan entities	$37,240

Transactions in the allowance for loan losses for ADLF loan receivable and amounts due from parishes and other entities for the year ended June 30, 2018 are as follows:

Balance—July 1	$15,200
Losses charged off	(196)
Change in provision for loan losses	167
Balance—June 30	$15,171

7. POOLED CHECKING PROGRAM

The Pooled Checking Program is a partnership between the Archdiocese and a local financial institution. The Pooled Checking Program provides participating entities with demand deposit accounts that earn interest at a rate exceeding market interest rates for standard commercial checking accounts while retaining traditional checking account services such as branch deposits, checking, and electronic banking. Interest at an average rate of 0.75% was paid on funds on deposit during the year ended June 30, 2018. The funds from participating deposit accounts are pooled together and invested in fixed income bonds to earn a higher rate of return.

Pooled checking program deposit payable consists of the balances of checking accounts participating in the Pooled Checking Program. The Chancery guarantees the deposits in the Pooled Checking Program and assumes the risk should the underlying investment ever prove to be insufficient to satisfy the liquidating claims of the depositors. The depositors can redeem their accounts in whole or in part at any time and are entitled to their deposit balance, unaffected by any gains or losses. The Chancery manages the investment risks in the program by limiting purchases to only investment grade bonds and maintains a laddered maturity portfolio with an intermediate duration.

8. LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment as of June 30, 2018 consist of the following:

Land	$ 3,974
Buildings	35,943
Equipment	3,365
Construction in progress	289
Accumulated depreciation	(22,695)
Total land, buildings, and equipment—net	$ 20,876

9. 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, 2018, the balance of the 2013 Note is $15,887.

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, 2018, the balance of the 2010 Note is $14,402.

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 were originally scheduled to 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. Each note carried a tender option that allowed the holder of the bonds to tender them for purchase as of May 31, 2018. The bondholder exercised the tender option and the full balance of the bonds was paid by the Archdiocese, as guarantor, on May 31, 2018. As of June 30, 2018, the balances of the 2011 Padua Note and the 2011 Andrew Note are both $0.

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, 2018.

Payments due over the next five years are as follows:

Years Ending June 30	**Amount**
Bonds payable:	
2019	$ 2,269
2020	2,344
2021	11,289
2022	500
2023	13,887
Total bonds payable	30,289
Interest payable as of June 30, 2018	268
Unamortized bond issuance costs as of June 30, 2018	(139)
Total bonds and interest payable	$30,418

10. OTHER LIABILITIES

A summary of other liabilities as of June 30, 2018 is as follows:

Contributions received for other charitable organizations	$1,619
Cemeteries deferred revenue	3,696
Refundable advances and other	942
Total other liabilities	$6,257

11. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2018 are available for the following purposes:

Catholic Charities	$2,922
Catholic Education	2,101
United Catholic Appeal	1,713
Parish Purposes and other	2,210
Total temporarily restricted net assets	$8,946

12. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets as of June 30, 2018 are available for the following purposes:

Catholic Charities	$ 5,139
Catholic Education	15,232
Parishes	3,458
Other	896
Total permanently restricted net assets	$ 24,725

13. FUNCTIONAL EXPENSES

A summary of expenses by functional classification for the year ended June 30, 2018 is as follows:

Program activities:	
Catholic cemeteries	$ 3,260
Catholic charities	11,217
Catholic community foundation	3,170
Catholic schools	6,279
Clergy, religious and parish life coordinators	4,397
Communications	1,382
Deposit and loan fund and pooled checking program	1,810
Mission office	93
Parish ministry support	2,325
Parish shared service plans and other	35,474
Pastoral ministries	1,773
Worship and evangelization	1,341
Total program activities	72,521
Supporting activities:	
Administrative services	5,985
Stewardship and development	1,961
Total supporting activities	7,946
Total functional expenses	$80,467

14. 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 that are centrally administered by the Chancery for the benefit of the 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 $30 was transferred from the Trust to SMCC for use in operations during the year ended June 30, 2018. In addition, the Trust contributed $160 to SMCC for use in operations during the year ended June 30, 2018.

15. 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% of each entity's previous year payroll costs. The Chancery's retirement plan contributions expense for the Lay Plan was $3,220 for the year ended June 30, 2018, which represents the sole contributions made to the plan for the year. 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 $2,154 (stated in actual dollars, not in thousands) for the year ended June 30, 2018, 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 annually fund the Priests' Plan is supported by the United Catholic Appeal. The Chancery's retirement plan contributions expense for the Priests' Plan was $1,800 for the year ended June 30, 2018, which represents the sole contribution made to the plan for the year. 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 $18.5 into the 403(b) plan for calendar year 2018. Employees and clergy over the age of 50 are eligible for an additional $6 catch up provision, for a total annual contribution of $24.5 for calendar year 2018.

