

**Archdiocese of Louisville  
(Chancery and Certain Entities)  
Combined Financial Statements  
Years Ended June 30, 2014 and 2013**

**Archdiocese of Louisville  
(Chancery and Certain Entities)**

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## **Independent Auditor's Report**

To Archbishop Joseph E. Kurtz, D.D.  
and Finance Council  
**Archdiocese of Louisville**

We have audited the accompanying combined financial statements of the Archdiocese of Louisville (Chancery and Certain Entities) (a not-for-profit organization) (the "Archdiocese"), which comprise the combined statements of financial position as of June 30, 2014 and 2013, and the related combined statements of activities and cash flows for the years then ended, and the related notes to the combined financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Kentucky**  
**Indiana**  
**Ohio**

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## **Independent Auditor's Report (Continued)**

### **Opinion**

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Archdiocese of Louisville (Chancery and Certain Entities) as of June 30, 2014 and 2013, and the results of their activities and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplementary information on pages 28 - 35 is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.



Jeffersonville, Indiana  
October 17, 2014

**Archdiocese of Louisville  
(Chancery and Certain Entities)  
Combined Statements of Financial Position  
June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<b>Assets</b>		
Assets		
Cash and cash equivalents	\$ 6,834,760	\$ 9,747,158
Investments (Notes C, D and K)	116,693,254	100,701,170
Accrued interest receivable on investments (Note D)	116,298	124,665
Accounts receivable, net (Notes E and O)	2,314,470	1,877,106
Pledge receivables, net (Note F)	1,687,786	5,583,636
Grants and other receivables (Note G)	971,431	510,595
Prepaid expenses	124,591	161,957
Inventories	27,319	28,039
Notes receivable - parishes and other related parties, net (Notes H and O)	10,318,582	11,947,355
Accrued interest receivable on notes receivable	661,250	662,136
Beneficial interest in third-party trusts (Notes C, I and T)	1,468,404	1,371,928
Cemetery lot development costs	3,999,804	3,941,384
Mausoleums, columbaria, and lots	915,548	948,645
Property and equipment, net (Note J)	4,829,233	4,722,732
	<u>\$ 150,962,730</u>	<u>\$ 142,328,506</u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 2,225,611	\$ 1,938,988
Pledges payable, net (Note F)	1,189,295	3,955,631
Collections payable	358,932	388,309
Deferred revenue	825,369	759,489
Notes payable (Note M)	22,517	32,854
Notes payable - parishes and other related parties (Notes H and O)	48,593,529	51,047,086
	<u>53,215,253</u>	<u>58,122,357</u>
Net Assets		
Unrestricted net assets		
Invested in property and equipment	4,806,716	4,689,878
Expendable net assets	67,103,516	53,646,092
Archbishop designated (Note S)	12,123,764	12,035,227
Regulatory restricted - perpetual care endowment (Notes K and R)	4,916,289	4,590,141
	<u>88,950,285</u>	<u>74,961,338</u>
Total Unrestricted Net Assets	88,950,285	74,961,338
Temporarily restricted (Notes K and T)	5,611,517	6,134,803
Permanently restricted (Notes K and T)	3,185,675	3,110,008
	<u>97,747,477</u>	<u>84,206,149</u>
Total Net Assets	97,747,477	84,206,149
Total Liabilities and Net Assets	<u>\$ 150,962,730</u>	<u>\$ 142,328,506</u>

See accompanying notes.

**Archdiocese of Louisville  
(Chancery and Certain Entities)  
Combined Statements of Activities  
Years Ended June 30, 2014 and 2013**

	2014				2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, Support, and Gains								
Donations, bequests, and grants (Notes S and T)	\$ 14,619,599	\$ 273,365	\$ 22,965	\$14,915,929	\$ 16,607,706	\$ 318,040	\$ 1,000	\$ 16,926,746
Parish assessments (Notes O and P)	8,451,968	-	-	8,451,968	8,315,957	-	-	8,315,957
Special collections	406,872	-	-	406,872	477,275	-	-	477,275
Burial sales	1,810,139	-	-	1,810,139	2,178,491	-	-	2,178,491
Catholic Services Appeal	2,897,768	-	-	2,897,768	2,631,972	-	-	2,631,972
Fee income	2,461,493	-	-	2,461,493	2,354,135	-	-	2,354,135
Program and activity income	404,981	-	-	404,981	446,059	-	-	446,059
Rental income	172,240	-	-	172,240	170,358	-	-	170,358
Advertising income	608,392	-	-	608,392	574,778	-	-	574,778
Investment income, net	2,430,924	52,335	-	2,483,259	2,423,384	42,401	-	2,465,785
Other income	314,502	-	-	314,502	194,956	-	-	194,956
Realized gain on sale of investments	2,572,397	-	-	2,572,397	1,865,894	-	-	1,865,894
Unrealized gain in market value of investments	10,667,217	-	-	10,667,217	6,091,988	-	-	6,091,988
Increase in value of split interest agreements (Note T)	-	43,774	52,702	96,476	-	62,700	24,234	86,934
Net assets released from restrictions / other changes	892,760	(892,760)	-	-	4,023,493	(4,023,493)	-	-
Total Revenues, Support, and Gains	48,711,252	(523,286)	75,667	48,263,633	48,356,446	(3,600,352)	25,234	44,781,328

