

Diocese of Lansing

**Financial Report
with Additional Information
June 30, 2015**

Diocese of Lansing

Contents

Report Letter	1
Financial Statements	
Balance Sheet	2
Statement of Activities and Changes in Net Assets	3-4
Statement of Cash Flows	5
Notes to Financial Statements	6-19
Additional Information	20
Report Letter	21
Central Services Fund:	
Balance Sheet	22
Statement of Activities and Changes in Net Assets	23-24
Cemetery Fund:	
Balance Sheet	25
Statement of Activities and Changes in Net Assets	26
Plant Fund:	
Balance Sheet	27
Statement of Activities and Changes in Net Assets	28
Savings and Loan Program Fund:	
Balance Sheet	29
Statement of Activities and Changes in Net Assets	30
Trust and Endowment Fund:	
Balance Sheet	31
Statement of Activities and Changes in Net Assets	32

Additional Information (Continued)

Protected Loss Program Fund:	
Balance Sheet	33
Statement of Activities and Changes in Net Assets	34
Designated Gift Fund:	
Balance Sheet	35
Statement of Activities and Changes in Net Assets	36

Independent Auditor's Report

The Most Reverend Earl A. Boyea
Diocese of Lansing

We have audited the accompanying financial statements of the Diocese of Lansing, which comprise the balance sheet as of June 30, 2015 and 2014 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, 2015 and 2014 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I 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, 2015 and 2014 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.

Plante & Moran, PLLC

December 2, 2015

Diocese of Lansing

Balance Sheet

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Assets		
Cash and cash equivalents	\$ 31,879,260	\$ 26,517,142
Michigan no-fault self-insurance loss reserve	36,637	30,380
Accounts receivable - Net of allowance	912,077	1,302,979
Investments (Note 2)	42,519,416	41,043,133
Cemetery inventory	36,002	34,941
Prepaid expenses and other current assets	762,230	656,534
Contributions receivable - Net of allowance	1,266,206	1,604,193
Accrued interest receivable	1,626,922	1,793,381
Unrecovered cost of crypts and niches	1,775,348	1,851,512
Undeveloped burial ground	85,000	85,000
Loans - Parishes, schools, and other - Net of allowance for doubtful loans of \$2,787,358 and \$2,192,555 for 2015 and 2014, respectively	33,813,201	40,336,954
Property and equipment:		
Equipment	975,224	969,733
Land and buildings	20,415,019	19,762,135
Future sites	1,150,835	1,150,835
Accumulated depreciation	<u>(8,831,343)</u>	<u>(8,289,950)</u>
Total assets	<u>\$ 128,422,034</u>	<u>\$ 128,848,902</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 1,079,923	\$ 1,566,104
Distributions due (from) to depositors	(25,732)	908,543
Unremitted collections	933,752	961,918
Parishes, schools, and other deposits	79,418,069	79,441,206
Amounts due beneficiaries	18,582	21,231
Funds held for others	2,001,073	2,001,073
Cemetery trust funds	<u>1,239,028</u>	<u>1,211,504</u>
Total liabilities	84,664,695	86,111,579
Net Assets		
Unrestricted:		
Designated	29,559,678	29,818,700
Undesignated	1,207,480	851,082
Temporarily restricted (Note 4)	7,565,645	6,653,105
Permanently restricted (Note 5)	<u>5,424,536</u>	<u>5,414,436</u>
Total net assets	<u>43,757,339</u>	<u>42,737,323</u>
Total liabilities and net assets	<u>\$ 128,422,034</u>	<u>\$ 128,848,902</u>

Diocese of Lansing

Statement of Activities and Changes in Net Assets

	Year Ended	
	June 30, 2015	June 30, 2014
Changes in Unrestricted Net Assets		
Revenue and other support:		
Assessment receipts	\$ 2,489,133	\$ 2,477,632
Diocesan Services Appeal contributions	361,499	430,104
Cemetery operations	1,171,879	1,318,124
Protected Loss Fund activity	704,503	582,903
Interest income	1,545,270	1,980,676
Dividends	372,166	321,521
Net realized and unrealized gain on investments	721,879	4,303,707
Loss on dispositions	(872)	(19,464)
Bequests and donations	165,800	198,040
School assessment receipts	701,432	-
Distribution from MCC	1,539,500	1,811,690
Program and project receipts	655,809	866,940
Net assets released from restrictions:		
Diocesan Services Appeal	4,722,711	4,668,041
Other	178,677	823,658
Total unrestricted revenue and other support	15,329,386	19,763,572
Operational expenses:		
Salaries and wages	4,700,777	4,644,362
Office expenses	1,248,328	1,185,579
Assessments	120,957	119,109
Property and equipment	480,838	480,059
Depreciation	599,156	585,564
Cemetery cost of goods sold	212,098	197,088
Ministerial programming	625,146	870,864
Subsidies - Grants	2,504,993	3,380,309
Tuition expense	673,121	652,541
Savings and loan interest expense	1,752,724	1,835,955
Trust and endowment investment allocations	1,027,703	3,333,352
Diocesan services appeal rebates	320,848	320,999
Total expenses	14,266,689	17,605,781
Increase in Unrestricted Net Assets - Before transfers and impairment of loans and receivables	1,062,697	2,157,791
Impairment of Loans and Receivables (Note 1)	(965,321)	(984,241)
Increase in Unrestricted Net Assets	97,376	1,173,550