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 statement of activities. Archdiocesan contributions are immediately fully vested and were $2,786 for the year ended June 30, 2018.

The Archdiocese matches 50% of clergy contributions of up to $2.4 per year. The Chancery made contributions of $88 to the clergy defined contribution plan for the year ended June 30, 2018.

16. COMMITMENTS AND CONTINGENCIES

Self-Insurance—A partially self-insured property and liability program is administered by the Chancery for Archdiocesan facilities and vehicles. 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 $300 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 $16,575 for the year ended June 30, 2018.

Litigation—The Chancery is involved with various legal actions arising in the 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 $3,362 as of June 30, 2018. Management expects these obligations to be paid within one year.

17. 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, December 20, 2018, and no events have occurred that require disclosure.

* * * * * *

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, 2018
(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, 2018
SUPPORT AND REVENUES:															
Assessments	3,115	-	189	68	-	-	339	2,962	1,085	482	2,852	-	11,092	-	11,092
Service fees	47	168	59	92	773	-	-	184	919	-	32,009	-	34,251	(4,342)	29,909
Capital campaigns and contributions	107	772	361	1,918	105	4,677	51	-	-	3	6,620	2,805	17,419	(6,110)	11,309
United Catholic Appeal	2,231	1,424	283	656	1,012	726	-	-	-	-	-	-	6,332	(243)	6,089
Sales of goods and services	-	-	18	(16)	-	1	1,147	-	-	-	3,416	-	4,566	(75)	4,491
Program service fees and other	-	515	596	2,973	6	3,261	-	-	-	-	650	-	8,001	(174)	7,827
Other public support	(76)	-	-	1,116	17	3,754	-	-	-	-	-	-	4,811	-	4,811
Interest income and investment return	2,292	144	19	320	49	479	2	1	-	-	1,966	21,477	26,749	(5,344)	21,405
Total support and revenues	7,716	3,023	1,525	7,127	1,962	12,898	1,539	3,147	2,004	485	47,513	24,282	113,221	(16,288)	96,933
EXPENSES:															
Salaries and wages	1,538	680	706	3,614	674	5,785	464	1,364	755	293	169	-	16,042	-	16,042
Employee benefits and taxes	397	772	215	936	177	1,536	97	331	174	124	4,256	-	9,015	(2,939)	6,076
Health care costs	-	-	-	-	-	-	-	-	-	-	21,466	-	21,466	-	21,466
Retirement plan contributions	1,849	-	-	-	-	-	-	-	-	-	3,220	-	5,069	-	5,069
Cost of equipment and supplies sold	25	4	10	-	-	23	757	-	-	-	1,142	-	1,961	-	1,961
Administrative and supplies	36	64	98	571	138	904	13	71	416	6	1	-	2,318	(72)	2,246
Property insurance	-	38	23	43	8	107	-	176	-	-	3,298	-	3,693	(481)	3,212
Depreciation	347	301	84	242	-	485	-	-	-	-	216	-	1,675	-	1,675
Repairs and maintenance	3	208	125	120	4	71	1	705	67	1	150	-	1,455	-	1,455
Occupancy costs	18	75	118	435	1	866	3	342	2	1	-	-	1,861	(135)	1,726
Interest	-	-	-	-	-	-	-	-	44	-	128	2,714	2,886	(509)	2,377
Bad debts	243	-	-	(1)	-	23	(1)	-	-	-	252	-	516	-	516
Professional services	461	209	6	433	126	762	103	348	124	53	4,318	899	7,842	(1,063)	6,779
Specific assistance	-	-	-	-	-	962	-	-	-	-	-	-	962	-	962
Contributions	5,498	48	31	175	59	1,378	-	-	417	-	316	7,401	15,323	(9,001)	6,322
Other	485	182	93	471	719	385	37	49	102	12	66	4	2,605	(22)	2,583
Total expenses	10,900	2,581	1,509	7,039	1,906	13,287	1,474	3,386	2,101	490	38,998	11,018	94,689	(14,222)	80,467
CHANGE IN NET ASSETS	(3,184)	442	16	88	56	(389)	65	(239)	(97)	(5)	8,515	13,264	18,532	(2,066)	16,466

See independent auditors’ report.

