
Diocese of Lansing

**Financial Report
with Additional Information
June 30, 2018**

Independent Auditor's Report	1-2
Financial Statements	
Balance Sheet	3
Statement of Activities and Changes in Net Assets	4
Statement of Cash Flows	5-6
Notes to Financial Statements	7-18
Additional Information	19
Independent Auditor's Report on Additional Information	20
Central Services Fund:	
Balance Sheet	21
Statement of Activities and Changes in Net Assets	22
Cemetery Fund:	
Balance Sheet	23
Statement of Activities and Changes in Net Assets	24
Protected Loss Activities Fund:	
Balance Sheet	25
Statement of Activities and Changes in Net Assets	26
Plant Fund:	
Balance Sheet	27
Statement of Activities and Changes in Net Assets	28
Treasury Management Fund (formally known as Savings and Loan Program Fund)	
Balance Sheet	29
Statement of Activities and Changes in Net Assets	30
Trust and Endowment Fund:	
Balance Sheet	31
Statement of Activities and Changes in Net Assets	32
Designated Gift Fund:	
Balance Sheet	33
Statement of Activities and Changes in Net Assets	34

Independent Auditor's Report

To the Most Reverend Earl A. Boyea
Diocese of Lansing

We have audited the accompanying financial statements of the Diocese of Lansing (the "Diocese"), which comprise the balance sheet as of June 30, 2018 and 2017 and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of the Diocese of Lansing as of June 30, 2018 and 2017 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Most Reverend Earl A. Boyea
Diocese of Lansing

Emphasis of Matter

As described in Note 1 to the financial statements, the financial statements being presented are only for funds for which the Diocese of Lansing retains operational control and do not reflect the assets, liabilities, and results of operations of parishes, schools, and other diocesan organizations. Accordingly, the accompanying financial statements are not intended to present the financial position of the parishes, schools, and other diocesan organizations as of June 30, 2018 and 2017 or the changes in their net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Plante & Moran, PLLC

April 30, 2019

Diocese of Lansing

Balance Sheet

June 30, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	\$ 6,191,759	\$ 12,543,377
Michigan no-fault self-insurance loss reserve	32,826	31,675
Investments (Note 3)	2,763,027	75,816,895
Accounts receivables - Net of allowances	2,061,155	2,365,558
Accrued interest receivable	-	174,473
Cemetery inventory	77,948	39,869
Unrecovered cost of crypts and niches	971,651	1,141,463
Undeveloped burial ground	85,000	85,000
Loans - Parishes, schools, and other - Net of allowance for doubtful loans of \$1,365,449 for 2017	-	25,449,084
Invested in Parish Savings and Loan Trust	3,457,755	-
Prepaid expenses and other current assets	309,165	643,822
Interest in net assets of Catholic Foundation of the Diocese of Lansing (Note 7)	8,787,501	-
Property and equipment:		
Land and buildings	21,885,138	21,626,507
Future sites	443,381	443,382
Equipment	1,131,415	1,040,503
Accumulated depreciation	(10,663,494)	(9,973,224)
Total property and equipment	<u>12,796,440</u>	<u>13,137,168</u>
Total assets	<u>\$ 37,534,227</u>	<u>\$ 131,428,384</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 1,128,002	\$ 1,779,228
Unremitted collections	77,675	112,792
Distributions due to depositors	-	361,416
Parishes, schools, and other depositors	267,622	83,737,412
Amounts due to beneficiaries	7,145	10,957
Funds held for others	354	2,000,754
Cemetery preneed deferred revenue	2,346,166	1,867,686
Total liabilities	<u>3,826,964</u>	<u>89,870,245</u>
Net Assets		
Unrestricted:		
Undesignated	3,249,173	2,323,045
Designated	20,904,926	27,517,690
Temporarily restricted net assets (Note 5)	4,851,238	6,175,056
Permanently restricted net assets (Note 6)	4,701,926	5,542,348
Total net assets	<u>33,707,263</u>	<u>41,558,139</u>
Total liabilities and net assets	<u>\$ 37,534,227</u>	<u>\$ 131,428,384</u>

Diocese of Lansing

Statement of Activities and Changes in Net Assets

Years Ended June 30, 2018 and 2017

	2018	2017
Changes in Unrestricted Net Assets		
Revenue and other support:		
Assessment receipts	\$ 2,777,056	\$ 2,650,268
Diocesan Services Appeal contributions	11,920	299,145
Cemetery general receipts	1,278,811	1,548,252
Protected Loss activities	1,112,988	785,314
Dividends	536,235	625,941
Bequests and donations	1,848,912	647,507
School assessment receipts	309,506	488,420
Program and project receipts	1,045,115	636,373
Net realized and unrealized gains and losses on investments	3,580,718	4,226,717
Interest income	1,156,557	1,931,029
Distribution from related entity	1,012,288	3,085,856
Net assets released from restrictions	5,410,521	5,625,347
Total revenue and other support	20,080,627	22,550,169
Expenses:		
Salaries and wages	4,435,049	4,541,912
Tuition expense	491,887	457,040
Assessments	122,998	122,257
Subsidies - Grants	3,089,137	6,060,154
Office expenses	1,284,166	1,817,192
Property and equipment	1,251,216	1,132,075
Cemetery cost of goods sold	368,180	321,501
Ministerial programming	1,147,789	1,386,047
Depreciation and impairment	866,275	670,382
Savings and loan interest expense	1,040,807	1,858,519
Trust and endowment investment distributions	2,714,491	3,064,608
Diocesan services appeal rebates	-	374,959
Total expenses	16,811,995	21,806,646
Increase in Unrestricted Net Assets - Before other changes	3,268,632	743,523
Other Changes in Unrestricted Net Assets - Impairment and forgiveness of loans and receivables (Note 1)	(305,464)	(43,805)
Increase in Unrestricted Net Assets - Before transfers	2,963,168	699,718
Transfers (Note 8)	(8,649,804)	-
(Decrease) Increase in Unrestricted Net Assets	(5,686,636)	699,718
Changes in Temporarily Restricted Net Assets		
Diocesan Services Appeal contributions	-	5,000,000
Bequests and donations	498,993	189,340
Investment income	316,172	258,861
DSA release from restriction	(5,000,000)	(5,088,979)
Other release from restriction	(410,521)	(536,368)
Change in interest in net assets of Catholic Foundation of the Diocese of Lansing (Note 7)	3,966,273	-
Transfers - Temporarily restricted (Note 8)	(694,735)	-
Decrease in Temporarily Restricted Net Assets	(1,323,818)	(177,146)
Changes in Permanently Restricted Net Assets - Donations		
Bequests and contributions	645,477	102,610
Change in interest in net assets of Catholic Foundation of the Diocese of Lansing (Note 7)	400	-
Transfers - Permanently restricted (Note 8)	(1,486,299)	-
(Decrease) Increase in Permanently Restricted Net Assets	(840,422)	102,610
(Decrease) Increase in Net Assets	(7,850,876)	625,182
Net Assets - Beginning of year	41,558,139	40,932,957
Net Assets - End of year	\$ 33,707,263	\$ 41,558,139

See notes to financial statements.