Diocese of Lansing

Statement of Activities and Changes in Net Assets (Continued)

	Year Ended	
	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Changes in Temporarily Restricted Net Assets		
Diocesan Services Appeal contributions	\$ 4,808,024	\$ 4,722,711
Senior Priest Center contributions	425,535	751,855
Bequests and donations	327,582	567,643
Investment income	252,787	280,183
DSA release from restriction	(4,722,711)	(4,668,041)
Other release from restriction	<u>(178,677)</u>	<u>(823,657)</u>
Increase in Temporarily Restricted Net Assets	912,540	830,694
Changes in Permanently Restricted Net Assets - Donations	10,100	7,868
Increase in Net Assets	1,020,016	2,012,112
Net Assets - Beginning of year	<u>42,737,323</u>	<u>40,725,211</u>
Net Assets - End of year	<u>\$ 43,757,339</u>	<u>\$ 42,737,323</u>

Diocese of Lansing

Statement of Cash Flows

	Year Ended	
	June 30, 2015	June 30, 2014
Cash Flows from Operating Activities		
Increase in net assets	\$ 1,020,016	\$ 2,012,112
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation	599,156	585,564
Net gain on investments	(721,789)	(4,303,707)
(Gain) loss on dispositions	(5,233)	19,464
Change in allowance for uncollectible contributions	12,683	(176,767)
Impairment on loans and receivables	894,293	984,241
Changes in operating assets and liabilities which provided (used) cash:		
Accounts receivable	446,544	446,996
Contributions receivable	325,304	(186,652)
Cemetery inventory	(1,061)	(2,142)
Unrecovered cost of crypts and niches	76,164	1,244
Accrued interest receivable	110,817	70,900
Prepaid expenses and other current assets	(105,696)	1,499,240
Accounts payable and accrued liabilities	(486,181)	580,306
Cemetery trust fund	27,524	24,839
Distributions due to depositors	(908,543)	492,495
Deposits	(48,869)	3,063,607
Amounts due beneficiaries	(2,649)	(3,812)
Funds held for others	-	2,000,000
Unremitted collections	(28,166)	352,936
Net cash provided by operating activities	1,204,314	7,460,864
Cash Flows from Investing Activities		
Proceeds from loan repayments	6,075,456	6,302,547
Issuance of loans	(445,996)	(2,136,521)
Purchase of equipment	(71,020)	(101,197)
Purchase of land and buildings	(647,385)	(47,467)
Proceeds from sale of investments	433,345	3,956,059
Purchases of investments	(1,180,339)	(7,691,606)
Net cash provided by investing activities	4,164,061	281,815
Net Increase in Cash and Cash Equivalents	5,368,375	7,742,679
Cash and Cash Equivalents - Beginning of year	26,547,522	18,804,843
Cash and Cash Equivalents - End of year	\$ 31,915,897	\$ 26,547,522
Cash and cash equivalents are comprised of the following:		
Cash and cash equivalents	\$ 31,879,260	\$ 26,517,142
Michigan no-fault self-insurance loss reserve	36,637	30,380
Total	\$ 31,915,897	\$ 26,547,522

Note I - Nature of Activities and Significant Accounting Policies

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.

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 drive and diocesan assessments levied on each parish. Diocesan Services Appeal contributions are recorded as temporarily restricted revenue until the period that expenditures relating to each drive are made.

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.

Savings and Loan Program - Savings of and loans to diocesan units are accounted for in this program. Loans receivable are reported at the original issue amount plus accrued interest, less principal repaid. Interest is recognized according to terms of the specific loans. Loans made to diocesan units range from \$50,000 to \$5,000,000 and have varying maturities of 5 to 15 years, and the majority bear an interest rate of 5.0 percent during 2015 and 2014. At June 30, 2015, an individual parish has loans which represent more than 20 percent of the outstanding loans. Interest was paid on deposits at a rate of 2.5 percent during 2015 and 2014. In addition, an annual special income distribution may be paid to depositors to recognize earnings received or investment returns in excess of the above rates. During 2015 and 2014, there were no special distributions.

