

**The Administrative Offices of the
Catholic Diocese of Evansville
(Chancery and Certain Diocesan Operations)**
Independent Auditor's Report and Financial Statements
June 30, 2019 and 2018



**The Administrative Offices of the
Catholic Diocese of Evansville
(Chancery and Certain Diocesan Operations)
June 30, 2019 and 2018**

Contents

Independent Auditor’s Report..... 1

Financial Statements

Statements of Financial Position 3
Statements of Activities..... 4
Statements of Functional Expenses – June 30, 2019 5
Statements of Functional Expenses – June 30, 2018 6
Statements of Cash Flows 7
Notes to Financial Statements 8

Supplementary Information

Statement of Activities for Unrestricted Net Assets..... 39

Independent Auditor's Report

Finance Council and Management
The Administrative Offices of the
Catholic Diocese of Evansville
(Chancery and Certain Diocesan Operations)
Evansville, Indiana—

We have audited the accompanying financial statements of The Administrative Offices of the Catholic Diocese of Evansville (Chancery and Certain Diocesan Operations), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses 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 audit 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 qualified audit opinion.

Basis for Qualified Opinion

As discussed in Notes 1 and 5, The Administrative Offices of the Catholic Diocese of Evansville (Chancery and Certain Diocesan Operations) expenses fixed asset additions and capital improvements. Additionally, as discussed in Note 10, The Administrative Offices of the Catholic Diocese of Evansville (Chancery and Certain Diocesan Operations) has not recorded a liability for its commitment to pay for clergy medical expenses that it provides after retirement. The practice of both of these, in our opinion, is not in accordance with accounting principles generally accepted in the United States of America. The effects on the financial statements of the aforementioned practices cannot be reasonably obtained.

Qualified Opinion

In our opinion, except for the effects of the matters described in the *Basis for Qualified Opinion* paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of The Administrative Offices of the Catholic Diocese of Evansville (Chancery and Certain Diocesan Operations) 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 discussed in Note 1, certain operations of The Administrative Offices of the Catholic Diocese of Evansville (Chancery and Certain Diocesan Operations) are not included in these financial statements. Furthermore, as described in Note 2 of the financial statements, in 2019, The Administrative Offices of the Catholic Diocese of Evansville (Chancery and Certain Diocesan Operations) adopted Accounting Standard Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Additionally, as discussed in Note 18 to the financial statements, the 2018 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to these matters.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 financial statements as a whole.

BKD, LLP

Evansville, Indiana
December 17, 2019

**The Administrative Offices of the
Catholic Diocese of Evansville
(Chancery and Certain Diocesan Operations)
Statements of Financial Position
June 30, 2019 and 2018**

Assets

	2019	(Restated – Note 18) 2018
Cash	\$ 3,018,808	\$ 13,894,930
Receivables		
Stewards of God's Grace contributions receivable, net	4,266,283	7,734,387
Catholic Parishes Campaign	389,756	326,734
Parishes and institutions, net of allowance; 2019 and 2018 – \$2,060	620,309	399,770
Loans – parishes and institutions, net of allowance; 2019 and 2018 – \$28,169	715,475	1,507,510
Interest receivable	19,865	50,964
Insurance services receivable	991,068	573,240
Other Diocesan operations	21,130	18,209
	7,023,886	10,610,814
Investments	48,482,209	40,952,191
Beneficial interests in Foundation	9,998,311	6,831,990
Prepaid expenses and other assets	1,318,625	1,244,797
	\$ 69,841,839	\$ 73,534,722

Liabilities and Net Assets (Deficit)

Liabilities

Accounts payable	\$ 342,609	\$ 161,516
Deposits held for parishes and other Diocesan operations	28,967,684	32,551,256
Due to related parties, net	1,338,660	2,292,971
Other accrued expenses and liabilities	1,412,156	1,389,373
Unearned service revenue	41,653	41,365
Accrued interest	22,298	14,529
Accrued pension liability	35,127,533	30,824,957
	67,252,593	67,275,967

Net Assets

Without donor restrictions – undesignated	(34,160,453)	(29,582,665)
Without donor restrictions – designated	21,779,217	17,880,036
	(12,381,236)	(11,702,629)
With donor restrictions	14,970,482	17,961,384
	2,589,246	6,258,755
	\$ 69,841,839	\$ 73,534,722

**The Administrative Offices of the
Catholic Diocese of Evansville
(Chancery and Certain Diocesan Operations)**

Statements of Activities

Years Ended June 30, 2019 and 2018

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Catholic community support	\$ 6,152,239	\$ 97,929	\$ 6,250,168
Stewards of God's Grace contributions	-	389,184	389,184
Insurance and medical fees	13,918,427	-	13,918,427
Service fees	240,963	-	240,963
Net investment return	2,281,691	33,689	2,315,380
Change in beneficial interests in Foundation	-	140,191	140,191
Change in beneficial interests in Foundation – designated	412,346	-	412,346
Distributions from Foundation and other	334,993	-	334,993
Net assets released from restrictions	3,651,895	(3,651,895)	-
Total revenues, gains and other support	<u>26,992,554</u>	<u>(2,990,902)</u>	<u>24,001,652</u>
Expenses			
Adult formation	219,547	-	219,547
Catholic Center and other operations	403,636	-	403,636
Chancery	680,263	-	680,263
Education	555,061	-	555,061
Insurance and medical programs	13,969,920	-	13,969,920
Spanish speaking ministry	160,286	-	160,286
Ministry to priests and clergy assistance	222,011	-	222,011
Newspaper and communications	377,100	-	377,100
Office of Worship	104,403	-	104,403
Permanent diaconate	57,148	-	57,148
Subsidies	602,653	-	602,653
Tribunal	178,878	-	178,878
Vocation office	577,220	-	577,220
Safe Environment	34,943	-	34,943
Youth ministries, including Newman Centers	358,869	-	358,869
Lay employee retirement plan	1,332,482	-	1,332,482
Employee 403(b) benefits	758,348	-	758,348
Office of Family and Life	14,428	-	14,428
Bad debt expenses (recoveries)	3,580	-	3,580
Total program services	<u>20,610,776</u>	<u>-</u>	<u>20,610,776</u>
Management and general	2,620,964	-	2,620,964
Fundraising	293,067	-	293,067
Total support services	<u>2,914,031</u>	<u>-</u>	<u>2,914,031</u>
Total expenses	<u>23,524,807</u>	<u>-</u>	<u>23,524,807</u>
Change in Net Assets from Operating and Investing Activities	3,467,747	(2,990,902)	476,845
Change in Minimum Pension Liability	<u>(4,146,354)</u>	<u>-</u>	<u>(4,146,354)</u>
Change in Net Assets	(678,607)	(2,990,902)	(3,669,509)
Net Assets (Deficit), Beginning of Year	<u>(11,702,629)</u>	<u>17,961,384</u>	<u>6,258,755</u>
Net Assets (Deficit), End of Year	<u>\$ (12,381,236)</u>	<u>\$ 14,970,482</u>	<u>\$ 2,589,246</u>

See Notes to Financial Statements

2018 (Restated – Note 18)

Without Donor Restrictions	With Donor Restrictions	Total
\$ 6,165,811	\$ 459,310	\$ 6,625,121
-	6,689,111	6,689,111
13,623,203	-	13,623,203
280,130	-	280,130
2,009,317	43,168	2,052,485
-	18,615	18,615
-	-	-
326,640	-	326,640
4,188,497	(4,188,497)	-
26,593,598	3,021,707	29,615,305
219,447	-	219,447
286,192	-	286,192
651,209	-	651,209
441,317	-	441,317
11,406,496	-	11,406,496
183,253	-	183,253
302,837	-	302,837
379,708	-	379,708
93,760	-	93,760
11,568	-	11,568
596,172	-	596,172
169,372	-	169,372
273,061	-	273,061
3,212	-	3,212
384,899	-	384,899
2,148,187	-	2,148,187
692,686	-	692,686
-	-	-
(132,345)	-	(132,345)
18,111,031	-	18,111,031
1,765,145	-	1,765,145
648,480	-	648,480
2,413,625	-	2,413,625
20,524,656	-	20,524,656
6,068,942	3,021,707	9,090,649
2,134,790	-	2,134,790
8,203,732	3,021,707	11,225,439
(19,906,361)	14,939,677	(4,966,684)
\$ (11,702,629)	\$ 17,961,384	\$ 6,258,755