Statement of Cash Flows

Years Ended June 30, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities		
(Decrease) increase in net assets	\$ (7,850,876)	\$ 625,182
Adjustments to reconcile (decrease) increase in net assets to net cash and cash equivalents from operating activities:		
Depreciation	686,369	670,382
Net gain on investments	(3,580,718)	(4,226,717)
Change in allowance for uncollectible contributions	-	43,805
Impairment on loans and receivables net of change in allowance	270,510	501,405
Impairment on fixed assets	179,906	515,094
Interest in net assets of the Catholic Foundation of the Diocese of Lansing	(3,966,673)	-
Net asset transfer to the Parish Savings and Loan Trust and the Catholic Foundation of the Diocese of Lansing	10,830,838	-
Permanently restricted contributions	(645,477)	(102,610)
Changes in operating assets and liabilities that (used) provided cash and cash equivalents:		
Accounts receivable	(1,061)	(1,657,230)
Contributions receivable	-	1,330,692
Cemetery inventory	(38,079)	(3,867)
Unrecovered cost of crypts and niches	169,812	118,791
Accrued interest receivable	(5,078)	(45,186)
Prepaid expenses and other current assets	154,751	87,614
Accounts payable and accrued liabilities	(651,226)	295,270
Cemetery trust fund	478,480	538,966
Distributions due to depositors	(361,416)	61,459
Deposits	8,142,880	4,115,327
Amount due to beneficiaries	(3,812)	(3,813)
Funds held for others	48,540	(319)
Unremitted collections	(35,117)	(229,004)
Net cash and cash equivalents provided by operating activities	3,822,553	2,635,241
Cash Flows from Investing Activities		
Proceeds from loan repayments	1,900,097	3,022,576
Issuance of loans	(370,957)	(691,099)
Purchase of land and buildings	(345,641)	(59,764)
Proceeds from sale of investments	1,099,279	9,564,352
Purchases of investments	(9,142,397)	(15,844,923)
Cash transferred to Parish Savings and Loan Trust	(501,123)	-
Invested in Parish Savings and Loan Trust	(3,457,755)	-
Net cash and cash equivalents used in investing activities	(10,818,497)	(4,008,858)
Cash Flows Provided by Financing Activities - Permanently restricted contributions	645,477	102,610
Net Decrease in Cash and Cash Equivalents	(6,350,467)	(1,271,007)
Cash and Cash Equivalents - Beginning of year	12,575,052	13,846,059
Cash and Cash Equivalents - End of year	\$ 6,224,585	\$ 12,575,052

Statement of Cash Flows (Continued)

Years Ended June 30, 2018 and 2017

	2018	2017
Balance Sheet Classification of Cash and Cash Equivalents		
Cash and cash equivalents	\$ 6,191,759	\$ 12,543,377
Michigan no-fault self-insurance loss reserve	32,826	31,675
Total cash and cash equivalents	\$ 6,224,585	\$ 12,575,052
Significant Noncash Transactions		
Investments to Parish Savings and Loan Trust (PSLT) (Note 8)	\$ (43,487,049)	\$ -
Loans to PSLT	(23,954,898)	-
Accrued interest receivable to PSLT	(179,551)	-
Deposits to PSLT	60,683,629	-
Investments to the Catholic Foundation of the Diocese of Lansing (the "Catholic Foundation") (Note 8)	(41,190,655)	-
Deposits to the Catholic Foundation	30,929,041	-
Funds held for others to the Catholic Foundation	2,048,940	-
Change in interest in net assets of the Catholic Foundation at transfer	4,820,828	-

Note 1 - Nature of Business

Principles of Reporting

The accompanying financial statements include only those funds for which the Diocese of Lansing (the "Diocese") retains operational control. The financial statements do not reflect the assets, liabilities, and results of operations of parishes, schools, and other diocesan organizations. The excluded organizations receive financial support from other sources, and their activities are accounted for separately. All interfund balances and activity with each other have been eliminated.

The Diocese of Lansing provides various services primarily in the central area of lower Michigan. A description of these services and the funds maintained by the Diocese is as follows:

Central Services

Central Services accounts for the operations of the central administrative offices of the Diocese. The main sources of income are the annual Diocesan Services Appeal (DSA) campaign held annually by the Catholic Foundation of the Diocese of Lansing and diocesan assessments levied on each parish.

Cemetery

Diocesan cemeteries account for the activities of St. Joseph Catholic Cemetery in Lansing, New and Old Calvary Cemeteries in Flint, St. Patrick Cemetery in Clinton County, St. Michael Byzantine Cemetery in Flint, All Saints Cemetery in Flint, and the central administrative and preneed offices.

Protected Loss Activities Fund

The Michigan Catholic Conference (MCC) forwards a part of the participant contributions to the Diocese to cover costs of loss prevention-type activities that the Diocese conducts directly.

Plant

Plant activities include purchase, renovation, or rehabilitation of land, buildings, and equipment. Equipment is recorded at cost. Land and future parish sites are recorded at cost. Contributed assets are recorded at fair value at the date of the gift. Plant activities include costs associated with property and equipment used in the operations included in these financial statements. Costs of operating and maintaining land, buildings, and equipment of parishes, schools, and other diocesan institutions are excluded.