Note I - Nature of Activities and Significant Accounting Policies (Continued)

The Diocese considers loans and receivables to be impaired when, based upon current information and events, the Diocese believes it is probable that it will be unable to collect all amounts due. In 2015, the Diocese identified an impairment on loans of \$894,923 and receivables of \$70,398 for a total of \$965,321. The allowance for doubtful loans is reviewed annually and is considered adequate to cover potentially uncollectible loans at June 30, 2015. The cumulative scheduled payments on loans past due were approximately \$4,752,000 and \$4,451,000 for the years ended June 30, 2015 and 2014, respectively. Also, the Diocese has received cumulative scheduled payments on loans in advance of approximately \$9,846,000 and \$15,993,000 as of June 30, 2015 and 2014, respectively.

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.

Protected Loss Program - This program covers liability, property, and workers' compensation losses for all diocesan personnel and property. Loss coverage is provided through a self-insurance plan coordinated by the Michigan Catholic Conference (MCC). Beginning in the prior year, the MCC is now responsible for all billings and collections from participating units. Additionally, the MCC forwards a part of the participant contributions to the Diocese to cover costs of loss prevention-type activities that the Diocese conducts directly.

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.

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 pre-need offices.

Accounting Policies

Cash and Cash Equivalents - The Diocese considers all highly liquid investments purchased with a maturity of three months or less to be cash and cash equivalents. However, this excludes any cash that is included in the Diocese's investment portfolio.

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

Note I - Nature of Activities and Significant Accounting Policies (Continued)

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. In addition, a general valuation allowance is established for other accounts receivable based on historical loss experience. 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 pre-need merchandise and services, deposited in accordance with state trusting laws with various financial institutions, together with accrued earnings. The Diocese will recognize and generally receive these amounts when the merchandise is delivered or the service is performed.

Contributions Receivable - Contributions receivable result from unconditional promises to fund Diocesan Services Appeal drives and the Senior Priest Center. All amounts are due within 12 months. 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.

Contributions - Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received and measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows. Contributions resulting from split-interest agreements, measured at the time the agreements are entered into, are recognized based on the difference between the fair value of the assets received or promised and the present value of obligations to the third-party recipients under the related contracts. Contributions with donor-imposed time or purpose restrictions are reported as restricted support and all other contributions are reported as unrestricted support.

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 construction costs for the mausoleums and columbaries. The costs of crypts and niches are written off as the entombment and inurnment rights are sold.

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

Note I - Nature of Activities and Significant Accounting Policies (Continued)

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 of equipment of 3-10 years and buildings of 15-50 years.

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 beneficiaries.

Classification of Net Assets - Net assets of the Diocese are classified as permanently restricted, temporarily restricted, or unrestricted depending on the presence and characteristics of donor-imposed restrictions limiting the Diocese's ability to use or dispose of contributed assets or the economic benefits embodied in those assets. Donor-imposed restrictions that expire with the passage of time or can be removed by meeting certain requirements result in temporarily restricted net assets. Donor-imposed restrictions that will be maintained permanently by the Diocese result in permanently restricted net assets. Earnings, gains, and losses on restricted net assets are classified as temporarily restricted.

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 which is exempt from tax filings; therefore, a provision for income taxes has not been included in the financial statements. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Diocese and recognize a tax liability if the Diocese has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Diocese and has concluded that as of June 30, 2015 and 2014, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

Diocese of Lansing

Notes to Financial Statements June 30, 2015 and 2014

Note 1 - Nature of Activities and Significant Accounting Policies (Continued)

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 revenue, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Functional Expenses - The costs of providing program services, administrative expenses, and fundraising are reported on a functional basis in Note 7. Costs are allocated between the various programs and support services on an actual basis, where available, or based upon reasonable methods. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different results.

Subsequent Events - The financial statements and related disclosures include evaluation of events up through and including December 2, 2015, which is the date the financial statements were available to be issued.

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.

Note 2 - Investments

A summary of investments held by the Diocese at June 30, 2015 and 2014 is as follows:

	2015	2014
Michigan Catholic Conference investment pool	\$ 38,417,207	\$ 37,000,734
Mutual funds	1,899,815	1,886,731
Municipal bonds	298,573	598,556
Money market funds	1,470,695	1,148,122
U.S. common stock funds	309	372
Escrow trust account	432,817	408,618
Total	<u>\$ 42,519,416</u>	<u>\$ 41,043,133</u>

Diocese of Lansing

Notes to Financial Statements June 30, 2015 and 2014

Note 3 - Fair Value Measurements

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

The following tables present information about the Diocese's assets measured at fair value on a recurring basis at June 30, 2015 and 2014 and the valuation techniques used by the Diocese to determine those fair values.

In general, 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, 2015 and 2014, there was \$432,817 and \$408,618, respectively, in escrow trust cash accounts, which are not reflected within the fair value tables below.

