
Diocese of Lansing

**Financial Report
with Additional Information
June 30, 2019**

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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, 2019 and 2018 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, 2019 and 2018 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.

Emphasis of Matters

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, 2019 and 2018 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.

To the Most Reverend Earl A. Boyea
Diocese of Lansing

As described in Note 2 to the financial statements, the Diocese of Lansing adopted the provisions of Financial Accounting Standards Board Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of July 1, 2018. Our opinion is not modified with respect to this matter.

Plante & Moran, PLLC

April 10, 2020

Balance Sheet

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and cash equivalents	\$ 7,560,639	\$ 6,191,759
Michigan no-fault self-insurance loss reserve	32,765	32,826
Investments (Note 3)	1,772,430	2,763,027
Accounts receivables - Net of allowances	1,767,539	2,061,155
Cemetery inventory	82,154	77,948
Unrecovered cost of crypts and niches	1,200,047	971,651
Undeveloped burial ground	85,000	85,000
Invested in Parish Savings and Loan Trust	3,524,442	3,457,755
Prepaid expenses and other current assets	175,159	309,165
Interest in net assets of Catholic Foundation of the Diocese of Lansing (Note 6)	9,602,381	8,787,501
Property and equipment:		
Land and buildings	13,122,987	21,885,138
Future sites	370,635	443,381
Equipment	1,142,624	1,131,415
Accumulated depreciation	<u>(7,142,875)</u>	<u>(10,663,494)</u>
Total property and equipment	<u>7,493,371</u>	<u>12,796,440</u>
Total assets	<u>\$ 33,295,927</u>	<u>\$ 37,534,227</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 942,066	\$ 1,128,002
Unremitted collections	59,505	77,675
Related party accounts payable	214,569	267,622
Amounts due to beneficiaries	6,440	7,145
Funds held for others	-	354
Cemetery preneed deferred revenue	<u>2,689,301</u>	<u>2,346,166</u>
Total liabilities	3,911,881	3,826,964
Net Assets		
Without donor restrictions:		
Undesignated	3,512,581	3,249,173
Designated	15,550,773	20,904,926
With donor restrictions	<u>10,320,692</u>	<u>9,553,164</u>
Total net assets	<u>29,384,046</u>	<u>33,707,263</u>
Total liabilities and net assets	<u>\$ 33,295,927</u>	<u>\$ 37,534,227</u>

Diocese of Lansing

Statement of Activities and Changes in Net Assets

Years Ended June 30, 2019 and 2018

	2019	2018
Changes in Net Assets without Donor Restrictions		
Revenue, gains, and other support:		
Assessment receipts	\$ 2,769,914	\$ 2,777,056
Cemetery general receipts	1,482,698	1,278,811
Protected loss activities	825,104	1,112,988
Dividends	131,261	536,235
Diocesan Services Appeal contributions	-	11,920
Bequests and donations	176,488	1,848,912
School assessment receipts	326,081	309,506
Program and project receipts	1,245,931	1,045,115
Net realized and unrealized gains and losses on investments	42,759	3,580,718
Interest income	8,643	1,156,557
Gain on sale of fixed assets	18,370	-
Distribution from related entity	1,563,852	1,012,288
Net assets released from restrictions	4,645,586	5,410,521
	<u>13,236,687</u>	<u>20,080,627</u>
Total revenue, gains, and other support		
Expenses:		
Salaries and benefits	5,088,091	4,435,049
Tuition expense	532,686	491,887
Assessments	122,582	122,998
Subsidies - Grants	2,845,161	3,089,137
Office expenses	1,802,853	1,284,166
Property and equipment	1,001,637	1,251,216
Cemetery cost of goods sold	411,952	368,180
Ministerial programming	956,881	1,147,789
Depreciation and impairment	707,596	866,275
Savings and loan interest expense	37,515	1,040,807
Trust and endowment investment distributions	-	2,714,491
	<u>13,506,954</u>	<u>16,811,995</u>
Total expenses		
(Decrease) Increase in Net Assets without Donor Restrictions - Before other changes in net assets without donor restrictions and transfers	(270,267)	3,268,632
Other Changes in Net Assets without Donor Restrictions - Impairment and forgiveness of loans and receivables (Note 1)	(30,127)	(305,464)
(Decrease) Increase in Net Assets with Donor Restrictions - Before transfers	(300,394)	2,963,168
Transfers (Note 7)	(4,790,351)	(8,649,804)
Decrease in Net Assets without Donor Restrictions	(5,090,745)	(5,686,636)
Changes in Net Assets with Donor Restrictions		
Bequests and donations	53,044	1,144,470
Investment income	17,888	316,172
DSA release from restriction	(4,527,303)	(5,000,000)
Other release from restriction	(118,283)	(410,521)
Change in interest in net assets of Catholic Foundation of the Diocese of Lansing (Note 6)	5,342,182	3,966,673
Transfers - With donor restrictions (Note 7)	-	(2,181,034)
	<u>767,528</u>	<u>(2,164,240)</u>
Increase (Decrease) in Net Assets with Donor Restrictions		
Decrease in Net Assets	(4,323,217)	(7,850,876)
Net Assets - Beginning of year	33,707,263	41,558,139
Net Assets - End of year	<u>\$ 29,384,046</u>	<u>\$ 33,707,263</u>