Treasury Management Fund, Formally Known as Savings and Loan Program

Savings of and loans to diocesan units were accounted for in this program. All loans and deposit balances previously held by the Savings and Loan Program were transferred to the Parish Savings and Loan Trust effective March 1, 2018. While held by the Savings and Loan Program, loans receivable were reported at the original issue amount plus accrued interest, less principal repaid. Interest was recognized according to terms of the specific loans. Loans made to diocesan units ranged from \$10,000 to \$5,100,000 and had varying maturities of 5 to 20 years, and the majority bore an interest rate of 5.0 percent during 2018 until the transfer and throughout 2017. At June 30, 2017, an individual parish had loans representing more than 25 percent of the outstanding loans. Interest was paid on deposits at a rate of 2.5 percent during 2018 until March 1, 2018, when all outstanding loans were transferred to the Parish Savings and Loan Trust, as discussed in Note 8, and throughout 2017.

The Diocese considered loans and receivables to be impaired when, based upon current information and events, the Diocese believes it was probable that it would be unable to collect all amounts due. The allowance for doubtful loans was considered adequate to cover potentially uncollectible loans at June 30, 2017.

Note 1 - Nature of Business (Continued)

Trust and Endowment

Trust and endowment funds are long-term savings of trusts, endowments, cemetery endowed care, and other restricted funds of diocesan units. Returns to the depositors are based on actual results of the investments. Effective March 1, 2018, the Trust and Endowment Program was transferred to the Catholic Foundation of the Diocese of Lansing, as discussed in Note 8.

Designated Gift

Gift funds are limited for special purposes. Restrictions of net assets are donor-imposed limitations, and designations of net assets are management imposed. Endowments held by the Designated Gift Fund were transferred to the Catholic Foundation of the Diocese of Lansing during 2018.

Note 2 - Significant Accounting Policies

Cash Equivalents

The Diocese considers all investments with an original maturity of three months or less when purchased to be cash and cash equivalents. However, this excludes any cash that is included in the Diocese's investment portfolio.

Concentration of Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Diocese's deposits may not be returned to it. At year end, a significant portion of the Diocese's cash balance was held at one financial institution and exceeds the FDIC insurance limits. Management believes that, due to the dollar amounts of cash deposits and the type of accounts held, it is impractical to insure all deposits.

Parish Savings and Loan Trust

The Diocese is a participant in the Parish Savings and Loan Trust (the "Trust"). Effective March 1, 2018, the Diocese of Lansing transferred the Savings and Loan Program to the Trust. The Savings and Loan Program is a cooperative savings, investment, and borrowing program administered by the Trust for the benefit of trust participants. The Diocese deposits excess funds into this program and earns interest. Interest was received at a rate of 2.5 percent during 2018 and 2017. Withdrawals are made by redeeming shares. Redemptions from the Savings and Loan Program can be made on a regular basis, following a required 10-day notice.

Accounts Receivable

Accounts receivable are stated at invoice amounts. An allowance for doubtful accounts is established based on a specific assessment of all invoices that remain unpaid following normal payment periods. All amounts deemed uncollectible are charged against the allowance for doubtful accounts in the period that determination is made.

Amounts received from cemetery trusts, included in investments, receivables, and liabilities, represent a portion of the proceeds from the sale of preneed merchandise and services, deposited in accordance with state trusting laws with various financial institutions, together with accrued earnings. The Diocese will recognize and generally receive these amounts when the merchandise is delivered or the service is performed.

Investments

Investments are stated at fair value. Gifts of investment securities are initially recorded at fair value at the date of receipt. Investment income is recorded when earned.

Note 2 - Significant Accounting Policies (Continued)

Unrecovered Cost of Crypts and Niches

It is the policy of the Diocese to capitalize all land, drainage, landscaping costs, and costs of mausoleum crypts and columbarium niches. The costs of crypts and niches are charged to cost of sales as the entombment and interment rights are sold.

Undeveloped Burial Ground

Undeveloped burial ground represents cost of land not developed or available-for-sale burial rights at year end.

The Diocese has sold all burial rights in the land originally developed for burial rights and presently is selling burial rights in land previously used for other cemetery functions, as well as burial rights repurchased from individuals who no longer desire them.

Property and Equipment

The Diocese maintains historical financial records of the cost of land, buildings, and certain equipment when purchased or at fair value at the date of gift, if contributed. Depreciation is calculated on the straight-line basis over the estimated useful lives of the various assets. The Diocese calculates depreciation on a straight-line basis over the estimated useful life for equipment of 3-10 years and buildings of 15-50 years.

Gifts of long-lived assets, such as land, buildings, or equipment, are reported as unrestricted support, unless explicit donor stipulations specify how the donated asset must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets must be maintained, and expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Split-interest Agreements

The designated gift program includes resources and obligations created by various split-interest agreements with donors. Under the terms of the contracts, the Diocese is required to invest amounts received and distribute a percentage of that investment or a set amount to designated beneficiaries. Upon the death of a beneficiary, the principal remaining under each contract reverts to the Diocese or other designated beneficiaries in accordance with the terms of the respective contract. The split-interest agreements are recorded within the balance sheet as amounts due to beneficiaries.

Revenue and Cost Recognition

The Diocese records revenue such as contributions and promises to give when it is received unconditionally at fair value. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met. Parish assessments are levied annually.

The Diocese sponsors various educational and other programs that are necessary to fulfill its mission. The Diocese earns revenue from fees collected for such programs. Revenue is recognized and recorded when activities occur.

When individuals purchase a cemetery burial right (plot of ground) or mausoleum, crypt, or niche, cemetery revenue is recognized, and the plot, crypt, or niche is reserved for that individual and can no longer be sold.

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in Note 10. Costs have been allocated between the various programs and support services on several bases and estimates. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Note 2 - Significant Accounting Policies (Continued)

Classification of Net Assets

Net assets of the Diocese are classified based on the presence or absence of donor-imposed restrictions.

Unrestricted net assets are not restricted by donors, or the donor-imposed restrictions have expired or been fulfilled.

Temporarily restricted net assets consist of contributions received with donor-imposed restrictions that expire with the passage of time or that can be removed by meeting certain requirements.

Permanently restricted net assets result from donor-imposed restrictions that limit the use of net assets in perpetuity.

Earnings, gains, and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are released to unrestricted net assets.