**The Administrative Offices of the
Catholic Diocese of Evansville
(Chancery and Certain Diocesan Operations)**

Statements of Functional Expenses

Year Ended June 30, 2019

	2019				
	Program Services				
	Formation & Education	Sacramental & Ministerial Support	Social Outreach	Ecclesiastical Services to Parishes	Total Program Services
Wages, taxes, and benefits	\$ 774,516	\$ 43,950	\$ -	\$ 1,095,732	\$ 1,914,198
Lay pension and 403(b) Plan	35,976	-	-	2,138,816	2,174,792
Property and liability claims	-	-	-	-	-
Clergy assistance	-	177,237	-	-	177,237
Seminary and theology tuition	4,768	-	-	379,831	384,599
Programs	376,474	55,739	933,642	7,096	1,372,951
Insurance premiums, fees and claims	-	1,318,470	-	12,686,028	14,004,498
Professional fees and services	7,900	-	-	15,571	23,471
Utilities	15,802	8,895	-	15,873	40,570
Technology	-	-	-	-	-
Travel, meals, and entertainment	31,893	815	-	24,322	57,030
Repairs and maintenance	1,912	7,001	-	85,367	94,280
Other occupancy expense	8,109	8,117	-	18,261	34,487
Training and development	21,953	41,445	-	16,647	80,045
Print production	320	-	-	90,535	90,855
Postage	687	-	-	57,815	58,502
Supplies and other	13,453	38	-	86,190	99,681
Interest expense	-	-	-	-	-
Bad debts	-	-	-	3,580	3,580
Capital improvements	-	-	-	-	-
Total expenses included in the expense section on the statement of activities	<u>\$ 1,293,763</u>	<u>\$ 1,661,707</u>	<u>\$ 933,642</u>	<u>\$ 16,721,664</u>	<u>\$ 20,610,776</u>

2019

Support Services

Management and General	Fundraising	Total Support Services	Total
\$ 311,149	\$ 22,448	\$ 333,597	\$ 2,247,795
-	-	-	2,174,792
944	-	944	944
4,000	-	4,000	181,237
-	-	-	384,599
39,484	1,015	40,499	1,413,450
11,526	-	11,526	14,016,024
290,659	5,702	296,361	319,832
72,830	122	72,952	113,522
103,013	-	103,013	103,013
-	1,293	1,293	58,323
63,661	-	63,661	157,941
-	-	-	34,487
64,073	-	64,073	144,118
-	5,320	5,320	96,175
273	7,014	7,287	65,789
22,334	36,022	58,356	158,037
866,555	-	866,555	866,555
-	214,131	214,131	217,711
770,463	-	770,463	770,463
<u>\$ 2,620,964</u>	<u>\$ 293,067</u>	<u>\$ 2,914,031</u>	<u>\$ 23,524,807</u>

**The Administrative Offices of the
Catholic Diocese of Evansville
(Chancery and Certain Diocesan Operations)**

Statements of Functional Expenses

Year Ended June 30, 2018

	2018				
	Program Services				
	Formation & Education	Sacramental & Ministerial Support	Social Outreach	Ecclesiastical Services to Parishes	Total Program Services
Wages, taxes, and benefits	\$ 809,874	\$ 41,513	\$ -	\$ 1,017,087	\$ 1,868,474
Lay pension and 403(b) Plan	28,764	-	-	2,882,271	2,911,035
Property and liability claims	-	-	-	-	-
Clergy assistance	-	261,800	-	-	261,800
Seminary and theology tuition	4,681	-	-	227,366	232,047
Programs	266,469	43,372	650,238	166,223	1,126,302
Insurance premiums, fees and claims	3,609	916,259	-	10,529,778	11,449,646
Professional fees and services	7,917	-	-	6,696	14,613
Utilities	17,593	8,698	-	8,842	35,133
Technology	-	-	-	-	-
Travel, meals, and entertainment	31,080	1,654	-	19,191	51,925
Repairs and maintenance	1,621	18,345	-	-	19,966
Other occupancy expense	9,900	7,939	-	-	17,839
Training and development	28,743	6,163	-	7,023	41,929
Print production	729	-	-	78,286	79,015
Postage	945	-	-	67,666	68,611
Supplies and other	16,731	70	-	47,980	64,781
Interest expense	-	-	-	-	-
Bad debts	-	-	-	(132,345)	(132,345)
Capital improvements	260	-	-	-	260
Total expenses included in the expense section on the statement of activities	<u>\$ 1,228,916</u>	<u>\$ 1,305,813</u>	<u>\$ 650,238</u>	<u>\$ 14,926,064</u>	<u>\$ 18,111,031</u>

2018

Support Services

Management and General	Fundraising	Total Support Services	Total
\$ 297,293	\$ -	\$ 297,293	\$ 2,165,767
-	1,533	1,533	2,912,568
237	-	237	237
5,000	-	5,000	266,800
-	-	-	232,047
119,509	540	120,049	1,246,351
11,210	-	11,210	11,460,856
184,346	381,680	566,026	580,639
78,392	59	78,451	113,584
76,287	-	76,287	76,287
-	-	-	51,925
98,115	-	98,115	118,081
-	-	-	17,839
118,231	-	118,231	160,160
-	35,268	35,268	114,283
240	17,496	17,736	86,347
13,390	25,419	38,809	103,590
623,067	-	623,067	623,067
-	186,485	186,485	54,140
139,828	-	139,828	140,088
\$ 1,765,145	\$ 648,480	\$ 2,413,625	\$ 20,524,656

**The Administrative Offices of the
Catholic Diocese of Evansville
(Chancery and Certain Diocesan Operations)**

Statements of Cash Flows

Years Ended June 30, 2019 and 2018

	2019	2018
Operating Activities		
Change in net assets	\$ (3,669,509)	\$ 11,225,439
Items not requiring (providing) operating activities cash flows		
Net realized and unrealized gains on investments	(2,149,931)	(1,895,609)
Net investment return on beneficial interests in Foundation	(140,191)	(18,615)
Net investment return on beneficial interests in Foundation – designated	(412,346)	-
Contribution of beneficial interest to Foundation on behalf of the Diocese	(16,738)	(108,181)
Contributions restricted for long-term investment	(57,554)	(84,474)
Provision for bad debt	214,131	54,140
Change in minimum pension liability	4,146,354	(2,134,790)
Changes in		
Receivables, other than loans	(673,211)	5,102,917
Contributions receivable	3,253,973	(1,651,096)
Prepaid expenses and other assets	(73,828)	(85,018)
Accounts payable	181,093	138,524
Due to related parties	(954,311)	458,059
Accrued expenses and other liabilities	186,774	1,332,336
Unearned service revenue – Catholic Parishes Campaign	288	(5,969,439)
Net cash provided by (used in) operating activities	(165,006)	6,364,193
Investing Activities		
Purchases of investments	(18,848,075)	(35,411,001)
Proceeds from disposition of investments	13,467,988	28,028,513
Contributions to beneficial interests in Foundation	(2,597,046)	(3,578,455)
Repayments from loans to parishes and institutions	846,674	1,294,917
Issuance of loans to parishes and institutions	(54,639)	(1,603,161)
Net cash used in investing activities	(7,185,098)	(11,269,187)
Financing Activities		
Proceeds from deposits held for parishes and institutions	5,663,825	9,937,957
Payments on deposits held for parishes and institutions	(9,247,397)	(2,555,224)
Proceeds from contributions restricted for endowment and long-term purposes		
Investment in priests	23,601	33,310
Investment in seminarians	25,365	47,252
Investment in other endowments	8,588	3,912
Net cash provided by (used in) financing activities	(3,526,018)	7,467,207
Increase (Decrease) in Cash	(10,876,122)	2,562,213
Cash, Beginning of Year	13,894,930	11,332,717
Cash, End of Year	\$ 3,018,808	\$ 13,894,930
Supplemental Cash Flows Information		
Interest paid to parishes and institutions	\$ 858,786	\$ 620,889

The Administrative Offices of the Catholic Diocese of Evansville (Chancery and Certain Diocesan Operations)

Notes to Financial Statements

June 30, 2019 and 2018

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The Administrative Offices of the Catholic Diocese of Evansville (Chancery and Certain Diocesan Operations) (Diocese) is a not-for-profit organization the mission and principal activity of which is to provide administrative services to the parishes and various other institutions and operations within the Diocese of Southwestern Indiana. The primary sources of revenue for the Diocese are: (1) fees from Diocesan operations for Diocesan-wide programs sponsored and/or administered by The Administrative Offices, including property and liability insurance, clergy medical and lay medical, (2) investment income, (3) amounts received from the Catholic Parishes Campaign (Campaign) and (4) other bequests and donations.