Statement of Cash Flows

Years Ended June 30, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Decrease in net assets	\$ (4,323,217)	\$ (7,850,876)
Adjustments to reconcile decrease in net assets to net cash and cash equivalents from operating activities:		
Depreciation	707,596	686,369
Net gain on investments	(42,759)	(3,580,718)
Impairment on loans and receivables net of change in allowance	30,127	270,510
Impairment on fixed assets	-	179,906
Interest in net assets of the Catholic Foundation of the Diocese of Lansing	(5,342,181)	(3,966,673)
Net asset transfer to St. Francis Retreat Center	4,790,351	-
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)
Gain on sale of fixed assets	(18,370)	-
Changes in operating assets and liabilities that provided (used) cash and cash equivalents:		
Accounts receivable	263,489	(1,061)
Cemetery inventory	(4,206)	(38,079)
Unrecovered cost of crypts and niches	(228,396)	169,812
Accrued interest receivable	-	(5,078)
Prepaid expenses and other current assets	134,006	154,751
Accounts payable and accrued liabilities	(185,936)	(651,226)
Cemetery trust fund	343,135	478,480
Distributions due to depositors	-	(361,416)
Deposits	(53,053)	8,142,880
Amount due to beneficiaries	(705)	(3,812)
Funds held for others	(354)	48,540
Unremitted collections	(18,170)	(35,117)
Net cash and cash equivalents (used in) provided by operating activities	(3,948,643)	3,822,553
Cash Flows from Investing Activities		
Proceeds from loan repayments	-	1,900,097
Issuance of loans	-	(370,957)
Purchase of property, plant, and equipment	(277,096)	(345,641)
Proceeds from sale property, plant, and equipment	100,588	-
Proceeds from sale of investments	1,797,372	1,099,279
Purchases of investments	(764,016)	(9,142,397)
Cash transferred to Parish Savings and Loan Trust	-	(501,123)
Invested in Parish Savings and Loan Trust	(66,687)	(3,457,755)
Net cash and cash equivalents provided by (used in) investing activities	790,161	(10,818,497)
Cash Flows from Financing Activities		
Permanently restricted contributions	-	645,477
Distribution from beneficial interest in net assets of the Catholic Foundation of the Diocese of Lansing	4,527,301	-
Net cash and cash equivalents provided by financing activities	4,527,301	645,477
Net Increase (Decrease) in Cash and Cash Equivalents	1,368,819	(6,350,467)
Cash and Cash Equivalents - Beginning of year	6,224,585	12,575,052
Cash and Cash Equivalents - End of year	\$ 7,593,404	\$ 6,224,585

Statement of Cash Flows (Continued)

Years Ended June 30, 2019 and 2018

	2019	2018
Balance Sheet Classification of Cash and Cash Equivalents		
Cash and cash equivalents	\$ 7,560,639	\$ 6,191,759
Michigan no-fault self-insurance loss reserve	32,765	32,826
	\$ 7,593,404	\$ 6,224,585
Significant Noncash Transactions		
Investments to Parish Savings and Loan Trust (PSLT) (Note 7)	\$ -	\$ (43,487,049)
Loans to PSLT	-	(23,954,898)
Accrued interest receivable to PSLT	-	(179,551)
Deposits to PSLT	-	60,683,629
Property and equipment transferred to St. Francis Retreat Center	(4,790,351)	-
Investments to the Catholic Foundation of the Diocese of Lansing (the "Catholic Foundation") (Note 7)	-	(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

June 30, 2019 and 2018

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. 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 7.