Tax Status

The Diocese is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and the Diocese is a religious entity that is exempt from tax filings; therefore, a provision for income taxes has not been included in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Risks and Uncertainties

The Diocese invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least 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 balance sheet.

Upcoming Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the current revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of 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 ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for the Diocese's year ending June 30, 2020. The ASU permits application of the new revenue recognition guidance using one of two retrospective application methods. The Diocese is in the process of evaluating contracts with customers to determine which application method it will use and the potential effects of the new standards on the financial statements, if any.

Note 2 - Significant Accounting Policies (Continued)

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU No. 2016-14 requires significant changes to the financial reporting model of organizations that follow FASB not-for-profit rules, including changing from three classes of net assets to two classes: net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the Diocese, including required disclosures about the liquidity and availability of resources. The new standard is effective for the Diocese's year ending June 30, 2019 and thereafter and must be applied on a retrospective basis. The Diocese has determined the effects of the new standard on the financial statements will include the change in net asset descriptions, additional disclosure on liquidity and availability of resources, and additional information on the natural classification of functional expenses.

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The accounting guidance will result in more governmental contracts being accounted for as contributions and may delay revenue recognition for certain grants and contributions that no longer meet the definition of unconditional. The new guidance will be effective for the Diocese's year ending June 30, 2020 and will be applied on a modified prospective basis. The Diocese does not expect the standard to have a significant impact on the timing of revenue recognition for government grants and contracts, but has not yet determined the impact on the timing of recognition of foundation and individual grants and contributions.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including April 30, 2019, which is the date the financial statements were available to be issued.

Note 3 - Investments

A summary of investments held by the Diocese at June 30, 2018 and 2017 is as follows:

	2018	2017
Michigan Catholic Conference investment pool	\$ -	\$ 68,226,299
Mutual funds	1,359,861	2,159,501
Money market funds	-	508,477
Certificates of deposit	104,289	4,000,000
Escrow trust account	1,298,877	922,618
	<u>2,763,027</u>	<u>75,816,895</u>
Total	<u>\$ 2,763,027</u>	<u>\$ 75,816,895</u>

Note 4 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Diocese's assets measured at fair value on a recurring basis at June 30, 2018 and 2017 and the valuation techniques used by the Diocese to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Diocese has the ability to access.

Note 4 - Fair Value Measurements (Continued)

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management’s own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Diocese’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

At June 30, 2018 and 2017, there was \$1,403,166 and \$4,922,618, respectively, in escrow trust cash accounts and certificates of deposit, which are not reflected within the fair value table below.

<u>Assets Measured at Fair Value on a Recurring Basis at June 30, 2018</u>				
Quoted Prices in				
	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2018
Investments - Mutual funds	\$ 1,359,861	\$ -	\$ -	\$ 1,359,861
<u>Assets Measured at Fair Value on a Recurring Basis at June 30, 2017</u>				
Quoted Prices in				
	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2017
Investments				
Mutual funds	\$ 2,159,501	\$ -	\$ -	\$ 2,159,501
Money market funds	508,477	-	-	508,477
Michigan Catholic Conference investment pool	-	68,226,299	-	68,226,299
Total investments	\$ 2,667,978	\$ 68,226,299	\$ -	\$ 70,894,277

The Diocese held an interest in investments held by the Michigan Catholic Conference at June 30, 2017, whereby the fair value of the investment held is estimated based on the underlying invested assets. The assets held by the Michigan Catholic Conference investment pool consisted of investments in mutual funds, equity securities, fixed-income securities, and money markets for which an active market existed.

Loans are, under certain conditions, subject to measurement at fair value on a nonrecurring basis. As discussed in Note 1, loans are assessed annually for impairment. During 2018 and 2017, the Diocese determined that no impairment occurred. The fair value of loans at June 30, 2017 was \$25,449,084. All loans were transferred to the Parish Savings and Loan Trust during 2018 as discussed in Note 8.

Note 5 - Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following:

Central Services - Net assets with time restrictions related to interest in net assets of the Catholic Foundation of the Diocese of Lansing of \$3,905,298 at June 30, 2018 and Diocesan Services Appeal contributions of \$5,000,000 at June 30, 2017, respectively.

Designated Gift - Net assets temporarily restricted related to interest in the net assets of the Catholic Foundation of the Catholic Diocese of Lansing of \$180,277 at June 30, 2018 and net assets restricted for specific purposes, as specified by the donors, of \$756,800 and \$1,166,193 at June 30, 2018 and 2017, respectively.

Cemetery Fund - Net assets restricted for specific purposes as specified by the donors of \$8,863 at June 30, 2018 and 2017.

Note 6 - Permanently Restricted Net Assets

Permanently restricted net assets consist of the following:

Designated Gift - Net assets permanently restricted related to interest in the net assets of the Catholic Foundation of the Diocese of Lansing of \$4,701,926 at June 30, 2018 and as specified by the donors of \$5,542,348 at June 30, 2017. Income can be used as specified by the donors for various programs and purposes, including support of seminarian education, scholarships, sanctuary expenses, and chapel expenses.

Note 7 - Beneficial Interest in Assets Held by Third Parties

The Diocese is named as a sole beneficiary to the Diocesan Services Appeal campaign administered by the Catholic Foundation of the Diocese of Lansing. The Catholic Foundation of the Diocese of Lansing has solicited contributions from donors for the benefit of the Diocese. As of June 30, 2018, the Diocese's interest in the Catholic Foundation of the Diocese of Lansing was \$3,905,298 related to the DSA campaign.

The Diocese is named sole beneficiary to certain endowments transferred to the Catholic Foundation of the Diocese of Lansing during the year ended June 30, 2018. The Diocese's interest in the Catholic Foundation of the Diocese of Lansing was \$4,882,203 related to endowments in which the Diocese is the specified beneficiary. The change in corpus of these endowments is reflected in permanently restricted net assets, and the change in accumulated earnings above corpus is reflected in temporarily restricted net assets.

Note 8 - Net Asset Transfers

Effective March 1, 2018, the Diocese transferred the majority of net assets, primarily consisting of investment, deposit, and loan balances related to the Savings and Loan Program, to a new entity, the Parish Savings and Loan Trust. The Parish Savings and Loan Trust will administer the Savings and Loan Program for the benefit of trust participants. Total net assets transferred to the Parish Savings and Loan Trust was \$7,438,992.