Fees for Diocesan-wide programs are accrued each month. Each entity is billed based on the number of covered participants in the case of the medical plans and on physical property in the case of the property and liability insurance.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Description of Chancery and Certain Diocesan Operations

The financial statements include the accounts of the following operations of the Diocese of Evansville, which are under the supervision of the Bishop of Evansville:

Chancery offices' operations	Newspaper/communications
Catholic Center operations	Office of Worship
Adult formation	Vocation office
Administrative support	Ministry to priests
Various other operations	Development
Youth ministry	Finance office operations
Education	Office of Family and Life

All significant transactions and account balances between operations included in the financial statements have been eliminated.

The Administrative Offices of the Catholic Diocese of Evansville (Chancery and Certain Diocesan Operations)

Notes to Financial Statements

June 30, 2019 and 2018

The financial statements do not include operations of the parishes, schools and certain other Diocesan operations, including subsidized operations and certain Diocesan-related foundations. Under canon law, these operations operate, in many ways, autonomously. Additionally, many of the operations do not have formalized accounting and record-keeping that would allow them to be combined in a cost-efficient manner.

Net Assets

The Diocese reports its financial position and activities according to the following net asset classifications, based on the existence or absence of donor or grantor restrictions:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Diocese. These net assets may be used at the discretion of the Diocese's management and the Diocesan finance council.

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.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Cash

The Diocese considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2019 and 2018, the Diocese had no cash equivalents.

At June 30, 2019, the Diocese's cash accounts exceeded federally insured limits by approximately \$3,099,000.

Receivables

Receivables are stated at amounts billed to others (primarily related parties), plus any accrued or unpaid interest. The Diocese provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Delinquent receivables expected to be uncollected have been written off. Catholic Parishes Campaign receivables are unrestricted and due within one year.

**The Administrative Offices of the
Catholic Diocese of Evansville
(Chancery and Certain Diocesan Operations)
Notes to Financial Statements
June 30, 2019 and 2018**

Contributions Receivable and Amounts Due to Related Parties

During 2019 and 2018, the Diocese received certain contributions as a part of the Stewards of God's Grace: *Providing for the Needs of the Church in Southwest Indiana* campaign (SOGG). These contribution receivables are recorded as revenues with donor restrictions based on the intent of the donor. The amounts were recorded at fair value, which represents the gross contribution, less allowances for an estimate of amounts that may be uncollectible and a discount based on a risk-adjusted interest rate applicable to the year in which the contribution was made.

In conjunction with administering the SOGG campaign, the Diocese receives campaign payments directly from donors. Unless otherwise specified by the donor, the original pledge agreements provide that 50% of contributions, up to the respective organization's goal, are due directly to the parishes and other institutions named in the campaign pledge agreements. Donations between 101% and 125% of the organization's goal will be allocated 80/20 to the respective organization/Diocese. Donations exceeding 125% of the organization's goal will be allocated entirely to the respective organization. The amounts due directly to the parishes and other institutions do not represent revenue to the Diocese; therefore, the Diocese records amounts due to related parties for cash received on behalf of the parishes and other institutions not yet distributed.

Investments and Investment Return

Investments in equity securities having readily determinable fair values and all debt securities are carried at fair value. Other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external investment expenses.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

The Diocese maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.

Property and Equipment

Fixed asset additions and capital improvements are expensed when purchased rather than capitalized and depreciated over their estimated useful lives. Accordingly, no depreciation expense is recognized by the Diocese. This practice is not in accordance with accounting principles generally accepted in the United States of America.

**The Administrative Offices of the
Catholic Diocese of Evansville
(Chancery and Certain Diocesan Operations)**

Notes to Financial Statements

June 30, 2019 and 2018

Contributions

Contributions are provided to the Diocese either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts—with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Diocese overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

**The Administrative Offices of the
Catholic Diocese of Evansville
(Chancery and Certain Diocesan Operations)**

Notes to Financial Statements

June 30, 2019 and 2018

In-Kind Contributions

In addition to receiving cash contributions, the Diocese receives in-kind contributions from various donors, which may consist of supplies or long-lived assets, such as equipment. It is the policy of the Diocese to record the estimated fair value of certain in-kind donations as an expense in its financial statements and similarly increase contribution revenue by a like amount, unless explicit donor stipulations specify how such assets are to be used, in which case, they are reported as with donor restrictions revenue. For the years ended June 30, 2019 and 2018, these contributions were minimal and, therefore, no amounts have been reflected in the financial statements for in-kind contributions.

Contributed Services

Contributions of services are recognized as revenue at their estimated fair values only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. Contributions of services also include services received from personnel of an affiliate. The Diocese pays for most services requiring specific expertise; therefore, no amounts have been reflected in the financial statements for donated services.

Unearned Service Revenue

The Catholic Parishes Campaign is the method used to fund the annual assessment on each parish, which occurs in the fall. The funds are used for the operations of the Chancery, Diocesan programs and other Diocesan operations for the succeeding fiscal year. The Campaign funds of \$0 and \$15,510 are included within unearned service revenue in the financial statements at June 30, 2019 and 2018, respectively. Additionally, the Diocese recognizes other revenues as unearned relating to other religious education programs and cathedral renovations.

Income Taxes

The Diocese is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Diocese is subject to federal income tax on any unrelated business taxable income.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general, and fundraising categories based on actual direct expenditures.

**The Administrative Offices of the
Catholic Diocese of Evansville
(Chancery and Certain Diocesan Operations)**

Notes to Financial Statements

June 30, 2019 and 2018

Revisions

Certain immaterial revisions relating to the classification of program income have been made to the 2018 financial statements for expense and other income. These revisions did not have a significant impact on the financial statement line items impacted and did not impact change in net assets.

Additionally, certain revisions related to the classification of program expenses and management and general expenses were made to the 2018 financial statements. The lay employee retirement plan expense and employee 403(b) benefits of approximately \$2,100,000 and \$693,000, respectively, were reclassified from management and general to program expenses. These revisions did not have a significant impact on the financial statement line items impacted and did not impact change in net assets.

Reclassifications

Certain reclassifications have been made to the 2018 financial statements to conform to the 2019 financial statement presentation. These reclassifications had no effect on the change in net assets.

Note 2: Change in Accounting Principle

In 2019, the Diocese, adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. A summary of the changes is as follows:

Statement of Financial Position

- The statement of financial position distinguishes between two new classes of net assets—those with donor-imposed restrictions and those without. This is a change from the previously required three classes of net assets—unrestricted, temporarily restricted and permanently restricted.
- Underwater donor-restricted endowment funds are shown within the donor-restricted net asset class. This is a change from the previously required classification as unrestricted net assets.

Statement of Activities

- Expenses are reported by both nature and function in one location.
- Investment income is shown net to external and direct internal investment expenses. Disclosure of the expenses netted against investment income is no longer required.

**The Administrative Offices of the
Catholic Diocese of Evansville
(Chancery and Certain Diocesan Operations)**

Notes to Financial Statements

June 30, 2019 and 2018

Notes to the Financial Statements

- Enhanced quantitative and qualitative disclosures provide additional information useful in assessing liquidity and cash flows available to meet operating expenses for one year from the date of the statement of financial position.
- Amounts and purposes of board designations and appropriations as of the end of the period are disclosed.

This change had no impact on previously reported total change in net assets.

Note 3: Contributions Receivable

Contributions receivable at June 30, 2019 and 2018, consisted of the following:

	2019	2018
Due within one year	\$ 3,472,468	\$ 3,539,142
Due in one to five years	1,384,506	5,021,629
	4,856,974	8,560,771
Less		
Allowance for uncollectible contributions	508,573	428,039
Unamortized discount	82,118	398,345
	\$ 4,266,283	\$ 7,734,387

The discount rate utilized was 2.86% and 3.44% for 2019 and 2018, respectively.