This fund now maintains cash and investments for the various funds of the Diocese.

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 7.

Note 1 - Nature of Business (Continued)

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 Federal Deposit Insurance Corporation (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 2019 and 2018. 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 trust 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.

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.

Note 2 - Significant Accounting Policies (Continued)

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 support without donor restriction, 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.

When merchandise is sold on a preneed basis, the Diocese defers the revenue until the merchandise is delivered. An allowance for estimated contract cancellations based on historical experience is provided as a reserve against contracts receivable.

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in Note 9. Costs have been allocated between the various programs and support services on several bases and estimates. Salaries and benefits are allocated based on the underlying job role, depreciation is allocated based on square footage dedicated to program or administrative purposes, and certain office expenses are allocated based on salaries and benefits expense. 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.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Diocese.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Diocese or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions 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, net assets with donor restrictions are released to net assets without donor restrictions.

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.

Adoption of New Accounting Pronouncement

In 2019, the Diocese adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This standard requires net assets to be classified in two categories, net assets without donor restrictions and net assets with donor restrictions, rather than the three previous classifications. This standard also requires changes in the way certain information is aggregated and reported by the Diocese, including disclosures of quantitative and qualitative information about the liquidity and availability of resources and the presentation of expenses by both functional and natural classification. The standard also clarifies the definition of management and general and prohibits certain expenses from being allocated out of management and general. As a result of the adoption of this standard, the financial information for the year ended June 30, 2018 has been restated as follows: program expenses decreased by \$255,166, and management and general expenses increased by \$255,166. Additionally, net assets previously reported as temporarily restricted of \$4,851,238 and permanently restricted of \$4,701,926 are now reported as net assets with donor restrictions. The standard has been retrospectively applied.

Note 2 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued 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 has not yet determined which application method it will use.

In June 2018, 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 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 10, 2020, which is the date the financial statements were available to be issued. The large-scale COVID-19 pandemic may have a material adverse effect on future fundraising campaigns, staffing shortages, and business operations over an extended period of time. While it is not yet possible to estimate the financial impact, a large-scale pandemic could have a material adverse effect on the Diocese's beneficial interest for which the underlying assets are investment balances, revenue, liquidity, fair value of investments held in escrow, and operating results.

Note 3 - Investments

A summary of investments held by the Diocese at June 30, 2019 and 2018 is as follows:

	2019	2018
Mutual funds	\$ -	\$ 1,359,861
Certificates of deposit	103,725	104,289
Escrow trust account	1,668,705	1,298,877
Total	<u>\$ 1,772,430</u>	<u>\$ 2,763,027</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.

Note 4 - Fair Value Measurements (Continued)

The following tables present information about the Diocese’s assets measured at fair value on a recurring basis at June 30, 2019 and 2018 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.

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, 2019 and 2018, there was \$1,772,430 and \$1,403,166, respectively, in escrow trust cash accounts and certificates of deposit, which are not reflected within the fair value table below. At June 30, 2019, there were no remaining investments subject to fair value leveling.

Assets Measured at Fair Value on a Recurring Basis
at June 30, 2018

	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

Note 5 - Net Assets

Net assets with donor restrictions and net assets without donor restrictions designated by the board are described as follows:

Central Services - Net assets with time restrictions related to interest in net assets of the Catholic Foundation of the Diocese of Lansing.

Designated Gift - Net assets restricted related to interest in the net assets of the Catholic Foundation of the Catholic Diocese of Lansing and net assets restricted for specific purposes specified by the donors.

Cemetery Fund - Net assets restricted for specific purposes specified by the donors.

Net assets without donor restrictions designated by the board consist of net assets fund for designated purposes, as described in Note 1.