Note 8 - Net Asset Transfers (Continued)

Effective March 1, 2018, the Diocese transferred net assets, including investment and deposit balances related to the Trust and Endowment Program, to the Catholic Foundation of the Diocese of Lansing. The Catholic Foundation of the Diocese of Lansing will administer the Trust and Endowment Program for the benefit of program participants. Effective April 30, 2018, the Diocese transferred net assets, including investment balances related to certain permanently and temporarily restricted endowments held by the Designated Gift Fund to the Catholic Foundation of the Diocese of Lansing. Total net asset transfers to the Catholic Foundation of the Diocese of Lansing was \$3,391,846.

	Parish Savings and Loan Trust	Catholic Foundation of the Diocese of Lansing	Total
Unrestricted net assets transferred	\$ 7,438,992	\$ 1,210,812	\$ 8,649,804
Temporarily restricted net assets transferred	-	694,735	694,735
Permanently restricted net assets transferred	-	1,486,299	1,486,299
Total	<u>\$ 7,438,992</u>	<u>\$ 3,391,846</u>	<u>\$ 10,830,838</u>

Note 9 - Self-insurance

The Diocese participates in a self-insurance plan (the "Insurance Plan") with other Michigan dioceses for workers' compensation, liability, and property coverage. The Insurance Plan is managed by the Michigan Catholic Conference (MCC), and claims are administered by a third-party administrator. Initial losses of up to \$1,000,000 for workers' compensation, \$1,000,000 for liability, and \$1,000,000 for property per occurrence are the direct responsibility of the Insurance Plan. Premiums paid to the Insurance Plan by the Diocese are recorded in the expenses of the Central Services Fund.

The Insurance Plan's specific reinsurance carrier is responsible for all claims in excess of \$1,000,000 for workers' compensation, \$1,000,000 for liability, and \$1,000,000 for property per occurrence and property losses up to a limit of \$100,000,000 per occurrence for workers' compensation, \$100,000,000 per occurrence for liability, and \$260,000,000 per occurrence for property. As of June 30, 2018, the Insurance Plan was responsible for aggregate losses of up to \$9,622,760 annually. The Diocese, along with the other dioceses included in the Insurance Plan, is contingently liable for claims in excess of these amounts. The Diocese has not recorded any contingencies on its balance sheet related to the MCC insurance plan, as there are sufficient funds held by MCC to cover any expected losses.

The Diocese is authorized by the Michigan Department of Insurance and Financial Services to self-insure no-fault risk for its vehicles for the 12-month certification periods ended June 30, 2018 and 2017. An authorized self-insurer is required to establish a fully funded loss reserve to pay claims that are anticipated in and/or submitted for payment during the certification period, as well as to pay claims that have been incurred and submitted before then but have not yet been paid. The loss reserve for the Diocese has been determined by a qualified actuary and fully funded as of the commencement of the current certification period.

June 30, 2018 and 2017

Note 10 - Functional Expenses

The Diocese provides various services to its members. Expenses related to providing these services are as follows as of June 30:

	2018	2017
Program services:		
Direct ministerial programs and grants	\$ 9,732,866	\$ 12,986,330
Savings, loan, and investment programs	3,619,612	4,767,033
Plant and insurance activities	1,902,666	2,159,401
Total program services	15,255,144	19,912,764
General and administrative:		
Finance department	765,284	765,459
Curial activities	269,979	310,056
Technology	150,830	118,330
Building management	370,758	422,527
Total general and administrative	1,556,851	1,616,372
Fundraising	-	277,510
Total	\$ 16,811,995	\$ 21,806,646

Note 11 - Multiemployer Pension Plans

The Diocese participates in the Michigan Catholic Conference Lay Employees Retirement Plan (the "Plan"), a multiemployer defined benefit pension plan that covers substantially all lay employees. The plan number and employer identification number of the Plan are 20-1769136.

Contributions to the Plan were approximately \$227,000 and \$190,000 for the years ended June 30, 2018 and 2017, respectively. Contributions to the Plan are based on a percentage (8.6 percent for June 30, 2018 and 2017) of covered employees' wages. Based on information as of June 30, 2018, the year end of the Plan, the Diocese's contributions to the Plan did not represent more than 5 percent of the total contributions received by the Plan.

The financial risks of participating in multiemployer plans are different from single-employer defined benefit pension plans in the following respects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer discontinues contributions to a plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If a participating employer chooses to stop participating in a plan, a withdrawal liability may be created based on the unfunded vested benefits for all employees in the plan.

Note 11 - Multiemployer Pension Plans (Continued)

Specific plan information for the Diocese is not available from the Plan's administrator. If the Diocese withdraws its participation in the Plan, the Diocese would be responsible for making a contribution for its proportional share of any unfunded liability. The withdrawal liability would be calculated by the actuaries, as outlined in the plan document at the time of withdrawal. The following information is based on the financial statements of the Plan as of June 30, 2018:

	Michigan Catholic Conference Lay Employees <u>Retirement Plan</u>
Total plan assets	\$ 1,314,895,222
Actuarial present value of accumulated plan benefits as of July 1, 2017	\$ 1,453,824,228
Total contributions received by the Plan	\$ 27,598,493
Indicated level of funding	90.44 %

Note 12 - Replacement Value of Buildings

The replacement value of parish, school, and other diocesan institution buildings owned by the Diocese for the benefit of the parishes, schools, and other diocesan institutions is in excess of \$20,000,000, which does not include the amounts shown in the balance sheet under land and buildings, as determined by Marshall Swift Valuation Services Cost Indices as of June 30, 2018. The buildings included in this valuation are substantially composed of buildings excluded from plant assets in the accompanying financial statements, as discussed in Note 1.

Note 13 - Commitments

The Bishop of the Diocese of Lansing had a bond issued for the benefit of Father Gabriel Richard High School. During the fiscal year ended June 30, 2012, the Diocese retired the \$11,780,000 bond. The retired bond was replaced with a bond for \$8,165,000 plus reserves of the school. The bond is payable over 25 years with an initial fixed-interest rate of 4.5 percent for the first seven years. The Diocese provided an irrevocable letter of credit with a bank related to the bond for the benefit of Father Gabriel Richard High School. As of June 30, 2018 and 2017, the outstanding balance on this bond issue is \$6,775,000 and \$7,030,000, respectively, and is payable through September 1, 2037. Currently, the other diocesan entity is making all payments due on the bonds and all related expenses.