**Archdiocese of Louisville  
(Chancery and Certain Entities)  
Combined Statements of Activities (Continued)  
Years Ended June 30, 2014 and 2013**

	2014				2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Expenses								
Salary expense	8,590,399	-	-	8,590,399	8,486,027	-	-	8,486,027
Payroll added expense	2,269,510	-	-	2,269,510	2,198,233	-	-	2,198,233
Clergy retirement benefits (Note P)	1,772,018	-	-	1,772,018	1,770,569	-	-	1,770,569
Mileage and expense allowance	875,533	-	-	875,533	761,696	-	-	761,696
Education expense	602,342	-	-	602,342	667,695	-	-	667,695
Rent expense (Note N)	57,802	-	-	57,802	76,321	-	-	76,321
Office supplies and services	1,156,891	-	-	1,156,891	1,143,603	-	-	1,143,603
Plant and grounds expense	1,116,895	-	-	1,116,895	962,738	-	-	962,738
Auto expense	119,417	-	-	119,417	107,976	-	-	107,976
Public relations, donations, and grants	257,962	-	-	257,962	89,286	-	-	89,286
Advertising expense	172,606	-	-	172,606	169,169	-	-	169,169
Professional fees and services (Note F)	560,842	-	-	560,842	771,944	-	-	771,944
Program and activity expense	1,592,065	-	-	1,592,065	1,598,247	-	-	1,598,247
Broadcasting/press expense	443,704	-	-	443,704	471,227	-	-	471,227
Archdiocesan support	136,291	-	-	136,291	300,398	-	-	300,398
Education grants	411,500	-	-	411,500	401,250	-	-	401,250
Cost of sales	335,707	-	-	335,707	388,241	-	-	388,241
Papal and national organizations	103,625	-	-	103,625	138,405	-	-	138,405
Other grants and direct aid (Note O)	11,858,980	-	-	11,858,980	13,398,022	-	-	13,398,022
Other restricted expense payments	127,343	-	-	127,343	80,924	-	-	80,924
Interest expense	592,259	-	-	592,259	537,361	-	-	537,361
Depreciation expense (Note J)	436,756	-	-	436,756	414,228	-	-	414,228
Bad debt expense	817,327	-	-	817,327	541,277	-	-	541,277
Miscellaneous expense	314,531	-	-	314,531	353,569	-	-	353,569
Total Expenses	<u>34,722,305</u>	<u>-</u>	<u>-</u>	<u>34,722,305</u>	<u>35,828,406</u>	<u>-</u>	<u>-</u>	<u>35,828,406</u>
Changes in Net Assets	13,988,947	(523,286)	75,667	13,541,328	12,528,040	(3,600,352)	25,234	8,952,922
Net Assets, Beginning of Year	<u>74,961,338</u>	<u>6,134,803</u>	<u>3,110,008</u>	<u>84,206,149</u>	<u>62,433,298</u>	<u>9,735,155</u>	<u>3,084,774</u>	<u>75,253,227</u>
Net Assets, End of Year	<u>\$ 88,950,285</u>	<u>\$ 5,611,517</u>	<u>\$ 3,185,675</u>	<u>\$97,747,477</u>	<u>\$ 74,961,338</u>	<u>\$ 6,134,803</u>	<u>\$ 3,110,008</u>	<u>\$ 84,206,149</u>

See accompanying notes.