Note 5 - Net Assets (Continued)

Net assets with donor restrictions and net assets without donor restrictions designated by the board consist of the following amounts:

	<u>2019</u>	<u>2018</u>
Net assets with donor restrictions:		
Central Services Fund - Interest in net assets of the Catholic Foundation of the Diocese of Lansing	\$ 4,635,094	\$ 3,905,298
Designated Gift Fund - Interest in net assets of the Catholic Foundation of the Diocese of Lansing	4,967,287	4,882,203
Designated Gift Fund - Other donor-restricted net assets	709,448	756,800
Cemetery Fund - Donor-restricted net assets	<u>8,863</u>	<u>8,863</u>
Total net assets with donor restrictions	<u>\$ 10,320,692</u>	<u>\$ 9,553,164</u>
	<u>2019</u>	<u>2018</u>
Designated net assets without donor restrictions:		
Cemetery Fund	\$ 4,009,108	\$ 4,291,082
Protected Loss Activities Fund	248,019	200,458
Plant Fund	6,877,325	12,246,903
Treasury Management Fund	(70,475)	75,847
Designated Gift Fund	<u>4,486,796</u>	<u>4,090,636</u>
Total designated net assets without donor restrictions	<u>\$ 15,550,773</u>	<u>\$ 20,904,926</u>

Note 6 - 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. The Diocese's interest in the Catholic Foundation of the Diocese of Lansing was \$4,635,094 and \$3,905,298 related to the DSA campaign at June 30, 2019 and 2018, respectively.

The Diocese is named sole beneficiary to certain endowments transferred to the Catholic Foundation of the Diocese of Lansing during the years ended June 30, 2019 and 2018. At June 30, 2019 and 2018, the Diocese's interest in the Catholic Foundation of the Diocese of Lansing was \$4,967,287 and \$4,882,203, respectively, related to endowments in which the Diocese is the specified beneficiary. The change in corpus and accumulated earnings above corpus of these endowments are reflected in donor-restricted net assets.

Note 7 - Net Asset Transfers

During 2019, the Diocese transferred net assets consisting of property, plant, and equipment of \$4,790,351 to St. Francis Retreat Center, an affiliate of the Diocese. All net assets transferred were not donor restricted.

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. All net assets transferred were not donor restricted.

Note 7 - 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 donor-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, which consisted of \$1,210,812 of net assets without donor restrictions and \$2,181,034 of donor-restricted net assets.

	Parish Savings and Loan Trust	Catholic Foundation of the Diocese of Lansing	Total
Net assets without donor restrictions transferred	\$ 7,438,992	\$ 1,210,812	\$ 8,649,804
Net assets with donor restrictions transferred	-	2,181,034	2,181,034
Total	<u>\$ 7,438,992</u>	<u>\$ 3,391,846</u>	<u>\$ 10,830,838</u>

Note 8 - 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, 2019, the Insurance Plan was responsible for aggregate losses of up to \$9,611,780 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, 2019 and 2018. An authorized self-insurer is required to establish a fully funded loss reserve to pay claims that are anticipated in or submitted for payment during the certification period 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.

Notes to Financial Statements

June 30, 2019 and 2018

Note 9 - Functional Expenses

The Diocese provides various services to its members. Expenses related to providing these services are as follows for the year ended June 30, 2019:

	Program Services	Management and General	Total
Salaries and benefits	\$ 4,143,081	\$ 945,010	\$ 5,088,091
Tuition expense	532,686	-	532,686
Assessments	122,582	-	122,582
Subsidies - Grants	2,845,161	-	2,845,161
Office expenses	1,491,704	311,149	1,802,853
Property and equipment	562,768	438,869	1,001,637
Cemetery cost of goods sold	411,952	-	411,952
Ministerial programming	816,943	139,938	956,881
Depreciation and impairment	492,634	214,962	707,596
Savings and Loan interest expense	37,515	-	37,515
Total	\$ 11,457,026	\$ 2,049,928	\$ 13,506,954

Expenses related to providing services are as follows for the year ended June 30, 2018:

	Program Services	Management and General	Total
Salaries and benefits	\$ 3,545,096	\$ 889,953	\$ 4,435,049
Tuition expense	491,887	-	491,887
Assessments	122,998	-	122,998
Subsidies - Grants	3,089,137	-	3,089,137
Office expenses	1,057,530	226,636	1,284,166
Property and equipment	915,590	335,626	1,251,216
Cemetery cost of goods sold	368,180	-	368,180
Ministerial programming	937,152	210,637	1,147,789
Depreciation and impairment	717,110	149,165	866,275
Savings and Loan interest expense	1,040,807	-	1,040,807
Trust and endowment investment distributions	2,714,491	-	2,714,491
Total	\$ 14,999,978	\$ 1,812,017	\$ 16,811,995

Note 10 - 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 \$357,000 and \$227,000 for the years ended June 30, 2019 and 2018, respectively. Contributions to the Plan are based on a percentage (8.6 percent for June 30, 2019 and 2018) of covered employees' wages. Based on information as of June 30, 2019, 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.