During the fiscal year ended June 30, 2013, the Diocese of Lansing entered into a financing arrangement for the purpose of relocating Fr. Luke M. Powers Catholic High School (the "School"). This arrangement is structured for the purpose of making use of federal New Markets Tax Credits and certain state tax credits. As of June 30, 2018, the loan to the School held by the Parish Savings and Loan Trust was approximately \$1,070,000. The School is obligated and has been making certain payments for a facility lease and shared operational expenses since taking occupancy during fiscal year 2014. The Diocese has guaranteed certain lease payments of \$300,000 should the School be unable to make these lease payments.

As previously disclosed in Note 1, the scope of these financial statements excludes assets, liabilities, and the results of operations of the schools and the other diocesan entity; therefore, the bonds and the asset constructed with the proceeds are not included in these financial statements. An appropriate liability will be recognized if a possibility reasonably exists that the schools and other diocesan entity will not be able to meet their obligations of these bonds and diocesan resources covered in this statement would need to be used to service the debt. Should this occur, the Diocese could seek to recover those amounts from the schools and other diocesan entity.

Note 14 - Contingent Liabilities

The Diocese is contingently liable in respect to litigation and claims incidental to the ordinary course of its operations. In the opinion of management, based on its consultation with legal counsel, the amount of loss, if any, is unknown at this time. Therefore, no provision has been made in the accompanying financial statements for losses that might result from the ultimate disposition of these matters.

Note 15 - Donor-restricted and Board-designated Endowments

The Diocese's endowment includes donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The board of trustees of the Diocese 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-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Diocese classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Diocese in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Diocese considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Diocese and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Diocese
- The investment policies of the Diocese

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2018 <hr/> Permanently Restricted <hr/>
Endowment net assets - Beginning of year	\$ 5,542,348
Bequests and donations	645,477
Transfers to Catholic Foundation of the Diocese of Lansing	(6,187,825)
	<hr/>
Endowment net assets - End of year	\$ - <hr/> <hr/>

June 30, 2018 and 2017

Note 15 - Donor-restricted and Board-designated Endowments (Continued)

	Endowment Net Asset Composition by Type of Fund as of June 30, 2017
	<u>Permanently Restricted</u>
Donor-restricted endowment funds	\$ 5,542,348
	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2017
	<u>Permanently Restricted</u>
Endowment net assets - Beginning of year	\$ 5,439,738
Investment return	-
Bequests and donations	102,610
Endowment net assets - End of year	<u>\$ 5,542,348</u>

Return Objectives and Risk Parameters

The Diocese has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Diocese must hold in perpetuity or for a donor-specified period.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Diocese relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Diocese targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Diocese permanently restricted endowment funds in accordance with UPMIFA standards (using the statutory seven criteria of prudence) and in accordance with donor intent, up to 4.5 percent of a rolling three-year endowment average balance. The funds are invested in either a broad market, where capital appreciation is possible, or in investments with a fixed rate of return.

Additional Information

Independent Auditor's Report on Additional Information

To the Most Reverend Earl A. Boyea
Diocese of Lansing

We have audited the financial statements of Diocese of Lansing as of and for the years ended June 30, 2018 and 2017 and have issued our report thereon dated April 30, 2019, which contained an unmodified opinion on those financial statements.

Our audit was performed for the purpose of forming an opinion on the 2018 financial statements as a whole. The schedules on pages 21 through 34 are presented for the purpose of additional analysis and are not a required part of the 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 2018 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2018 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 2018 financial statements as a whole.

Plante & Moran, PLLC

April 30, 2019

**Central Services Fund
Balance Sheet**

June 30, 2018 and 2017

	2018	2017
Assets		
Invested in Treasury Management Fund	2,904,027	7,365,980
Accounts receivable - Net of allowance	542,596	262,906
Prepaid expenses	181,798	285,852
Interest in net assets of the Catholic Foundation of the Diocese of Lansing	3,905,298	-
Total assets	\$ 7,533,719	\$ 7,914,738
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	337,725	505,555
Unremitted collections	41,523	86,138
Total liabilities	379,248	591,693
Net Assets		
Unrestricted - Undesignated	3,249,173	2,323,045
Temporarily restricted	3,905,298	5,000,000
Total net assets	7,154,471	7,323,045
Total liabilities and net assets	\$ 7,533,719	\$ 7,914,738

Central Services Fund

Statement of Activities and Changes in Net Assets

Years Ended June 30, 2018 and 2017

	2018	2017
Changes in Unrestricted Net Assets		
Revenue:		
Diocesan assessments	\$ 2,777,056	\$ 2,650,268
Diocesan Services Appeal contributions	11,920	299,145
Interest	67,708	159,438
Bequests and donations	394,264	544,817
Rental and other income	-	5,590
Program and project receipts:		
Curia activities	-	4,625
Finance	450,269	417,752
Formation	95,889	145,289
New evangelization	30,696	155,400
Vocations	283,111	54,881
Education and catechesis	230,554	12,565
Subsidy Units	70,000	-
Total revenue	4,411,467	4,449,770
Net assets released from restriction - DSA campaign released from restriction	5,000,000	5,088,979
Total revenue and net assets released from restriction	9,411,467	9,538,749
Expenses:		
Chancery services	1,148,043	970,565
Diocesan Ministries Department		
Human resources	168,110	195,243
Formation	1,172,937	1,374,068
Education and catechesis	932,808	657,981
Finance	1,136,043	1,465,494
New evangelization	468,573	427,942
Vocations	1,087,565	1,176,275
Grants, assessments, and other ministries	2,340,993	2,123,168
Total expenses	8,455,072	8,390,736
Increase in Unrestricted Net Assets - Before other changes	956,395	1,148,013
Other Changes in Unrestricted Net Assets		
Recovery of loans and receivables	-	(32,415)
Transfers between funds	(30,267)	(954,466)
Increase in Unrestricted Net Assets	926,128	161,132
Changes in Temporarily Restricted Net Assets		
Diocesan Services Appeal contributions	-	5,000,000
Change in interest in net assets of the Catholic Foundation of the Diocese of Lansing	3,905,298	-
DSA campaign release from restriction	(5,000,000)	(5,088,979)
Decrease in Temporarily Restricted Net Assets	(1,094,702)	(88,979)
Increase in Net Assets	(168,574)	72,153
Net Assets - Beginning of year	7,323,045	7,250,892
Net Assets - End of year	\$ 7,154,471	\$ 7,323,045