Assets Measured at Fair Value on a Recurring Basis at June 30, 2015

	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, 2015
Investments:				
Mutual funds	\$ 1,899,815	\$ -	\$ -	\$ 1,899,815
Money market funds	1,470,695	-	-	1,470,695
U.S. common stock funds	309	-	-	309
Michigan Catholic Conference investment pool	-	38,417,207	-	38,417,207
Municipal bonds	-	298,573	-	298,573
Total investments	<u>\$ 3,370,819</u>	<u>\$ 38,715,780</u>	<u>\$ -</u>	<u>\$ 42,086,599</u>

Diocese of Lansing

Notes to Financial Statements June 30, 2015 and 2014

Note 3 - Fair Value Measurements (Continued)

Assets Measured at Fair Value on a Recurring Basis at June 30, 2014

	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, 2014
Investments:				
Mutual funds	\$ 1,886,731	\$ -	\$ -	\$ 1,886,731
Money market funds	1,148,122	-	-	1,148,122
U.S. common stock funds	372	-	-	372
Michigan Catholic Conference investment pool	-	37,000,734	-	37,000,734
Municipal bonds	-	598,556	-	598,556
Total investments	<u>\$ 3,035,225</u>	<u>\$ 37,599,290</u>	<u>\$ -</u>	<u>\$ 40,634,515</u>

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

Loans are, under certain conditions, subject to measurement at fair value on a nonrecurring basis. As discussed in Note 1, loans are assessed annually for impairment. During 2015 and 2014, the Diocese determined that an impairment occurred and estimated the fair value of the loans based primarily on Level 3 inputs, which consist of forecasts, collateral, and cash flow analysis. The fair value of the loans at June 30, 2015 was estimated to be \$33,813,201 and an impairment charge of \$894,923 was recorded in 2015 and included in changes in unrestricted net assets. The fair value of the loans at June 30, 2014 was estimated to be \$40,336,954 and an impairment charge of \$738,512 was recorded in 2014 and included in changes in unrestricted net assets.

Note 4 - Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following:

- **Central Services** - Net assets with time restrictions related to Diocesan Services Appeal contributions of \$4,808,024 and \$4,722,711 at June 30, 2015 and 2014, respectively.
- **Designated Gift** - Net assets restricted for specific purposes as specified by the donors of \$2,748,758 and \$1,921,531 at June 30, 2015 and 2014, respectively.
- **Cemetery Fund** - Net assets restricted for specific purposes as specified by the donors of \$8,863 at June 30, 2015 and 2014.

Note 5 - Permanently Restricted Net Assets

Permanently restricted net assets consist of the following:

- **Designated Gift** - Net assets permanently restricted as specified by the donors of \$5,424,536 and \$5,414,436 at June 30, 2015 and 2014, respectively. Income can be used as specified by the donors for various programs and purposes, including support of seminarian education, scholarships, sanctuary expenses, and chapel expenses.

Note 6 - Self-insurance Plan

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 Protected Loss Program 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 \$210,000,000 per occurrence for property. In the current year, the Insurance Plan is responsible for aggregate losses of up to \$10,096,411 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, 2015 and June 30, 2014. An authorized self-insurer is required to establish a fully funded loss reserve to pay claims which are anticipated in, and/or submitted for payment during, the certification period, as well as to pay claims which 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.

Diocese of Lansing

Notes to Financial Statements June 30, 2015 and 2014

Note 7 - Functional Expenses

The Diocese provides various services to residents within its geographic area. Expenses related to providing these services at June 30 are as follows:

	<u>2015</u>	<u>2014</u>
Program services:		
Direct ministerial programs and grants	\$ 8,430,251	\$ 9,441,731
Savings, loan, and investment programs	2,624,200	4,917,895
Plant and insurance activities	<u>1,294,374</u>	<u>1,182,951</u>
Total program services	12,348,825	15,542,577
General and administrative:		
Finance department	509,519	504,585
Curial activities	315,000	591,162
Technology	200,347	142,587
Building management	<u>441,003</u>	<u>311,498</u>
Total general and administrative	1,465,869	1,549,832
Fundraising	<u>451,995</u>	<u>513,372</u>
Total	<u>\$ 14,266,689</u>	<u>\$ 17,605,781</u>

Note 8 - Multiemployer Defined Benefit 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 \$117,000 and \$164,000 for the years ended June 30, 2015 and 2014, respectively. Based on information as of June 30, 2015, 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. Contributions to the Plan are based on a percentage (7.6 percent and 7.1 percent for June 30, 2015 and 2014, respectively) of covered employees' wages.

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

- (1) Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- (2) If a participating employer discontinues contributions to a plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

Diocese of Lansing

Notes to Financial Statements June 30, 2015 and 2014

Note 8 - Multiemployer Defined Benefit Pension Plans (Continued)

(3) 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 to make 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 actuarial statements of the Plan as of June 30, 2015:

	<u>Michigan Catholic Conference Lay Employees Retirement Plan</u>
Total plan assets	\$ 1,302,035,728
Actuarial present value of accumulated plan benefits as of July 1, 2014	\$ 1,372,114,573
Total contributions received by the Plan	\$ 23,936,354
Indicated level of funding	95.0 %

The weighted average assumed rate of return used in the July 1, 2014 valuation was 7.5 percent. Information as to the actuarial present value of vested and nonvested accumulated plan benefits and the Plan's net assets available for benefits attributable to employees of the Diocese is not available since the Plan does not compute it for each participating organization.