Contributions receivable designated for specific purposes and with time restrictions at June 30, 2019 and 2018, were as follows:

	2019	2018
Stewards of God's Grace campaign, undesignated (1)	\$ 4,134,807	\$ 7,467,334
Diocesan segment	60,869	136,868
Priests	22,725	46,534
Seminarians	33,549	59,696
Schools	7,776	10,941
Youth and young adult	3,592	7,780
Catechesis	2,965	5,234
	\$ 4,266,283	\$ 7,734,387

- (1) The SOGG campaign is intended to support seminarians and priests, Catholic education and faith formation, social outreach, facility improvements, campaign costs and parishes.

**The Administrative Offices of the
Catholic Diocese of Evansville
(Chancery and Certain Diocesan Operations)**

Notes to Financial Statements

June 30, 2019 and 2018

Note 4: Beneficial Interests in the Catholic Foundation of Southwest Indiana (Foundation)

The Diocese has transferred assets to the Foundation and retained a beneficial interest in those assets. The Diocese is to receive earnings as determined by the Foundation board annually, but none of the principal. The Diocese named itself as beneficiary of all future earnings. The cumulative amount of retained beneficial interests included in the statements of financial position was \$9,998,311 and \$6,831,990 at June 30, 2019 and 2018, respectively. Amounts within these beneficial interests with donor restrictions were \$3,410,504 and \$3,253,535 at June 30, 2019 and 2018, respectively.

Note 5: Property and Equipment

The Diocese owns properties that were purchased, constructed or donated. As is a common practice with religious organizations, these properties are not recorded in the financial statements. The Diocese believes many of these properties are single use, religious facilities with limited value, except to the Catholic community, and the cost related to these facilities is more a measure of contributions and general architectural styles at the time of construction, which may be significantly different from current styles or trends.

The replacement value of the buildings and equipment of all Diocesan operations for insurance purposes at June 30, 2019 and 2018, was approximately \$739,000,000 and \$715,000,000, respectively, of which approximately \$12,169,000 and \$11,815,000 as of June 30, 2019 and 2018, respectively, was attributable to properties of operations included in these financial statements.

Financial Accounting Standards Board (FASB) guidance requires capitalization of land, buildings and equipment and recognition of depreciation expense thereon. The Diocese currently does not intend to adopt this particular FASB guidance in its financial reporting and no attempt has been made by management to determine the impact of not adopting this standard.

Note 6: Loans and Deposits – Related Parties

The Administrative Offices operate a centralized financing program. Diocesan operations remit funds in excess of immediate operating needs to the Diocese throughout the year. Other Diocesan operations may borrow from the fund at rates below the prevailing commercial rates (6.00% and 5.25% for fiscal periods 2019 and 2018, respectively), for operational needs or construction projects. This program gives operations with excess funds the opportunity to assist other operations. Interest is paid on funds on deposit at 2.75% and 2.00% for fiscal years 2019 and 2018, respectively. The interest rate differential covers administrative costs. The deposits are payable on

**The Administrative Offices of the
Catholic Diocese of Evansville
(Chancery and Certain Diocesan Operations)**

Notes to Financial Statements

June 30, 2019 and 2018

demand. The loans are payable based upon the terms of the note agreements, which typically range from on demand to seven years from substantial completion of the financed project. One loan has been extended beyond its original due date to be amortized on a straight-line method over 15 years.

The loans outstanding and deposits on hand from operations at June 30, 2019 and 2018, are summarized below:

	2019		2018	
	Loans	Deposits	Loans	Deposits
Parishes	\$ 743,644	\$ 23,234,326	\$ 1,531,351	\$ 26,723,250
Institutions	-	5,733,358	4,328	5,828,006
	<u>743,644</u>	<u>28,967,684</u>	<u>1,535,679</u>	<u>32,551,256</u>
Less allowance	<u>28,169</u>	<u>-</u>	<u>28,169</u>	<u>-</u>
	<u><u>\$ 715,475</u></u>	<u><u>\$ 28,967,684</u></u>	<u><u>\$ 1,507,510</u></u>	<u><u>\$ 32,551,256</u></u>

Interest expense relative to the deposits on hand for the years ended June 30, 2019 and 2018, was \$866,555 and \$623,067, respectively.

The following table represents the amounts past due under the Diocese's loan program as of June 30, 2019 and 2018:

	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Loans Receivable
June 30, 2019						
Loans receivable						
Parishes	\$ -	\$ -	\$ -	\$ -	\$ 743,644	\$ 743,644
Institutions	-	-	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 743,644</u>	<u>\$ 743,644</u>
June 30, 2018						
Loans receivable						
Parishes	\$ -	\$ -	\$ -	\$ -	\$ 1,531,351	\$ 1,531,351
Institutions	-	-	-	-	4,328	4,328
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,535,679</u>	<u>\$ 1,535,679</u>

**The Administrative Offices of the
Catholic Diocese of Evansville
(Chancery and Certain Diocesan Operations)
Notes to Financial Statements
June 30, 2019 and 2018**

Note 7: Net Assets

Without Donor Restrictions – Designated

Net assets without donor restrictions at June 30, 2019 and 2018, are restricted for the following purposes:

	2019	2018
Disaster relief	\$ 3,584	\$ 3,584
Plant funds	50,000	50,000
Office machine operations	63,603	63,603
Evansville Catholic schools	108,510	108,510
Religious education	272,550	272,550
Property acquisition	158,058	158,058
Insurance reserve	14,663,387	13,723,255
Stewards of God’s Grace campaign held in beneficial interest in Foundation various endowments	<u>6,459,525</u>	<u>3,500,476</u>
	<u><u>\$ 21,779,217</u></u>	<u><u>\$ 17,880,036</u></u>

**The Administrative Offices of the
Catholic Diocese of Evansville
(Chancery and Certain Diocesan Operations)
Notes to Financial Statements
June 30, 2019 and 2018**

Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2019 and 2018, are restricted for the following purposes:

	2019	Restated (Note 18) 2018
Subject expenditure for specified purpose		
Human development	\$ 48,951	\$ 46,092
Evansville Catholic high schools	166,300	166,300
Religious education and pooled income funds	967,808	983,720
Communications	107,610	84,171
Stewards of God's Grace campaign (1)	4,648,560	4,524,661
	<u>5,939,229</u>	<u>5,804,944</u>
Subject to passage of time		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	4,134,807	7,467,334
	<u>4,134,807</u>	<u>7,467,334</u>
Endowments		
Investment in perpetuity, the income of which is expendable to support		
Diocesan general operations (life income)	61,936	61,936
Religious education	942,660	942,660
Religious education of Diocesan seminarians	192,196	192,196
Stewards of God's Grace campaign (1)	167,225	167,225
Stewards of God's Grace campaign held in beneficial interest in Foundation various endowments	121,925	71,554
Beneficial interests in Foundation various endowments, primarily religious education	3,410,504	3,253,535
	<u>4,896,446</u>	<u>4,689,106</u>
Total endowments	<u>4,896,446</u>	<u>4,689,106</u>
Total net assets with donor restrictions	<u>\$ 14,970,482</u>	<u>\$ 17,961,384</u>

(1) The SOGG campaign is intended to support seminarians and priests, Catholic education and faith formation, social outreach, facility improvements, campaign costs and parishes.