**Cemetery Fund
Balance Sheet**

June 30, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	\$ 261,224	\$ 300
Invested in Parish Savings and Loan Trust	3,457,755	3,455,919
Accounts receivable - Net of allowance	1,190,943	1,052,662
Cemetery inventory	77,948	39,869
Prepaid expenses	(38,671)	(22,046)
Unrecovered cost of crypts and niches	971,651	1,141,463
Undeveloped burial ground	85,000	85,000
Investments	1,298,877	922,618
Equipment and real estate:		
Equipment	372,611	301,118
Real estate:		
Land and buildings	1,463,178	1,463,178
Accumulated depreciation	(1,232,908)	(1,172,833)
Net equipment and real estate	602,881	591,463
Total assets	\$ 7,907,608	\$ 7,267,248
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 154,652	\$ 88,392
Loan from Treasury Management Fund	1,106,845	479,658
Cemetery pre-need deferred revenue	2,346,166	1,867,686
Total liabilities	3,607,663	2,435,736
Net Assets		
Unrestricted - Designated	4,291,082	4,822,649
Temporarily restricted	8,863	8,863
Total net assets	4,299,945	4,831,512
Total liabilities and net assets	\$ 7,907,608	\$ 7,267,248

Cemetery Fund
Statement of Activities and Changes in Net Assets

Years Ended June 30, 2018 and 2017

	2018	2017
Changes in Unrestricted Net Assets		
Revenue:		
General receipts	\$ 34,280	\$ 49,685
Products and services	1,201,114	1,354,704
Investment and other income	<u>43,417</u>	<u>143,863</u>
Total revenue	1,278,811	1,548,252
Expenses:		
Product costs	368,180	321,500
Operational costs	<u>1,429,126</u>	<u>1,583,638</u>
Total expenses	<u>1,797,306</u>	<u>1,905,138</u>
Decrease in Unrestricted Net Assets - Before other changes	(518,495)	(356,886)
Other Changes in Unrestricted Net Assets -		
Transfers between funds	-	-
Bad debt expense	<u>(13,072)</u>	<u>-</u>
Decrease in Unrestricted Net Assets	<u>(531,567)</u>	<u>(356,886)</u>
Net Assets - Beginning of year	<u>4,831,512</u>	<u>5,188,398</u>
Net Assets - End of year	<u>\$ 4,299,945</u>	<u>\$ 4,831,512</u>

Protected Loss Activities Fund
Balance Sheet

June 30, 2018 and 2017

	2018	2017
Assets		
Invested in Treasury Management Fund	\$ (41,841)	\$ (693,360)
Accounts receivable - Net of allowance	230,655	1,049,990
Michigan no-fault self-insurance loss reserve	32,826	31,675
Total assets	\$ 221,640	\$ 388,305
Liabilities and Net Assets		
Liabilities - Accounts payable	\$ 21,182	\$ 2,711
Net Assets - Unrestricted - Designated	200,458	385,594
Total liabilities and net assets	\$ 221,640	\$ 388,305

Protected Loss Activities Fund
Statement of Activities and Changes in Net Assets

Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenue		
Participant premiums	\$ 928,118	\$ 649,656
Other income	184,870	135,658
Distribution from related entity	<u>248,288</u>	<u>838,045</u>
Total revenue	1,361,276	1,623,359
Expenses - Insurance service fees and other	<u>1,254,020</u>	<u>1,521,501</u>
Increase in Net Assets - Before other changes	107,256	101,858
Other Changes in Net Assets		
Impairment of receivables	(292,392)	(11,390)
Transfer between funds	<u>-</u>	<u>-</u>
(Decrease) Increase in Net Assets	(185,136)	90,468
Net Assets - Beginning of year	<u>385,594</u>	<u>295,126</u>
Net Assets - End of year	<u><u>\$ 200,458</u></u>	<u><u>\$ 385,594</u></u>

**Plant Fund
Balance Sheet
June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Assets		
Invested in Treasury Management Fund	\$ 53,344	\$ -
Equipment and real estate:		
Equipment	758,804	739,385
Real estate:		
Land and buildings	20,421,960	20,163,329
Future sites	443,381	443,382
Accumulated depreciation	<u>(9,430,586)</u>	<u>(8,800,391)</u>
Net equipment and real estate	<u>12,193,559</u>	<u>12,545,705</u>
Total assets	<u>\$ 12,246,903</u>	<u>\$ 12,545,705</u>
Net Assets - Unrestricted - Designated	<u>\$ 12,246,903</u>	<u>\$ 12,545,705</u>

Statement of Activities and Changes in Net Assets

Years Ended June 30, 2018 and 2017

	2018	2017
Revenue		
Rental and other income	\$ 1,000	\$ 1,000
Loss on dispositions	-	-
	1,000	1,000
Expenses		
Depreciation	626,295	620,176
Repairs and maintenance	54,109	6,701
Equipment	2,906	49,784
Property taxes	1,942	6,555
	685,252	683,216
Decrease in Net Assets - Before other changes	(684,252)	(682,216)
Other Changes in Net Assets		
Transfer between funds	385,450	170,232
	(298,802)	(511,984)
Net Assets - Beginning of year	12,545,705	13,057,689
Net Assets - End of year	\$ 12,246,903	\$ 12,545,705