Note 9 - Replacement Value of Buildings

The replacement value of parish, school, and other diocesan institution buildings owned by the Diocese 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, 2015. The buildings included in this valuation are comprised substantially of buildings excluded from plant assets in the accompanying financial statements as discussed in Note 1.

Note 10 - Commitments

The Bishop of the Diocese of Lansing had a bond issued for the benefit of Father Gabriel Richard High School. During the fiscal year ended June 30, 2012, the Diocese retired the \$11,780,000 bond. The retired bond was replaced with a bond for \$8,165,000 plus reserves of the school. The bond is payable over 25 years with an initial fixed interest rate of 4.5 percent for the first seven years. The Diocese provided an irrevocable letter of credit with a bank related to the bond for the benefit of Father Gabriel Richard High School. As of June 30, 2015 and 2014, the outstanding balance on this bond issue is \$7,465,000 and \$7,675,000, respectively, and is payable through September 1, 2036. Currently, the other diocesan entity is making all payments due on the bonds and all related expenses.

The Diocese has guaranteed a letter of credit related to a bond issue for the St. Vincent Catholic charities. As of June 30, 2015 and 2014, the outstanding balance on this bond issue is \$4,710,000 and \$4,960,000, respectively, and is payable through July 18, 2028. Currently, the other diocesan entity is making all payments due on the bonds and all related expenses.

During the fiscal year ended June 30, 2013, the Diocese of Lansing entered into a financing arrangement for the purpose of relocating Fr. Luke M. Powers Catholic High School (the "School"). This arrangement is structured for the purpose of making use of federal New Markets Tax Credits and certain state tax credits. The Diocese, for the benefit of the School, is the lender to the project. As of June 30, 2015, the loan to the School as a part of the Diocesan Savings and Loan Program was approximately \$1,525,000. 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 remaining guaranteed certain lease payments of \$1,200,000 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 11 - 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 12 - Fair Value of Financial Instruments

A summary of the methods and significant assumptions used to estimate the fair value of financial instruments for the Diocese of Lansing is as follows:

Short-term Financial Instruments - The fair values of short-term financial instruments, including cash and cash equivalents, Diocesan Service Appeal contributions, assessment and accounts receivable, and accounts payable, approximate their carrying amounts in the accompanying financial statements due to the short maturity of such instruments.

Loans Receivable - The fair values of loans receivable approximate the carrying amounts since interest rates reflect current market rates.

Deposits Payable - The fair value of deposits payable with no stated maturity is equal to the amount payable on demand.

Note 13 - Donor-restricted Endowments

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

Interpretation of Relevant Law

The Diocese has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Diocese classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the Diocese considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purpose of the Diocese and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation

Diocese of Lansing

Notes to Financial Statements June 30, 2015 and 2014

Note 13 - Donor-restricted Endowments (Continued)

- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Diocese
- (7) The investment policies of the Diocese

Endowment Net Asset Composition by Type of Fund as of June 30, 2015

	<u>Permanently Restricted</u>
Donor-restricted endowment funds	\$ 5,424,536

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2015

	<u>Permanently Restricted</u>
Endowment net assets - Beginning of year	\$ 5,414,436
Bequests and donations	<u>10,100</u>
Endowment net assets - End of year	<u>\$ 5,424,536</u>

Endowment Net Asset Composition by Type of Fund as of June 30, 2014

	<u>Permanently Restricted</u>
Donor-restricted endowment funds	\$ 5,414,436

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2014

	<u>Permanently Restricted</u>
Endowment net assets - Beginning of year	\$ 5,406,568
Bequests and donations	<u>7,868</u>
Endowment net assets - End of year	<u>\$ 5,414,436</u>

Return Objectives and Risk Parameters

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

Note 13 - Donor-restricted Endowments (Continued)

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Diocese has a policy of only spending the income earned (interest and dividends) of the endowment funds. The funds are invested in either a broad market, where capital appreciation is possible, or in investments with a fixed rate of return. The distribution of the funds into the different investments is made in accordance with the diocesan cash flow 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 the Diocese of Lansing as of and for the years ended June 30, 2015 and 2014 and have issued our report thereon dated December 2, 2015, which contained an unmodified opinion on those financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules on pages 22 through 36 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 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.