**The Administrative Offices of the
Catholic Diocese of Evansville
(Chancery and Certain Diocesan Operations)**

Notes to Financial Statements

June 30, 2019 and 2018

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2019	Restated (Note 18) 2018
Purpose restrictions accomplished		
Communications	\$ 3,197	\$ 3,695
Drake trust	300	-
Pooled income fund	6,000	6,000
Religious education	44,586	28,376
Stewards of God's Grace campaign	3,597,812	4,150,426
	\$ 3,651,895	\$ 4,188,497

Note 8: Endowment

The Diocese's endowment consists of 21 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Diocese's governing body is subject to the *State of Indiana Prudent Management of Institutional Funds Act* (SPMIFA) as requiring the preservation of the fair value of original gifts as of the gift date of donor restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of the interpretation, the Diocese classifies as net assets with donor restriction (a) the original value of gifts donated to the endowment and (b) any accumulations to the fund that are required to be maintained in the perpetuity in accordance with the direction of the applicable donor gift instrument. In accordance with SPMIFA, the Diocese considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Diocese and the fund
3. General economic conditions

**The Administrative Offices of the
Catholic Diocese of Evansville
(Chancery and Certain Diocesan Operations)**

Notes to Financial Statements

June 30, 2019 and 2018

4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Diocese
7. Investment policies of the Diocese

The composition of net assets by type of endowment fund at June 30, 2019 and 2018, was:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 2,184,546	\$ 2,184,546
Designated endowment funds	272,550	-	272,550
Total endowment funds	\$ 272,550	\$ 2,184,546	\$ 2,457,096
	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 2,144,274	\$ 2,144,274
Designated endowment funds	272,550	-	272,550
Total endowment funds	\$ 272,550	\$ 2,144,274	\$ 2,416,824

**The Administrative Offices of the
Catholic Diocese of Evansville
(Chancery and Certain Diocesan Operations)**

Notes to Financial Statements

June 30, 2019 and 2018

Changes in endowment net assets for the years ended June 30, 2019 and 2018, were:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 272,550	\$ 2,144,274	\$ 2,416,824
Investment return			
Investment income	-	33,204	33,204
Net depreciation	-	(42)	(42)
Total investment return	-	33,162	33,162
Contributions	-	51,696	51,696
Appropriation of endowment assets for expenditure	-	(44,586)	(44,586)
Endowment net assets, end of year	<u>\$ 272,550</u>	<u>\$ 2,184,546</u>	<u>\$ 2,457,096</u>
	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 272,550	\$ 1,915,135	\$ 2,187,685
Investment return			
Investment income	-	43,168	43,168
Contributions	-	214,347	214,347
Appropriation of endowment assets for expenditure	-	(28,376)	(28,376)
Endowment net assets, end of year	<u>\$ 272,550</u>	<u>\$ 2,144,274</u>	<u>\$ 2,416,824</u>

**The Administrative Offices of the
Catholic Diocese of Evansville
(Chancery and Certain Diocesan Operations)
Notes to Financial Statements
June 30, 2019 and 2018**

Investment and Spending Policies

The Diocese has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment, while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Diocese must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under the Diocese's policies, endowment assets are invested in a manner that is intended to produce favorable results while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

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 current yield (investment income, such as dividends and interest) and capital appreciation (both realized and unrealized). 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.

Annually, the Diocese evaluates designated endowments and determines any changes and appropriations.

Underwater Endowment

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Diocese is required to retain as a fund of perpetual duration pursuant to donor stipulation of SPMIFA. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature, if any, are reported in net assets with donor restrictions and such amounts were \$0 for 2019 and 2018. Deficiencies, if any, may result from unfavorable market fluctuations that occur after investment of new contributions with donor restrictions and continued appropriation for certain purposes deemed prudent by the governing body.

The practice of the Diocese does not permit distributions from endowments to invade the corpus of the endowment. If earnings are not sufficient to fully fund the calculated annual distribution from the endowment, only the amount of available earnings is distributed for spending. This practice does not preclude the Diocese from permitting spending from underwater endowments in accordance with SPMIFA if deemed prudent by the governing body, if necessary. The Diocese has interpreted SPMIFA to permit spending from underwater endowment funds in accordance with the prudent measures required by law.

**The Administrative Offices of the
Catholic Diocese of Evansville
(Chancery and Certain Diocesan Operations)**

Notes to Financial Statements

June 30, 2019 and 2018

Note 9: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2019 and 2018, comprise the following:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalent	\$ 3,018,808	\$ 13,894,930
Other receivables	2,757,603	2,876,427
Investments	48,482,209	40,952,191
Contributions receivable, net	<u>4,266,283</u>	<u>7,734,387</u>
 Total financial assets	 <u>58,524,903</u>	 <u>65,457,935</u>
 Less		
Donor-imposed restrictions		
Restricted funds	5,939,229	5,804,944
Endowments	4,896,446	4,689,106
Deposits held for parishes and other Diocesan operations	28,967,684	32,551,256
Contributions receivable due in one to five years	1,384,506	5,021,629
Loans receivable due in one to five years	<u>457,388</u>	<u>1,067,739</u>
	<u>41,645,253</u>	<u>49,134,674</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 16,879,650</u>	 <u>\$ 16,323,261</u>

The Diocese's endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The board-designated endowment is subject to an annual spending policy of appropriating for expenditure as the board deems prudent each year. Although the Diocese does not intend to spend from this board-designated endowment, these amounts could be made available if necessary.

The Diocese manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

**The Administrative Offices of the
Catholic Diocese of Evansville
(Chancery and Certain Diocesan Operations)
Notes to Financial Statements
June 30, 2019 and 2018**

Note 10: Medical Plans

Lay Employees

The medical plan for benefits for lay employees at the various parishes and schools throughout the entire Diocese of Evansville, including the lay employees at The Administrative Offices, is partially self-funded and is administered by a third-party administrator. The plan is funded by direct billings to the operations of the various parishes and schools based upon the number of employees participating in the program at rates determined by The Administrative Offices on an annual basis. Coverage for The Administrative Offices' employees is provided at no charge to the employee for single-covered employees. An employee can elect to pay an additional amount for family coverage. Losses in excess of \$150,000 per participant are insured with a general insurance carrier for the years ended June 30, 2019 and 2018. Lay medical and health care expense (including actual claims paid, insurance premiums paid for the stop loss coverage and accruals for the estimate of claims incurred but not paid) for the years ended June 30, 2019 and 2018, was approximately \$10,700,000 and \$8,600,000, respectively. The Chancery, through action of the Bishop, funds any shortfall in this Diocesan-wide plan.

Clergy

The medical plan for clergy (Clergy Medical Plan) is administered by a third-party administrator. The plan is partially self-funded with losses in excess of \$150,000 per participant insured with a general insurance carrier. The Clergy Medical Plan provides medical and health benefits to all current and retired clergy in the entire Diocese of Evansville (approximately 90), including priests assigned to The Administrative Offices.

The plan is funded by direct billings to each parish, school or other entity within the entire Diocese. Each operation pays a predetermined amount to the plan for clergy assigned to it at rates determined by The Administrative Offices on an annual basis. Clergy medical and health care expense (including actual claims paid, insurance premiums paid for the stop loss coverage and an accrual for the estimate of claims incurred but not paid) for the years ended June 30, 2019 and 2018, was approximately \$1,412,000 and \$916,000, respectively. The Chancery, through action of the Bishop, funds any shortfall in this Diocesan-wide plan.

The Diocese has an unwritten commitment to provide and pay for clergy's medical expenses after retirement. As of June 30, 2019, there are approximately 25 retired clergy covered under this commitment. Accounting principles generally accepted in the United States of America require that a liability be recorded for the present value of that commitment. The Diocese has elected not to determine the extent of that liability or record it with the understanding that, through action of the Bishop, the Chancery will fund any future shortfalls in this plan. For the years ended June 30, 2019 and 2018, there were overages (shortfalls) of \$(11,314) and \$488,618, respectively, relating to premiums collected in excess of claims paid.

**The Administrative Offices of the
Catholic Diocese of Evansville
(Chancery and Certain Diocesan Operations)**

Notes to Financial Statements

June 30, 2019 and 2018

Note 11: Pension Plan

The Diocese has a noncontributory defined benefit pension plan, which covered substantially all full-time lay employees throughout the Diocese, including those at the administrative offices through July 1, 2013. During 2013, the Diocese amended its pension plan to remove all plan participants under the age of 40 and freeze the plan to new participants as of July 1, 2013.

Although this plan covers employees from related Diocesan operations which operations are not included in these financial statements, the Diocese would fund any shortfall or retain any overfunding of this plan in the event the plan is terminated. The Catholic Diocese of Evansville Retirement Income Plan provides benefits based on years of credited service multiplied by 1.125% of the participant's average compensation, as defined, over the preceding five years. The Diocese makes annual contributions to fund the plan. The most recent actuarial valuation report, which was prepared as of June 30, 2019, indicates the Diocese is expected to contribute \$2,664,000 to the plan in fiscal year 2020.