Note 10 - Multiemployer Pension Plans (Continued)

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.

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, 2019:

	Michigan Catholic Conference Lay Employees <u>Retirement Plan</u>
Total plan assets	\$ 1,316,889,878
Actuarial present value of accumulated plan benefits as of July 1, 2018	\$ 1,450,827,098
Total contributions received by the Plan	\$ 27,381,469
Indicated level of funding	90.77 %

Note 11 - 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, 2019. 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 12 - 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 7 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, the outstanding balance on this bond issue was \$6,775,000. Effective December 1, 2018, the debt was refinanced with a different financial institution for \$6,670,000 payable through 2028 at 3.78 percent. Currently, the other diocesan entity is making all payments due on the bonds and all related expenses.

Note 12 - Commitments (Continued)

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, 2019, the loan to the School held by the Parish Savings and Loan Trust was approximately \$885,000. 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 13 - 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 14 - Liquidity and Availability of Resources

The following reflects the Diocese's financial assets as of December 31, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

	2019	2018
Cash and cash equivalents	\$ 7,560,639	\$ 6,191,759
Michigan no-fault self-insurance loss reserve	32,765	32,826
Accounts receivable - Net of allowances	1,767,539	2,061,155
Investments	1,772,430	2,763,027
Invested in Parish Savings and Loan Trust	3,524,442	3,457,755
Interest in net assets of Catholic Foundation of the Diocese of Lansing	9,602,381	8,787,501
Financial assets - At year end	24,260,196	23,294,023
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Donor-restricted corpus associated with interest in net assets of the Catholic Foundation of the Diocese of Lansing	4,703,126	4,701,926
Contractually restricted Michigan no-fault self-insurance loss reserve	32,765	32,826
Long-term portion of accounts cemetery accounts receivable	581,712	675,849
Contractually restricted cemetery escrow investment	1,668,705	1,298,877
Earnings on donor-restricted beneficial interest not appropriated by the board for expenditure within one year	40,633	-
Board designations - Board designated for cemetery maintenance	3,524,442	3,457,755
Financial assets available to meet cash needs for general expenditures within one year	\$ 13,708,813	\$ 13,126,790

June 30, 2019 and 2018

Note 14 - Liquidity and Availability of Resources (Continued)

None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

The Diocese has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet six months of normal operating expenses, which are, on average, approximately \$6,750,000 and \$8,400,000 at June 30, 2019 and 2018, respectively. The Diocese has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Diocese invests cash in excess of daily requirements in various short-term investments, including money market and short-term treasury instruments.

The Diocese also realizes there could be unanticipated liquidity needs.

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, 2019 and 2018 and have issued our report thereon dated April 10, 2020, which contained an unmodified opinion on those financial statements.

Our audit was performed for the purpose of forming an opinion on the 2019 financial statements as a whole. The schedules on pages 20 through 33 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 2019 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2019 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 2019 financial statements as a whole.

Plante & Moran, PLLC

April 10, 2020

**Central Services Fund
Balance Sheet**

June 30, 2019 and 2018

	2019	2018
Assets		
Invested in Treasury Management Fund	3,126,783	2,904,027
Accounts receivable - Net of allowance	581,857	542,596
Prepaid expenses	163,669	181,798
Interest in net assets of the Catholic Foundation of the Diocese of Lansing	4,635,094	3,905,298
Total assets	\$ 8,507,403	\$ 7,533,719
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	335,044	337,725
Unremitted collections	24,684	41,523
Total liabilities	359,728	379,248
Net Assets		
Without Donor Restriction - Undesignated	3,512,581	3,249,173
With Donor Restriction	4,635,094	3,905,298
Total net assets	8,147,675	7,154,471
Total liabilities and net assets	\$ 8,507,403	\$ 7,533,719