Plante & Moran, PLLC

December 2, 2015

Diocese of Lansing

Central Services Fund Balance Sheet

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Assets		
Invested in Savings and Loan Program	\$ 5,131,410	\$ 4,263,989
Accounts receivable - Net of allowance	625,096	1,106,106
Prepaid expenses	299,775	259,613
Contributions receivable - Net of allowance	<u>1,150,776</u>	<u>1,444,575</u>
Total assets	<u>\$ 7,207,057</u>	<u>\$ 7,074,283</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 619,282	\$ 929,333
Unremitted collections	<u>572,271</u>	<u>571,157</u>
Total liabilities	1,191,553	1,500,490
Net Assets		
Unrestricted - Undesignated	1,207,480	851,082
Temporarily restricted	<u>4,808,024</u>	<u>4,722,711</u>
Total net assets	<u>6,015,504</u>	<u>5,573,793</u>
Total liabilities and net assets	<u>\$ 7,207,057</u>	<u>\$ 7,074,283</u>

Diocese of Lansing

Central Services Fund Statement of Activities and Changes in Net Assets

	Year Ended	
	June 30, 2015	June 30, 2014
Changes in Unrestricted Net Assets		
Revenue:		
Diocesan assessments	\$ 2,489,133	\$ 2,477,632
Diocesan Services Appeal contributions	361,499	430,104
Interest	124,325	87,214
Bequests and donations	117,020	126,003
Rental and other income	4,727	2,013
Program and project receipts:		
Curia activities	29,032	27,925
Finance	397,981	353,212
Formation	156,970	320,152
New evangelization	8,863	38,723
Vocations	56,506	113,443
Education and catechesis	45,790	86,258
Total revenue	3,791,846	4,062,679
Net assets released from restriction - DSA campaign released from restriction	4,722,711	4,668,041
Total revenue and net assets released from restriction	8,514,557	8,730,720
Expenses:		
Chancery services	1,067,755	1,556,510
Human resources	178,855	12,009
Formation	1,265,245	1,833,030
Education and catechesis	459,674	523,635
Finance	1,411,091	1,345,293
New evangelization	137,523	64,083
Vocations	1,293,609	1,493,934
Grants, assessments, and other ministries	2,383,384	2,039,600
Total expenses	8,197,136	8,868,094
Increase (Decrease) in Unrestricted Net Assets - Before other changes	317,421	(137,374)

Diocese of Lansing

Central Services Fund Statement of Activities and Changes in Net Assets (Continued)

	Year Ended	
	June 30, 2015	June 20, 2014
Other Changes in Unrestricted Net Assets		
Impairment of loans and receivables	\$ (70,398)	\$ (141,353)
Transfers between funds	<u>109,375</u>	<u>555,130</u>
Increase in Unrestricted Net Assets	356,398	276,403
Changes in Temporarily Restricted Net Assets		
Diocesan Services Appeal contributions	4,808,024	4,722,711
DSA campaign release from restriction	<u>(4,722,711)</u>	<u>(4,668,041)</u>
Increase in Temporarily Restricted Net Assets	<u>85,313</u>	<u>54,670</u>
Increase in Net Assets	441,711	331,073
Net Assets - Beginning of year	<u>5,573,793</u>	<u>5,242,720</u>
Net Assets - End of year	<u>\$ 6,015,504</u>	<u>\$ 5,573,793</u>

Diocese of Lansing

Cemetery Fund Balance Sheet

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Assets		
Cash and cash equivalents	\$ 2,218	\$ 2,200
Invested in diocesan savings programs	3,661,326	3,364,006
Accounts receivable - Net of allowance	133,418	86,672
Accrued interest receivable	46,732	46,732
Cemetery inventory	36,002	34,941
Unrecovered cost of crypts and niches	1,775,348	1,851,512
Undeveloped burial ground	85,000	85,000
Investments	432,817	408,618
Equipment and real estate:		
Equipment	280,603	264,570
Real estate:		
Land and buildings	1,463,178	1,446,030
Accumulated depreciation	<u>(1,069,016)</u>	<u>(1,056,499)</u>
Net equipment and real estate	<u>674,765</u>	<u>654,101</u>
Total assets	<u>\$ 6,847,626</u>	<u>\$ 6,533,782</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 33,499	\$ 24,989
Cemetery trust funds (pre-need)	<u>1,239,028</u>	<u>1,211,504</u>
Total liabilities	1,272,527	1,236,493
Net Assets		
Unrestricted - Designated	5,566,236	5,288,426
Temporarily restricted	<u>8,863</u>	<u>8,863</u>
Total net assets	<u>5,575,099</u>	<u>5,297,289</u>
Total liabilities and net assets	<u>\$ 6,847,626</u>	<u>\$ 6,533,782</u>

Diocese of Lansing

Cemetery Fund Statement of Activities and Changes in Net Assets

	Year Ended	
	June 30, 2015	June 30, 2014
Changes in Unrestricted Net Assets		
Revenue:		
General receipts	\$ 45,171	\$ 8,139
Products and services	904,573	880,444
Investment and other income	222,135	429,541
Total revenue	1,171,879	1,318,124
Expenses:		
Product costs	212,098	197,087
Operational costs	931,971	871,246
Total expenses	1,144,069	1,068,333
Increase in Unrestricted Net Assets - Before transfers	27,810	249,791
Other Changes in Unrestricted Net Assets - Transfers between funds	250,000	-
Increase in Net Assets	277,810	249,791
Net Assets - Beginning of year	5,297,289	5,047,498
Net Assets - End of year	\$ 5,575,099	\$ 5,297,289