The Diocese uses a June 30 measurement date for the plan. Information about the plan's funded status follows:

	<u>2019</u>	<u>2018</u>
Benefit obligation	\$ (73,847,153)	\$ (67,863,014)
Fair value of plan assets	<u>38,719,620</u>	<u>37,038,057</u>
Funded status	<u><u>\$ (35,127,533)</u></u>	<u><u>\$ (30,824,957)</u></u>

Amounts recognized in the statements of financial position as of June 30, 2019 and 2018, are as follows:

	<u>2019</u>	<u>2018</u>
Accrued pension liability	<u><u>\$ (35,127,533)</u></u>	<u><u>\$ (30,824,957)</u></u>

Amounts recognized in unrestricted net assets not yet recognized as components of net periodic benefit position costs as of June 30, 2019 and 2018, consist of:

	<u>2019</u>	<u>2018</u>
Net loss	\$ 19,674,048	\$ 15,693,549
Prior service cost	<u>736,215</u>	<u>570,360</u>
	<u><u>\$ 20,410,263</u></u>	<u><u>\$ 16,263,909</u></u>

The accumulated benefit obligation for the defined benefit pension plan was \$67,027,230 and \$61,414,620 at June 30, 2019 and 2018, respectively.

**The Administrative Offices of the
Catholic Diocese of Evansville
(Chancery and Certain Diocesan Operations)**

Notes to Financial Statements

June 30, 2019 and 2018

Components of net periodic benefit costs for the years ended June 30, 2019 and 2018, are as follows:

	<u>2019</u>	<u>2018</u>
Service cost	\$ 1,542,429	\$ 1,627,526
Interest cost	2,655,358	2,594,566
Expected return on assets	(2,572,452)	(2,401,030)
Amortization of prior service costs	81,481	306,683
Recognition of net loss	<u>1,113,406</u>	<u>1,362,277</u>
Net periodic benefit costs	<u><u>\$ 2,820,222</u></u>	<u><u>\$ 3,490,022</u></u>

Other significant balances and costs are:

	<u>2019</u>	<u>2018</u>
Net benefit costs	\$ 2,820,222	\$ 3,490,022
Employer contributions	\$ 2,664,000	\$ 2,294,000
Benefits paid	\$ 2,951,879	\$ 2,302,135

The following amounts have been recognized in the statements of activities for the years ended June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Amounts arising during the period		
Net loss (gain)	\$ 5,093,905	\$ (465,830)
Net prior service cost	\$ 247,336	\$ -
Amounts reclassified as components of net periodic benefit costs during the period		
Net loss	\$ 1,113,406	\$ 1,362,277
Prior service cost	\$ 81,481	\$ 306,683

The estimated net loss and prior service cost for the defined benefit pension plan that will be amortized from unrestricted net assets into net periodic benefit costs over the next fiscal year is \$1,536,167 and \$112,398, respectively.

Certain revisions have been made to the disclosed net prior service costs for 2018. Prior service cost arising during 2018 was \$0 versus the previously disclosed amount of \$1,140,720. This revision had no impact on any other reported amounts in 2018.

**The Administrative Offices of the
Catholic Diocese of Evansville
(Chancery and Certain Diocesan Operations)**

Notes to Financial Statements

June 30, 2019 and 2018

Significant assumptions include:

	2019	2018
Weighted-average assumptions used to determine benefit obligations		
Discount rate	3.50%	4.00%
Rate of compensation increase	3.00%	3.00%
Weighted-average assumptions used to determine benefit costs		
Discount rate	4.00%	4.00%
Expected return on plan assets	7.00%	7.00%
Rate of compensation increase	3.00%	3.00%

The Diocese has estimated the long-term return on plan assets based primarily on review of target asset allocation, an underlying inflation rate assumption and the effects of asset diversification and periodic fund rebalancing.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as of June 30, 2019:

2020	\$	2,468,000
2021		3,219,698
2022		3,356,786
2023		3,367,320
2024		4,187,266
2025–2029		21,348,117
		\$ 37,947,187

Plan assets are administered by Prudential Retirement, which invests the plan assets in accordance with the provisions of the plan agreement. The plan's asset allocation is designed using modern portfolio theory, which quantifies the impact of diversification among various asset classes. Current target allocation percentages are 40%–60% invested in equities and 40%–60% invested in fixed income assets and 5% invested in other. No additional asset categories are included beyond equity securities, debt securities and other.

**The Administrative Offices of the
Catholic Diocese of Evansville
(Chancery and Certain Diocesan Operations)
Notes to Financial Statements
June 30, 2019 and 2018**

At June 30, 2019 and 2018, plan assets by category are as follows:

	2019	2018
Weighted-average asset allocation		
Equity securities	55%	55%
Debt securities	42	41
Other	3	4
	100%	100%

Pension Plan Assets

Following is a description of the valuation methodologies used for pension plan assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of pension plan assets pursuant to the valuation hierarchy.

Where quoted market prices are available in an active market, plan assets are classified within Level 1 of the valuation hierarchy. Level 1 plan assets include cash and mutual funds invested in U.S. stocks, international stocks, U.S. bonds and stable value funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of plan assets with similar characteristics or discounted cash flows. In certain cases where Level 1 or Level 2 inputs are not available, plan assets are classified within Level 3 of the hierarchy. The plan did not have any Level 2 or Level 3 assets.

**The Administrative Offices of the
Catholic Diocese of Evansville
(Chancery and Certain Diocesan Operations)**

Notes to Financial Statements

June 30, 2019 and 2018

The fair values of the Diocese's pension plan assets at June 30, 2019 and 2018, by asset class, are as follows:

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2019				
Plan assets				
Mutual funds				
Large cap	\$ 8,347,223	\$ 8,347,223	\$ -	\$ -
Mid cap	1,211,510	1,211,510	-	-
Small cap	3,593,259	3,593,259	-	-
T. Rowe Price	4,549,683	4,549,683	-	-
International stocks	3,824,876	3,824,876	-	-
U.S. bonds	12,750,604	12,750,604	-	-
Stable value	3,495,315	3,495,315	-	-
Cash	947,150	947,150	-	-
	<u>\$ 38,719,620</u>	<u>\$ 38,719,620</u>	<u>\$ -</u>	<u>\$ -</u>
June 30, 2018				
Plan assets				
Mutual funds				
Large cap	\$ 7,871,217	\$ 7,871,217	\$ -	\$ -
Mid cap	1,154,068	1,154,068	-	-
Small cap	3,511,001	3,511,001	-	-
T. Rowe Price	4,197,347	4,197,347	-	-
International stocks	3,749,258	3,749,258	-	-
U.S. bonds	11,773,411	11,773,411	-	-
Stable value	3,448,670	3,448,670	-	-
Cash	1,333,085	1,333,085	-	-
	<u>\$ 37,038,057</u>	<u>\$ 37,038,057</u>	<u>\$ -</u>	<u>\$ -</u>

The Administrative Offices of the Catholic Diocese of Evansville (Chancery and Certain Diocesan Operations)

Notes to Financial Statements

June 30, 2019 and 2018

403(b) Plan

The Diocese has a 403(b) plan, which covers substantially all eligible full-time employees throughout the Diocese, including those at The Administrative Offices. Effective July 1, 2013, the Diocese amended its defined contribution 403(b) plan to allow the Diocese to make matching contributions of 50% of employee deferral amounts up to 5% of employees' eligible compensation. During 2019 and 2018, the Diocese has also elected a 2.5% discretionary contribution for eligible participants. The Diocese's 2019 employer contribution to the plan consisted of approximately \$317,000 of matching contribution and approximately \$414,000 of discretionary contributions. The Diocese's 2018 employer contribution to the plan consisted of approximately \$288,000 of matching contribution and approximately \$404,000 of discretionary contributions.