Central Services Fund

Statement of Activities and Changes in Net Assets

Years Ended June 30, 2019 and 2018

	2019	2017
Changes in Net Assets without Donor Restriction		
Revenue:		
Diocesan assessments	\$ 2,769,914	\$ 2,777,056
Diocesan Services Appeal contributions	-	11,920
Interest	108,449	67,708
Bequests and donations	168,887	394,264
Rental and other income	-	-
Program and project receipts:		
Finance	473,910	450,269
Formation	192,659	95,889
New evangelization	371,871	30,696
Vocations	363,532	283,111
Communications	35,000	-
Education and catechesis	9,844	230,554
Subsidy Units	256,711	70,000
Grants, assessments, and other	38,143	-
Total revenue	4,788,920	4,411,467
Net assets released from restriction - DSA campaign released from restriction	4,527,303	5,000,000
Total revenue and net assets released from restriction	9,316,223	9,411,467
Expenses:		
Chancery services	1,273,699	1,148,043
Charities	732,693	-
Human resources	206,558	168,110
Formation	807,983	1,172,937
Communications	208,470	-
Education and catechesis	428,916	932,808
Finance	1,208,629	1,136,043
New evangelization	589,748	468,573
Vocations	1,162,157	1,087,565
Grants, assessments, and other ministries	2,213,087	2,340,993
Total expenses	8,831,940	8,455,072
Increase in Net Assets without Donor Restriction - Before other changes	484,283	956,395
Other Changes in Net Assets without Donor Restriction		
Recovery of loans and receivables	(28,765)	-
Transfers between funds	(192,110)	(30,267)
Increase in Net Assets without Donor Restriction	263,408	926,128
Changes in Net Assets with Donor Restriction		
Change in interest in net assets of the Catholic Foundation of the Diocese of Lansing	5,257,099	3,905,298
DSA campaign release from restriction	(4,527,303)	(5,000,000)
Decrease in Net Assets with Donor Restriction	729,796	(1,094,702)
Increase in Net Assets	993,204	(168,574)
Net Assets - Beginning of year	7,154,471	7,323,045
Net Assets - End of year	\$ 8,147,675	\$ 7,154,471

Cemetery Fund
Balance Sheet

June 30, 2019 and 2018

	2019	2018
Assets		
Cash and cash equivalents	\$ 1,057,024	\$ 261,224
Invested in Parish Savings and Loan Trust	3,524,443	3,457,755
Accounts receivable - Net of allowance	646,472	1,190,943
Cemetery inventory	82,154	77,948
Prepaid expenses	17,015	(38,671)
Unrecovered cost of crypts and niches	1,200,047	971,651
Undeveloped burial ground	85,000	85,000
Investments	1,668,705	1,298,877
Equipment and real estate:		
Equipment	399,887	372,611
Real estate:		
Land and buildings	1,468,178	1,463,178
Accumulated depreciation	(1,298,342)	(1,232,908)
Net equipment and real estate	569,723	602,881
Total assets	\$ 8,850,583	\$ 7,907,608
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 188,908	\$ 154,652
Loan from Treasury Management Fund	1,954,403	1,106,845
Cemetery pre-need deferred revenue	2,689,301	2,346,166
Total liabilities	4,832,612	3,607,663
Net Assets		
Without Donor Restriction - Designated	4,009,108	4,291,082
With Donor Restriction	8,863	8,863
Total net assets	4,017,971	4,299,945
Total liabilities and net assets	\$ 8,850,583	\$ 7,907,608

Cemetery Fund
Statement of Activities and Changes in Net Assets

Years Ended June 30, 2019 and 2018

	2019	2018
Changes in Net Assets without Donor Restriction		
Revenue:		
General receipts	\$ 32,287	\$ 34,280
Products and services	1,350,255	1,201,114
Investment and other income	100,156	43,417
Total revenue	1,482,698	1,278,811
Expenses:		
Product costs	411,952	368,180
Operational costs	1,351,358	1,429,126
Total expenses	1,763,310	1,797,306
Decrease in Net Assets without Donor Restriction - Before other changes	(280,612)	(518,495)
Other Changes in Net Assets without Donor Restriction-		
Transfers between funds	-	-
Bad debt expense	(1,362)	(13,072)
Decrease in Net Assets without Donor Restriction	(281,974)	(531,567)
Net Assets - Beginning of year	4,299,945	4,831,512
Net Assets - End of year	\$ 4,017,971	\$ 4,299,945