**Treasury Management Fund
(formally known as Savings and Loan Program Fund)
Balance Sheet**

June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ 5,930,535	\$ 12,543,077
Investments	1,464,150	43,511,708
Accrued interest receivable	-	174,473
Prepaid expenses and other assets	98,538	(11,485)
Loans:		
Parishes, schools, and others	-	26,814,533
Other diocesan funds included in these financial statements	1,000,000	-
Allowance for doubtful loans	<u>-</u>	<u>(1,365,449)</u>
Net loans	<u>1,000,000</u>	<u>25,449,084</u>
Total assets	<u>\$ 8,493,223</u>	<u>\$ 81,666,857</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 614,443	\$ 476,532
Deposits:		
Parishes, schools, and others	267,622	58,081,929
Other diocesan funds included in these financial statements	<u>7,535,311</u>	<u>16,948,438</u>
Total deposits	<u>7,802,933</u>	<u>75,030,367</u>
Total liabilities	8,417,376	75,506,899
Net Assets - Unrestricted - Designated	<u>75,847</u>	<u>6,159,958</u>
Total liabilities and net assets	<u>\$ 8,493,223</u>	<u>\$ 81,666,857</u>

**Treasury Management Fund
(formally known as Savings and Loan Program Fund)
Statement of Activities and Changes in Net Assets**

Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenue		
Interest	\$ 1,154,287	\$ 1,892,544
Dividends	288,170	320,824
Net realized and unrealized gain on investments	<u>1,184,024</u>	<u>1,584,461</u>
Total revenue	2,626,481	3,797,829
Expenses		
Distributions to depositors	1,040,807	1,858,519
Designated and self-supporting activity	<u>230,793</u>	<u>346,812</u>
Total expenses	<u>1,271,600</u>	<u>2,205,331</u>
Increase in Unrestricted Net Assets - Before other changes	1,354,881	1,592,498
Other Changes in Unrestricted Net Assets -		
Transfer to Parish Savings and Loan Trust	<u>(7,438,992)</u>	<u>-</u>
(Decrease) Increase in Net Assets	(6,084,111)	1,592,498
Net Assets - Beginning of year	<u>6,159,958</u>	<u>4,567,460</u>
Net Assets - End of year	<u>\$ 75,847</u>	<u>\$ 6,159,958</u>

**Trust and Endowment Fund
Balance Sheet**

June 30, 2018 and 2017

	2018	2017
Assets		
Invested in Treasury Management Fund Investments	\$ -	\$ 436,949
	-	31,382,569
Total assets	\$ -	\$ 31,819,518
Liabilities and Net Assets		
Liabilities		
Gains to depositors	\$ -	\$ 361,416
Deposits:		
Parishes, schools, and others	-	29,115,894
Other diocesan funds included in these financial statements	-	2,342,208
Total deposits	-	31,458,102
Total liabilities	-	31,819,518
Net Assets - Unrestricted - Designated	-	-
Total liabilities and net assets	\$ -	\$ 31,819,518

Trust and Endowment Fund
Statement of Activities and Changes in Net Assets

Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Changes in Unrestricted Net Assets		
Revenue:		
Interest	\$ 203,865	\$ 257,826
Dividends	248,065	305,117
Net realized and unrealized gain on investments	<u>2,396,694</u>	<u>2,642,256</u>
Total revenue	<u>2,848,624</u>	<u>3,205,199</u>
Expenses:		
Distributions to depositors	2,714,491	3,064,608
Designated and self-supporting activity	<u>134,133</u>	<u>140,934</u>
Total expenses	<u>2,848,624</u>	<u>3,205,542</u>
Increase (Decrease) in Net Assets	-	(343)
Net Assets - Beginning of year	<u>-</u>	<u>343</u>
Net Assets - End of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**Designated Gift Fund
Balance Sheet**

June 30, 2018 and 2017

	2018	2017
Assets		
Invested in Treasury Management Fund	\$ 4,726,626	\$ 10,323,019
Invested in Trust and Endowment	-	2,342,208
Accounts receivable	96,961	-
Interest in net assets of the Catholic Foundation of the Diocese of Lansing	4,882,203	-
Prepaid expenses	67,500	391,501
Total assets	\$ 9,773,290	\$ 13,056,728
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ -	\$ 706,038
Unremitted collections	36,152	26,654
Amounts due beneficiaries	7,145	10,957
Funds held for others	354	2,000,754
Total liabilities	43,651	2,744,403
Net Assets		
Unrestricted - Designated	4,090,636	3,603,784
Temporarily restricted	937,077	1,166,193
Permanently restricted	4,701,926	5,542,348
Total net assets	9,729,639	10,312,325
Total liabilities and net assets	\$ 9,773,290	\$ 13,056,728

Designated Gift Fund

Statement of Activities and Changes in Net Assets

Years Ended June 30, 2018 and 2017

	2018	2017
Changes in Unrestricted Net Assets		
Revenue:		
Interest	\$ 83,640	\$ 71,985
Bequests and donations	1,454,648	102,690
School assessment receipts	309,506	488,420
Distribution from related entity	764,000	2,247,811
Program and project receipts	42,065	68,538
Total revenue	2,653,859	2,979,444
Net assets released from restrictions - Satisfaction of restriction	410,521	536,368
Total revenue and net assets released from restrictions	3,064,380	3,515,812
Expenses:		
Grants	767,970	4,531,580
Administrative expenses	243,563	88,972
Total expenses	1,011,533	4,620,552
Increase (Decrease) in Unrestricted Net Assets -		
Before other changes	2,052,847	(1,104,740)
Other Changes in Unrestricted Net Assets -		
Transfers between funds	(355,183)	829,573
Transfer to Catholic Foundation of Diocese of Lansing	(1,210,812)	-
Increase (Decrease) in Unrestricted Net Assets	486,852	(275,167)
Changes in Temporarily Restricted Net Assets		
Bequests and donations	498,993	189,340
Investment income	316,172	258,861
Transfer to Catholic Foundation of Diocese of Lansing	(694,735)	-
Change in interest in net assets of the Catholic Foundation of the Diocese of Lansing	60,975	-
Net assets released from restrictions	(410,521)	(536,368)
Decrease in Temporarily Restricted Net Assets	(229,116)	(88,167)
Changes in Permanently Restricted Net Assets		
Bequests and donations	645,477	102,610
Transfer to Catholic Foundation of the Diocese of Lansing	(1,486,299)	-
Change in interest in net assets of the Catholic Foundation of the Diocese of Lansing	400	-
(Decrease) Increase in Permanently Restricted Net Assets	(840,422)	102,610
Decrease in Net Assets	(582,686)	(260,724)
Net Assets - Beginning of year	10,312,325	10,573,049
Net Assets - End of year	\$ 9,729,639	\$ 10,312,325