Note 12: Property and Liability Insurance

A partially self-insured property and liability insurance program is administered by the Chancery for all Diocesan facilities. For property coverage, the Diocese's initial deductible is \$225,000 with total coverage of \$70,000,000. The additional liability program is funded by assessments billed to all Diocesan operations and it pays the initial \$680,000 of certain claims with insurance coverage of \$750,000 in excess of these claims. Claims in excess of these limits are insured with various general insurance carriers through an overall risk manager who charges a fee for providing insurance management services. Property and liability insurance expense for the years ended June 30, 2019 and 2018, was approximately \$1,935,000 and \$1,484,000, respectively, comprised of \$1,347,000 and \$1,254,000, respectively, for premiums to general insurance carriers; \$90,000 and \$95,000, respectively, for fees to an overall risk manager; \$255,000 and \$135,000, respectively, for claims incurred; and \$243,000 and \$0, respectively, for rebates of excess reserves.

Provisions for losses expected under these programs are recorded based upon the Diocese's estimates of the aggregate liability for claims incurred and totaled approximately \$80,000 and \$30,000 for the years ended June 30, 2019 and 2018, respectively. The amount of actual losses incurred could differ materially from the estimates reflected in these financial statements. The Diocese has provided letters of credit totaling \$625,000 in connection with these insurance programs, which renews automatically on an annual basis. These letters of credit are collateralized by certificates of deposit totaling \$625,000.

Note 13: Disclosures About Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

**The Administrative Offices of the
Catholic Diocese of Evansville
(Chancery and Certain Diocesan Operations)**

Notes to Financial Statements

June 30, 2019 and 2018

- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Recurring Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2019 and 2018.

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2019				
Investments				
Money market mutual funds	\$ 3,026,446	\$ 3,026,446	\$ -	\$ -
Certificates of deposit (1)	1,166,884	-	-	-
U.S. Government securities	103,631	-	103,631	-
Corporate debt securities	160,988	-	160,988	-
U.S. Treasury securities	2,183,423	-	2,183,423	-
Common stocks	139,438	139,438	-	-
Mutual funds				
International	5,813,060	5,813,060	-	-
Small cap	3,531,560	3,531,560	-	-
Short term	6,394,919	6,394,919	-	-
Intermediate term	12,682,577	12,682,577	-	-
Large growth	13,279,283	13,279,283	-	-
	<u>\$ 48,482,209</u>	<u>\$ 44,867,283</u>	<u>\$ 2,448,042</u>	<u>\$ -</u>
Beneficial interests in Foundation	\$ 9,998,311	\$ -	\$ -	\$ 9,998,311

**The Administrative Offices of the
Catholic Diocese of Evansville
(Chancery and Certain Diocesan Operations)**

Notes to Financial Statements

June 30, 2019 and 2018

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2018				
Investments				
Money market mutual funds	\$ 2,026,212	\$ 2,026,212	\$ -	\$ -
Certificates of deposit (1)	2,040,730	-	-	-
U.S. Government securities	137,833	-	137,833	-
Corporate debt securities	260,531	-	260,531	-
U.S. Treasury securities	1,828,069	-	1,828,069	-
Common stocks	283,937	283,937	-	-
Mutual funds				
International	4,684,296	4,684,296	-	-
Small cap	2,969,884	2,969,884	-	-
Short term	5,467,584	5,467,584	-	-
Intermediate term	10,614,527	10,614,527	-	-
Large growth	10,638,588	10,638,588	-	-
	<u>\$ 40,952,191</u>	<u>\$ 36,685,028</u>	<u>\$ 2,226,433</u>	<u>\$ -</u>
Beneficial interests in				
Foundation	<u>\$ 6,831,990</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,831,990</u>

(1) Nonbrokered certificates – no leveling

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2019. For assets classified within Level 1, 2 and 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

**The Administrative Offices of the
Catholic Diocese of Evansville
(Chancery and Certain Diocesan Operations)**

Notes to Financial Statements

June 30, 2019 and 2018

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. See the table below for inputs and valuation techniques used for Level 3 securities.

Beneficial Interests in Foundation

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the statements of financial position using significant observable (Level 3) inputs:

	Beneficial Interests in Foundation	
	2019	2018
Balance, July 1	\$ 6,831,990	\$ 3,126,739
Total realized and unrealized gains included in change in beneficial interests in Foundation	682,501	196,794
Purchases	2,616,624	3,685,210
Distributions	(132,804)	(176,753)
	\$ 9,998,311	\$ 6,831,990
Balance, June 30		
Total gains for the period included in net investment return on beneficial interests in Foundation attributable to the change in unrealized gains and losses related to assets still held at the reporting date	\$ 682,501	\$ 196,794

**The Administrative Offices of the
Catholic Diocese of Evansville
(Chancery and Certain Diocesan Operations)**

Notes to Financial Statements

June 30, 2019 and 2018

Realized and unrealized gains and losses included in net investment return on beneficial interests in Foundation for the years ended June 30, 2019 and 2018, are reported in the statements of activities as follows:

	Beneficial Interests in Foundation	
	2019	2018
Total gains	\$ 682,501	\$ 196,794
Change in unrealized gains and losses relating to assets still held at the statements of financial position date	\$ 682,501	\$ 196,794

	Unobservable (Level 3) Inputs			
	Fair Value	Valuation Technique	Unobservable Inputs	Range (Weighted Average)
June 30, 2019				
Beneficial interests in Foundation	\$ 9,998,311	Discounted cash flows	Discount rates market return rates	N/A
June 30, 2018				
Beneficial interests in Foundation	\$ 6,831,990	Discounted cash flows	Discount rates market return rates	N/A

Note 14: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Contributions Receivable

During 2019 and 2018, there were no significant concentrations within contributions. As of June 30, 2019 and 2018, the Diocese has recorded significant contribution pledges receivable. The estimated allowances for uncollectible amounts and discounts are based on factors that could change in the near term and for which such changes could materially affect the amount reported in the financial statements.

**The Administrative Offices of the
Catholic Diocese of Evansville
(Chancery and Certain Diocesan Operations)
Notes to Financial Statements
June 30, 2019 and 2018**

Litigation

The Diocese is subject to claims and lawsuits that arise primarily in the ordinary course of its activities. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets and cash flows of the Diocese. However, events could occur that would change this estimate materially in the near term.

Pension Plan

The Diocese has recorded certain liabilities as more fully described in Note 11. Certain assumptions and estimates made by the Diocese in calculating these liabilities may be different in the future.

Note 15: Commitments and Contingent Liabilities

Diocesan operations, separate from The Administrative Offices, have entered into various agreements and activities that could, by action of the Bishop, become liabilities of The Administrative Offices.

The Diocese of Evansville clergy are provided with a defined benefit retirement plan. Donations were received to fund the initial cost of the plan. The most recent actuarial valuation report, which was prepared as of July 1, 2019, indicates that the fair value of plan assets exceeds the present value of the accumulated benefits by approximately \$1,459,055 for 80 participants. This is not a receivable of The Administrative Offices. However, The Administrative Offices could, by action of the Bishop, incur expenses in subsequent years in connection with the funding of this plan. The Bishop has not determined how a plan deficiency will be funded.

Note 16: Risks and Uncertainties

Investments

The Diocese invests in various investment securities, has beneficial interests held at the Foundation and funds its defined benefit pension plan with investment securities. Investment securities and beneficial interests are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities and beneficial interests, it is at least reasonably possible that changes in the values of investment securities and beneficial interests will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

**The Administrative Offices of the
Catholic Diocese of Evansville
(Chancery and Certain Diocesan Operations)**

Notes to Financial Statements

June 30, 2019 and 2018

Loans – Parishes and Institutions

The Diocese has unsecured loans to its various parishes and institutions, which are exposed to the risks that the cash flows of these entities may not be adequate to provide for full payment of principal and interest due to the level of risk associated with these loans. It is at least reasonably possible that changes in values may occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Management's Liquidity Plan

The Diocese has an ongoing significant deficit of assets without donor restrictions. While there was a positive change in net assets (deficit) from operating and investing activities for the years ended June 30, 2019 and 2018, there are several economic factors and uncertainties that affect the financial health of the Diocese. The ongoing deficit is primarily the result of the impact of its noncontributory defined benefit pension plan, which covers a significant number of the full-time employees throughout the Diocese. The Diocese contributes annually to the plan through assessments to its parishes and various other institutions. The liability associated with this plan is largely computed based on discount rates, which fluctuate with market conditions, expected mortalities of the participants and the investments held by the plan to fund this liability.