Protected Loss Activities Fund
Balance Sheet

June 30, 2019 and 2018

	2019	2018
Assets		
Invested in Treasury Management Fund	\$ (147,412)	\$ (41,841)
Accounts receivable - Net of allowance	394,135	230,655
Michigan no-fault self-insurance loss reserve	32,765	32,826
Total assets	<u>\$ 279,488</u>	<u>\$ 221,640</u>
Liabilities and Net Assets		
Liabilities - Accounts payable	\$ 31,469	\$ 21,182
Net Assets without Donor Restriction - Designated	248,019	200,458
Total liabilities and net assets	<u>\$ 279,488</u>	<u>\$ 221,640</u>

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

Years Ended June 30, 2019 and 2018

	2019	2018
Revenue		
Participant premiums	\$ 737,625	\$ 928,118
Other income	87,479	184,870
Distribution from related entity	247,852	248,288
Total revenue	1,072,956	1,361,276
Expenses - Insurance service fees and other	1,025,395	1,254,020
Increase in Net Assets - Before other changes	47,561	107,256
Other Changes in Net Assets		
Impairment of receivables	-	(292,392)
Transfer between funds	-	-
Increase (Decrease) in Net Assets	47,561	(185,136)
Net Assets - Beginning of year	200,458	385,594
Net Assets - End of year	<u>\$ 248,019</u>	<u>\$ 200,458</u>

**Plant Fund
Balance Sheet**

June 30, 2019 and 2018

	2019	2018
Assets		
Invested in Treasury Management Fund	\$ -	\$ 53,344
Equipment and real estate:		
Equipment	742,737	758,804
Real estate:		
Land and buildings	11,654,809	20,421,960
Future sites	370,635	443,381
Accumulated depreciation	(5,844,533)	(9,430,586)
Net equipment and real estate	6,923,648	12,193,559
Total assets	\$ 6,923,648	\$ 12,246,903
Liabilities and Net Assets		
Liabilities - Accounts payable	\$ 46,323	\$ -
Net Assets without Donor Restriction - Designated	6,877,325	12,246,903
Total liabilities and net assets	\$ 6,923,648	\$ 12,246,903

Statement of Activities and Changes in Net Assets

Years Ended June 30, 2019 and 2018

	2019	2018
Revenue		
Rental and other income	\$ 1,000	\$ 1,000
Gain on dispositions	18,370	-
	19,370	1,000
Expenses		
Depreciation	647,236	626,295
Repairs and maintenance	24,492	54,109
Equipment	1,022	2,906
Property taxes	2,336	1,942
	675,086	685,252
Decrease in Net Assets - Before other changes	(655,716)	(684,252)
Other Changes in Net Assets		
Transfer to St. Francis Retreat Center	(4,790,351)	
Transfer between funds	76,489	385,450
	(5,369,578)	(298,802)
Net Assets - Beginning of year	12,246,903	12,545,705
Net Assets - End of year	\$ 6,877,325	\$ 12,246,903

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

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and cash equivalents	\$ 6,503,615	\$ 5,930,535
Investments	103,725	1,464,150
Accrued interest receivable	50,000	-
Prepaid expenses and other assets	(5,525)	98,538
Loans:		
Other diocesan funds included in these financial statements	1,056,266	1,000,000
Allowance for doubtful loans	<u>(56,266)</u>	<u>-</u>
Net loans	<u>1,000,000</u>	<u>1,000,000</u>
Total assets	<u>\$ 7,651,815</u>	<u>\$ 8,493,223</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 375,848	\$ 614,443
Deposits:		
Affiliate funds	214,570	267,622
Other diocesan funds included in these financial statements	<u>7,131,872</u>	<u>7,535,311</u>
Total deposits	<u>7,346,442</u>	<u>7,802,933</u>
Total liabilities	7,722,290	8,417,376
Net Assets without Donor Restriction - Designated	<u>(70,475)</u>	<u>75,847</u>
Total liabilities and net assets	<u>\$ 7,651,815</u>	<u>\$ 8,493,223</u>

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

Years Ended June 30, 2019 and 2018

	2019	2018
Revenue		
Interest	\$ 58,643	\$ 1,154,287
Dividends	131,261	288,170
Net realized and unrealized gain on investments	<u>42,759</u>	<u>1,184,024</u>
Total revenue	232,663	2,626,481
Expenses		
Distributions to depositors	249,823	1,040,807
Designated and self-supporting activity	<u>19,627</u>	<u>230,793</u>
Total expenses	<u>269,450</u>	<u>1,271,600</u>
Increase in Unrestricted Net Assets - Before other changes	(36,787)	1,354,881
Other Changes in Net Assets without Donor Restrictions-		
Transfers between funds	(109,535)	-
Transfer to Parish Savings and Loan Trust	<u>-</u>	<u>(7,438,992)</u>
(Decrease) in Net Assets	(146,322)	(6,084,111)
Net Assets - Beginning of year	<u>75,847</u>	<u>6,159,958</u>
Net Assets - End of year	<u>\$ (70,475)</u>	<u>\$ 75,847</u>