Diocese of Lansing

Plant Fund Balance Sheet

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Assets		
Invested in Savings and Loan Program	\$ 3,006	\$ 819
Equipment and real estate:		
Equipment	694,621	705,163
Real estate:		
Land and buildings	18,951,841	18,316,105
Future sites	1,150,835	1,150,835
Accumulated depreciation	<u>(7,762,327)</u>	<u>(7,233,451)</u>
Net equipment and real estate	<u>13,034,970</u>	<u>12,938,652</u>
Total assets	<u>\$ 13,037,976</u>	<u>\$ 12,939,471</u>
Net Assets - Unrestricted - Designated	<u>\$ 13,037,976</u>	<u>\$ 12,939,471</u>

Diocese of Lansing

Plant Fund **Statement of Activities and Changes in Net Assets**

	Year Ended	
	June 30, 2015	June 30, 2014
Revenue		
Rental and other income	\$ 1,000	\$ 9,950
Loss on dispositions	(872)	(19,464)
Net revenue	128	(9,514)
Expenses		
Depreciation	549,733	532,732
Repairs and maintenance	17,698	9,260
Equipment	1,068	58,065
Property taxes	15,916	9,117
Total expenses	584,415	609,174
Decrease in Net Assets - Before other changes	(584,287)	(618,688)
Other Changes in Net Assets - Transfer between funds	682,792	196,000
Increase (Decrease) in Net Assets	98,505	(422,688)
Net Assets - Beginning of year	12,939,471	13,362,159
Net Assets - End of year	<u>\$ 13,037,976</u>	<u>\$ 12,939,471</u>

Diocese of Lansing

Savings and Loan Program Fund Balance Sheet

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Assets		
Cash and cash equivalents	\$ 31,780,300	\$ 26,418,209
Investments	14,655,676	14,253,822
Accrued interest receivable	1,626,922	1,737,739
Prepaid expenses and other assets	-	(67,034)
Loans:		
Parishes, schools, and others	36,600,559	42,529,509
Allowance for doubtful loans	<u>(2,787,358)</u>	<u>(2,192,555)</u>
Net loans	<u>33,813,201</u>	<u>40,336,954</u>
Total assets	<u>\$ 81,876,099</u>	<u>\$ 82,679,690</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 205,013	\$ 266,392
Deposits:		
Parishes, schools, and others	54,623,893	56,177,730
Other diocesan funds included in these financial statements	<u>19,476,357</u>	<u>17,378,556</u>
Total deposits	<u>74,100,250</u>	<u>73,556,286</u>
Total liabilities	74,305,263	73,822,678
Net Assets - Unrestricted - Designated	<u>7,570,836</u>	<u>8,857,012</u>
Total liabilities and net assets	<u>\$ 81,876,099</u>	<u>\$ 82,679,690</u>

Diocese of Lansing

Savings and Loan Program Fund Statement of Activities and Changes in Net Assets

	Year Ended	
	June 30, 2015	June 30, 2014
Revenue		
Interest	\$ 1,495,016	\$ 1,988,273
Dividends	113,422	93,480
Net realized and unrealized gain on investments	144,628	1,415,369
Total revenue	1,753,066	3,497,122
Expenses		
Distributions to depositors	1,752,724	1,835,955
Designated and self-supporting activity	391,595	334,810
Total expenses	2,144,319	2,170,765
(Decrease) Increase in Unrestricted Net Assets - Before other changes	(391,253)	1,326,357
Other Changes in Unrestricted Net Assets		
Impairment of loans and receivables	(894,923)	(738,512)
Other transfers	-	30,916
(Decrease) Increase in Net Assets	(1,286,176)	618,761
Net Assets - Beginning of year	8,857,012	8,238,251
Net Assets - End of year	\$ 7,570,836	\$ 8,857,012

Diocese of Lansing

Trust and Endowment Fund Balance Sheet

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Assets		
Invested in Savings and Loan Program	\$ 3,024,170	\$ 3,163,310
Investments	<u>25,661,346</u>	<u>24,633,643</u>
Total assets	<u>\$ 28,685,516</u>	<u>\$ 27,796,953</u>
Liabilities and Net Assets		
Liabilities		
(Loss) gains to depositors	\$ (25,732)	\$ 908,543
Deposits:		
Parishes, schools, and others	24,821,827	23,263,476
Other diocesan funds included in these financial statements	<u>3,889,080</u>	<u>3,624,594</u>
Total deposits	<u>28,710,907</u>	<u>26,888,070</u>
Total liabilities	28,685,175	27,796,613
Net Assets - Unrestricted - Designated	<u>341</u>	<u>340</u>
Total liabilities and net assets	<u>\$ 28,685,516</u>	<u>\$ 27,796,953</u>