Note 17: Future Changes in Accounting Pronouncements

Revenue Recognition

FASB amended its standards related to revenue recognition. This amendment replaces all existing revenue recognition guidance and provides a single, comprehensive revenue recognition model for all contracts with customers. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of the time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The amendment 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 those judgments and assets recognized from costs incurred to fulfill a contract. The standard allows either full or modified retrospective adoption effective for nonpublic entities for annual periods beginning after December 15, 2018, and any interim periods within annual reporting periods that begin after December 15, 2019. The Diocese is in the process of evaluating the effect the amendment will have on the financial statements.

**The Administrative Offices of the
Catholic Diocese of Evansville
(Chancery and Certain Diocesan Operations)**

Notes to Financial Statements

June 30, 2019 and 2018

Note 18: Restatement of Prior Year Statement of Financial Position and Statement of Activities

During 2019, the Diocese corrected the release of temporarily restricted net assets in its previously reported 2018 financial statements. This correction had no net impact on the previously reported total net assets as of June 30, 2018, or change in net assets for the year ended June 30, 2018.

The following tables include changes in financial statement line items as previously reported as of and for the year ended June 30, 2018, as a result of the change in accounting principle discussed in Note 2 and the restatement discussed in the preceding paragraph.

	Statement of Financial Position			
	As Adjusted 2018	Correction of Error	Adoption of ASU 2016-14	As Previously Reported 2018
Unrestricted				
Undesignated	\$ -	\$ 3,500,476	\$ (29,582,665)	\$ (33,083,141)
Total unrestricted net assets	\$ -	\$ 3,500,476	\$ (11,702,629)	\$ (15,203,105)
Temporarily restricted	\$ -	\$ (3,500,476)	\$ 13,272,278	\$ 16,772,754
Permanently restricted	\$ -	\$ -	\$ 4,689,106	\$ 4,689,106
Without donor restrictions – undesignated	\$ (29,582,665)	\$ -	\$ (29,582,665)	\$ -
Total net assets without donor restrictions	\$ (11,702,629)	\$ -	\$ (11,702,629)	\$ -
Net assets with donor restrictions	\$ 17,961,384	\$ -	\$ 17,961,384	\$ -

**The Administrative Offices of the
Catholic Diocese of Evansville
(Chancery and Certain Diocesan Operations)**

Notes to Financial Statements

June 30, 2019 and 2018

Consolidated Statement of Activities				
	As Adjusted 2018	Correction of Error	Adoption of ASU 2016-14	As Previously Reported 2018
Net assets released from restrictions				
Unrestricted	\$ -	\$ 3,500,476	\$ (4,188,497)	\$ 688,021
Temporarily restricted	\$ -	\$ (3,500,476)	\$ 4,188,497	\$ (688,021)
Without donor restrictions	\$ 4,188,497	\$ -	\$ 4,188,497	\$ -
With donor restrictions	\$ (4,188,497)	\$ -	\$ (4,188,497)	\$ -
Change in net assets				
Unrestricted	\$ -	\$ 3,500,476	\$ (8,203,732)	\$ 4,703,256
Temporarily restricted	\$ -	\$ (3,500,476)	\$ (2,683,361)	\$ 6,183,837
Permanently restricted	\$ -	\$ -	\$ (338,346)	\$ 338,346
Without donor restrictions	\$ 8,203,732	\$ -	\$ 8,203,732	\$ -
With donor restrictions	\$ 3,021,707	\$ -	\$ 3,021,707	\$ -
Net assets, end of year				
Unrestricted	\$ -	\$ 3,500,476	\$ 11,702,629	\$ (15,203,105)
Temporarily restricted	\$ -	\$ (3,500,476)	\$ (13,272,278)	\$ 16,772,754
Permanently restricted	\$ -	\$ -	\$ (4,689,106)	\$ 4,689,106
Without donor restrictions	\$ (11,702,629)	\$ -	\$ (11,702,629)	\$ -
With donor restrictions	\$ 17,961,384	\$ -	\$ 17,961,384	\$ -

Note 19: Subsequent Events

Subsequent events have been evaluated through December 17, 2019, which is the date the financial statements were available to be issued.

Supplementary Information

**The Administrative Offices of the
Catholic Diocese of Evansville
(Chancery and Certain Diocesan Operations)
Statement of Activities for Net Assets Without Donor Restrictions
Year Ended June 30, 2019**

	Operating Fund	Insurance Fund	Interfund Eliminations		Total
			Debit	Credit	
Revenues, Gains and Other Support					
Catholic community support					
Catholic Parishes Campaign	\$ 6,034,534	\$ -	\$ -	\$ -	\$ 6,034,534
Bequests and donations	117,705	-	-	-	117,705
	<u>6,152,239</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,152,239</u>
Insurance and medical fees					
Property and liability insurance	-	2,992,919	97,506	-	2,895,413
Clergy medical plan	-	1,400,877	510,552	-	890,325
Lay medical plan	-	10,516,256	383,567	-	10,132,689
	<u>-</u>	<u>14,910,052</u>	<u>991,625</u>	<u>-</u>	<u>13,918,427</u>
Service fees					
Newspaper and communications	125,163	-	-	-	125,163
Catholic Center	115,800	-	-	-	115,800
Spanish speaking ministry	-	-	-	-	-
	<u>240,963</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>240,963</u>
Interest income					
Investments	73,630	-	-	-	73,630
Parishes	58,045	-	-	-	58,045
Institutions	43	-	-	-	43
	<u>131,718</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,718</u>
Net realized and unrealized investment gains	2,149,973	-	-	-	2,149,973
Change in beneficial interests in Foundation – designated	412,346	-	-	-	412,346
Distributions from Foundation and other	334,993	-	-	-	334,993
Net assets released from restrictions	<u>3,651,895</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,651,895</u>
Total revenues, gains and other support	<u>13,074,127</u>	<u>14,910,052</u>	<u>991,625</u>	<u>-</u>	<u>26,992,554</u>

**The Administrative Offices of the
Catholic Diocese of Evansville
(Chancery and Certain Diocesan Operations)**

**Statement of Activities for Net Assets Without Donor Restrictions (Continued)
Year Ended June 30, 2019**

	Operating Fund	Insurance Fund	Interfund Eliminations		Total
			Debit	Credit	
Expenses					
Adult formation	\$ 254,125	\$ -	\$ -	\$ 34,578	\$ 219,547
Catholic Center and other operations	571,822	-	-	168,186	403,636
Chancery	743,985	-	-	63,722	680,263
Education	595,375	-	-	40,314	555,061
Bad debt expenses	3,580	-	-	-	3,580
Lay employee retirement plan	1,332,482	-	-	-	1,332,482
Employee 403(b) benefits	758,348	-	-	-	758,348
Fundraising	294,997	-	-	1,930	293,067
General and administrative					
Interest expense					
Parishes	684,825	-	-	-	684,825
Institutions	181,730	-	-	-	181,730
	866,555	-	-	-	866,555
Miscellaneous	2,220,258	-	-	465,849	1,754,409
	3,086,813	-	-	465,849	2,620,964
Insurance and medical programs					
Property and liability insurance	-	1,985,012	-	-	1,985,012
Clergy medical plan	-	1,318,470	-	-	1,318,470
Lay medical plan	-	10,666,438	-	-	10,666,438
	-	13,969,920	-	-	13,969,920
Spanish speaking ministry	169,100	-	-	8,814	160,286
Ministry to priests	226,922	-	-	4,911	222,011
Newspaper and communications	421,669	-	-	44,569	377,100
Office of Worship	115,929	-	-	11,526	104,403
Permanent diaconate	57,148	-	-	-	57,148
Subsidies					
Catholic Charities	496,023	-	-	-	496,023
Christian sharing	106,630	-	-	-	106,630
	602,653	-	-	-	602,653
Tribunal	201,930	-	-	23,052	178,878
Vocation office	661,038	-	-	83,818	577,220
Safe Environment	34,943	-	-	-	34,943
Youth ministries, including					
Newman Centers	397,295	-	-	38,426	358,869
Office of Family and Life	16,358	-	-	1,930	14,428
Total expenses	10,546,512	13,969,920	-	991,625	23,524,807
Change in Net Assets from Operating and Investing Activities	<u>\$ 2,527,615</u>	<u>\$ 940,132</u>	<u>\$ 991,625</u>	<u>\$ 991,625</u>	<u>\$ 3,467,747</u>