**Trust and Endowment Fund
Balance Sheet**

June 30, 2019 and 2018

	2019	2018
Assets		
Invested in Treasury Management Fund Investments	\$ -	\$ -
	-	-
Total assets	\$ -	\$ -
Liabilities and Net Assets		
Liabilities		
Gains to depositors	\$ -	\$ -
Deposits:		
Parishes, schools, and others	-	-
Other diocesan funds included in these financial statements	-	-
	-	-
Total deposits	-	-
Total liabilities	-	-
Net Assets without Donor Restriction - Designated	-	-
Total liabilities and net assets	\$ -	\$ -

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

Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Changes in Net Assets without Donor Restriction		
Revenue:		
Interest	\$ -	\$ 203,865
Dividends	-	248,065
Net realized and unrealized gain on investments	-	2,396,694
Total revenue	<u>-</u>	<u>2,848,624</u>
Expenses:		
Distributions to depositors	-	2,714,491
Designated and self-supporting activity	-	134,133
Total expenses	<u>-</u>	<u>2,848,624</u>
Increase (Decrease) in Net Assets	-	-
Net Assets - Beginning of year	<u>-</u>	<u>-</u>
Net Assets - End of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**Designated Gift Fund
Balance Sheet**

June 30, 2019 and 2018

	2019	2018
Assets		
Invested in Treasury Management Fund	\$ 5,106,904	\$ 4,726,626
Accounts receivable	145,075	96,961
Interest in net assets of the Catholic Foundation of the Diocese of Lansing	4,967,287	4,882,203
Prepaid expenses	-	67,500
Total assets	\$ 10,219,266	\$ 9,773,290
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 14,474	\$ -
Unremitted collections	34,821	36,152
Amounts due beneficiaries	6,440	7,145
Funds held for others	-	354
Total liabilities	55,735	43,651
Net Assets		
Without Donor Restrictions	4,486,796	4,090,636
With Donor Restrictions	5,676,735	5,639,003
Total net assets	10,163,531	9,729,639
Total liabilities and net assets	\$ 10,219,266	\$ 9,773,290

Designated Gift Fund

Statement of Activities and Changes in Net Assets

Years Ended June 30, 2019 and 2018

	2019	2018
Changes in Net Assets without Donor Restrictions		
Revenue:		
Interest	\$ 123,486	\$ 83,640
Bequests and donations	7,601	1,454,648
School assessment receipts	326,081	309,506
Distribution from related entity	1,316,000	764,000
Program and project receipts	44,825	42,065
Total revenue	1,817,993	2,653,859
Net assets released from restrictions - Satisfaction of restriction	118,283	410,521
Total revenue and net assets released from restrictions	1,936,276	3,064,380
Expenses:		
Grants	1,688,354	767,970
Administrative expenses	76,918	243,563
Total expenses	1,765,272	1,011,533
Increase in Net Assets without Donor Restrictions -		
Before other changes	171,004	2,052,847
Other Changes in Net Assets without Donor Restrictions -		
Transfers between funds	225,156	(355,183)
Transfer to Catholic Foundation of Diocese of Lansing	-	(1,210,812)
Increase in Net Assets without Donor Restrictions	396,160	486,852
Changes in Net Assets with Donor Restrictions		
Bequests and donations	53,044	1,144,470
Investment income	17,888	316,172
Transfer to Catholic Foundation of Diocese of Lansing	-	(2,181,034)
Change in interest in net assets of the Catholic Foundation of the Diocese of Lansing	85,083	61,375
Net assets released from restrictions	(118,283)	(410,521)
Increase (Decrease) in Net Assets with Donor Restrictions	37,732	(1,069,538)
Increase (Decrease) in Net Assets	433,892	(582,686)
Net Assets - Beginning of year	9,729,639	10,312,325
Net Assets - End of year	\$ 10,163,531	\$ 9,729,639