OTHER ACCOMPANYING SUPPLEMENTARY INFORMATION

CERTAIN ENTITIES OF THE ARCHDIOCESE OF INDIANAPOLIS
STATEMENT OF FINANCIAL POSITION INFORMATION
AS OF JUNE 30, 2018
(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	$ 41	$	$ 35	$ 1,140	$ 18	$ 1,155
INVESTMENTS	3,218			909	385	64
RECEIVABLES:						
Contributions—net			169	18	29	38
Other—net	3,143	18	14	375	22	38
Total receivables—net	3,143	18	183	393	51	76
OTHER ASSETS				2	4	10
BURIAL SPACES AND OTHER INVENTORIES	3,060		30			
LAND, BUILDINGS, AND EQUIPMENT—Net	2,508		354	225	2,858	599
TOTAL	$ 11,970	$ 18	$602	$ 2,669	$ 3,316	$ 1,904
LIABILITIES AND NET ASSETS						
LIABILITIES:						
Accounts payable and accrued expenses	$ 6,477	$ 23	$ 31	$ 69	$ 487	$ 173
Other liabilities	3,696		28	42	370	
Total liabilities	10,173	23	59	111	857	173
NET ASSETS:						
Unrestricted (deficit)	1,797	(5)	374	2,529	2,046	1,714
Temporarily restricted			169	29	141	17
Permanently restricted					272	
Total net assets (deficit)	1,797	(5)	543	2,558	2,459	1,731
TOTAL	$ 11,970	$ 18	$602	$ 2,669	$ 3,316	$ 1,904

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, 2018
(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	$	$ 51	$342	$ 204	$ 102	$ 1,500
Sales of goods and services	3,016	1,147	18		9	(26)
Program service fees and other	320		577	926	980	717
Other public support				35	81	776
Interest income and investment return	394	2	18	83	38	4
Total support and revenues	3,730	1,200	955	1,248	1,210	2,971
EXPENSES:						
Salaries and wages		249	385	481	607	1,813
Employee benefits and taxes		49	107	124	139	502
Cost of equipment and supplies sold	651	757	10			
Administrative and supplies		8	94	98	250	207
Property insurance	54		23	19	20	5
Depreciation	215		84	26	111	104
Repairs and maintenance	64		124	35	65	20
Occupancy costs		1	75	115	170	151
Interest	36					
Bad debts	17	(1)				(1)
Professional services	2,161	102	2	313	15	43
Specific assistance						
Contributions			15	2		
Transfers to Catholic Community Foundation	218		14			
Other	63	12	28	28	63	29
Total expenses	3,479	1,177	961	1,241	1,440	2,873
CHANGE IN NET ASSETS	251	23	(6)	7	(230)	98
NET ASSETS—Beginning of year	1,546	(28)	549	2,551	2,689	1,633
NET ASSETS—End of year	$ 1,797	$ (5)	$543	$ 2,558	$ 2,459	$ 1,731

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, 2018
(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	$ 845	$ 33	$ 678	$64	$ (42)	$ 1,425
ACCOUNTS RECEIVABLE—Net	579	37	65			
CONTRIBUTIONS RECEIVABLE—Net	252		37			118
OTHER ASSETS	13	3	2			
PROPERTY AND EQUIPMENT—Net	2,957	143	1,479		1,180	311
INVESTMENTS	2,162	9	196	15	70	352
TOTAL	$ 6,808	$ 225	$ 2,457	$79	$ 1,208	$ 2,206
LIABILITIES AND NET ASSETS						
LIABILITIES:						
Accounts payable and accrued expenses	$ 366	$ 559	$ 84	$ 4	$ 41	$ 43
Other liabilities	89	70	59		204	
Total liabilities	455	629	143	4	245	43
NET ASSETS:						
Unrestricted (deficit)	4,812	(407)	2,194	69	948	774
Temporarily restricted	416	3	110	6	14	1,389
Permanently restricted	1,125		10		1	
Total net assets	6,353	(404)	2,314	75	963	2,163
TOTAL	$ 6,808	$ 225	$ 2,457	$79	$ 1,208	$ 2,206

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, 2018
(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	$ 1,421	$ 254	$ 555	$ 89	$ 236	$ 533
Special events, net	96	60	246	5	52	37
Archdiocesan support	544	104	156	51	77	27
United Way operating support	598	26		16	68	16
Government grants, federal	2,422	61	122		189	54
Government grants, state and local	8	10	145			15
Program service fees	1,459	335	723			164
Investment return	196		16	2	3	33
Miscellaneous	74	2			8	
Total support and revenues	6,818	852	1,963	163	633	879
EXPENSES:						
Salaries and wages	3,602	504	815	60	347	366
Employee benefits and taxes	970	111	216	17	86	108
Professional services	307	84	234	13	11	48
Supplies	393	31	201	26	14	183
Occupancy	531	72	89		140	73
Transportation	122	1	19	2	2	36
Specific assistance	784	6	4	41		
Contributions			1			
Other	208	28	59	8	21	56
Depreciation	276	10	107		87	3
Total expenses	7,193	847	1,745	167	708	873
CHANGE IN NET ASSETS	(375)	5	218	(4)	(75)	6
NET ASSETS—Beginning of year	6,728	(409)	2,096	79	1,038	2,157
NET ASSETS—End of year	$ 6,353	$(404)	$ 2,314	$ 75	$ 963	$ 2,163

See independent auditors’ report.