Diocese of Lansing

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

	Year Ended	
	June 30, 2015	June 30, 2014
Revenue		
Interest	\$ 277,414	\$ 297,442
Dividends	258,744	228,041
Net realized and unrealized gain on investments	<u>577,251</u>	<u>2,888,339</u>
Total revenue	1,113,409	3,413,822
Expenses		
Distributions to depositors	1,027,703	3,333,353
Designated and self-supporting activity	<u>85,705</u>	<u>80,471</u>
Total expenses	<u>1,113,408</u>	<u>3,413,824</u>
Increase (Decrease) in Net Assets	1	(2)
Net Assets - Beginning of year	<u>340</u>	<u>342</u>
Net Assets - End of year	<u><u>\$ 341</u></u>	<u><u>\$ 340</u></u>

Diocese of Lansing

Protected Loss Program Fund Balance Sheet

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Assets		
Invested in Savings and Loan Program	\$ (126,570)	\$ (133,829)
Accounts receivable - Net of allowance	106,831	110,201
Michigan no-fault self-insurance loss reserve	<u>36,637</u>	<u>30,380</u>
Total assets	<u>\$ 16,898</u>	<u>\$ 6,752</u>
Liabilities and Net Assets		
Liabilities - Accounts payable	\$ 14,338	\$ 6,736
Net Assets - Unrestricted - Designated	<u>2,560</u>	<u>16</u>
Total liabilities and net assets	<u>\$ 16,898</u>	<u>\$ 6,752</u>

Diocese of Lansing

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

	Year Ended	
	June 30, 2015	June 30, 2014
Revenue		
Participant premiums	\$ 529,722	\$ 412,234
Rental and other income	174,781	170,669
Total revenue	704,503	582,903
Expenses		
Insurance service fees and other	709,959	573,777
Total expenses	709,959	573,777
(Decrease) Increase in Net Assets - Before other changes	(5,456)	9,126
Other Changes in Net Assets		
Impairment of loans and receivables	-	(104,376)
Transfer between funds	8,000	85,800
Increase (Decrease) in Net Assets	2,544	(9,450)
Net Assets - Beginning of year	16	9,466
Net Assets - End of year	\$ 2,560	\$ 16

Diocese of Lansing

Designated Gift Fund Balance Sheet

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Assets		
Cash and cash equivalents	\$ 96,742	\$ 96,733
Pledges receivable - Net of allowance	115,430	159,618
Investments	1,769,577	1,747,050
Invested in Savings and Loan Program	11,043,498	9,764,460
Invested in trust and endowment	656,248	580,395
Accrued interest receivable	-	8,910
Prepaid expenses	<u>462,455</u>	<u>463,955</u>
Total assets	<u>\$ 14,143,950</u>	<u>\$ 12,821,121</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 207,791	\$ 338,654
Unremitted collections	361,481	390,761
Amounts due beneficiaries	18,582	21,231
Funds held for others	<u>2,001,073</u>	<u>2,001,073</u>
Total liabilities	2,588,927	2,751,719
Net Assets		
Unrestricted - Designated	3,381,729	2,733,435
Temporarily restricted	2,748,758	1,921,531
Permanently restricted	<u>5,424,536</u>	<u>5,414,436</u>
Total net assets	<u>11,555,023</u>	<u>10,069,402</u>
Total liabilities and net assets	<u>\$ 14,143,950</u>	<u>\$ 12,821,121</u>

Diocese of Lansing

Designated Gift Fund Statement of Activities and Changes in Net Assets

	Year Ended	
	June 30, 2015	June 30, 2014
Changes in Unrestricted Net Assets		
Revenue:		
Interest	\$ 77,752	\$ 78,059
Bequests and donations	48,780	72,037
School assessment receipts	701,432	-
Distribution from related entity	1,539,500	1,811,690
Program and project receipts	198,068	156,507
Total revenue	2,565,532	2,118,293
Net assets released from restrictions - Satisfaction of restriction	178,677	823,658
Total revenue and net assets released from restrictions	2,744,209	2,941,951
Expenses:		
Grants	1,792,539	2,200,688
Administrative expenses	303,376	280,528
Total expenses	2,095,915	2,481,216
Increase in Unrestricted Net Assets	648,294	460,735
Changes in Temporarily Restricted Net Assets		
Bequests and donations	753,117	1,319,498
Investment income	252,787	280,183
Net assets released from restrictions	(178,677)	(823,657)
Increase in Temporarily Restricted Net Assets	827,227	776,024
Changes in Permanently Restricted Net Assets		
Bequests and donations	10,100	7,868
Other transfers	-	-
Investment income	-	-
Increase in Permanently Restricted Net Assets	10,100	7,868
Increase in Net Assets	1,485,621	1,244,627
Net Assets - Beginning of year	10,069,402	8,824,775
Net Assets - End of year	\$ 11,555,023	\$ 10,069,402