**Archdiocese of Louisville  
(Chancery and Certain Entities)  
Combined Statements of Cash Flows  
Years Ended June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Reconciliation of Change in Net Assets to		
Net Cash Provided by Operating Activities		
Change in Net Assets	\$ 13,541,328	\$ 8,952,922
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	436,756	414,228
Gain on disposal of property and equipment	(10,703)	(1,938)
Bad debt expense	817,327	541,277
Change in discount of accounts receivable	(7,918)	(7,404)
Change in discount of pledges receivable	24,371	(206,847)
Change in discount of pledges payable	(11,351)	136,169
Forgiveness of notes receivable	661,881	202,846
Increase in beneficial interest in third-party trusts	(96,476)	(86,934)
Unrealized gain in market value of investments	(10,667,217)	(6,091,988)
Realized investment gain	(2,572,397)	(1,865,894)
Discount on notes receivable	(61,746)	(14,859)
Other Changes:		
(Increase) decrease in:		
Accrued interest receivable on investments	8,367	5,440
Accounts receivable	(590,473)	(587,666)
Pledges receivable	2,806,712	5,012,184
Grants and other receivables	(460,836)	729,313
Prepaid expenses	37,366	34,499
Inventories	720	3,203
Accrued interest receivable on notes receivable	886	6,583
Mausoleums, columbaria, and lots	33,097	25,624
Increase (decrease) in:		
Accounts payable and accrued expenses	286,623	(217,364)
Pledges payable	(2,346,518)	(3,165,136)
Grants payable	-	(966)
Collections payable	(29,377)	175,327
Deferred revenue	65,880	59,892
	<hr/>	<hr/>
Net Cash Provided by Operating Activities	\$ 1,866,302	\$ 4,052,511



**Archdiocese of Louisville**  
**(Chancery and Certain Entities)**  
**Combined Statements of Cash Flows (Continued)**  
**Years Ended June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Net Cash Provided by Operating Activities	\$ 1,866,302	\$ 4,052,511
Cash Flows from Investing Activities		
Purchases of property and equipment	(608,024)	(1,287,225)
Proceeds from sale of property and equipment	17,050	2,500
Purchases of investments	(35,882,006)	(35,867,079)
Proceeds from sale of investments	33,108,862	24,210,156
Advances to and repayments on loans to parishes and others, net	1,028,638	529,765
Net Cash Used by Investing Activities	(2,335,480)	(12,411,883)
Cash Flows from Financing Activities		
Principal payments on notes payable	10,337	(2,009,415)
Deposits from parishes and others, net	(2,453,557)	6,902,460
Net Cash (Used) Provided by Financing Activities	(2,443,220)	4,893,045
Decrease in Cash and Cash Equivalents	(2,912,398)	(3,466,327)
Cash and Cash Equivalents, Beginning of Year	9,747,158	13,213,485
Cash and Cash Equivalents, End of Year	<u>\$ 6,834,760</u>	<u>\$ 9,747,158</u>
Supplemental data:		
Interest Paid	\$ 3,487	\$ 6,373

See accompanying notes.

**Archdiocese of Louisville  
(Chancery and Certain Entities)  
Notes to Combined Financial Statements  
June 30, 2014 and 2013**

**Note A - Nature of Organization**

The Archdiocese of Louisville (Chancery and Certain Entities) (the "Archdiocese") is a religious organization affiliated with the Roman Catholic Church. The Chancery provides support for the administration of pastoral, vocational, educational, and other services to the parish communities of central Kentucky. The Chancery derives its revenue mainly from donations, parish assessments, Catholic Services Appeal, and investment returns. The Chancery also provides financing and investing services to various parishes and other organizations through the Deposit and Loan Fund. Catholic Cemeteries administers four of the cemeteries in the Archdiocese of Louisville. Catholic Charities of Louisville, Inc. ("Catholic Charities") administers the migration and refugee program, among other social service activities. Catholic Foundation of Louisville, Inc. ("Catholic Foundation") administers the Seminarian Education, Priest Retirement, Parish Assistance, and Legacy Fund initiatives as part of the Building a Future of Hope capital campaign.

**Note B - Summary of Significant Accounting Policies**

This summary of significant accounting policies of the Archdiocese is presented to assist in understanding the Archdiocese's financial statements. The financial statements and notes are representations of the Archdiocese's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements. The more significant accounting policies of the Archdiocese are as follows:

1. Principles of Combination: The combined financial statements include the accounts of the Archdiocese of Louisville and Certain Entities which are under common control. Such entities are collectively referred to as the Archdiocese in the financial statements and related notes and include the Chancery (with its Deposit and Loan Fund), Catholic Cemeteries, Catholic Charities, and Catholic Foundation. All significant transactions among the entities included in the combined financial statements have been eliminated.

The combined financial statements do not include the parishes, elementary schools, four Archdiocesan sponsored secondary schools, and Catholic institutions owned and operated by religious communities.

2. Basis of Accounting: The combined statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Accounting Standards Codification ("ASC") as produced by the Financial Accounting Standards Board ("FASB") is the sole source of authoritative GAAP.

The Archdiocese distinguishes between contributions received for each net asset category in accordance with donor imposed restrictions, if any. The Archdiocese classifies resources for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. A description of the three net asset categories is on the following page.

**Archdiocese of Louisville  
(Chancery and Certain Entities)  
Notes to Combined Financial Statements (Continued)  
June 30, 2014 and 2013**

**Note B - Summary of Significant Accounting Policies (Continued)**

2. Basis of Accounting (Continued):

*Unrestricted Net Assets* include the following:

Invested in Property and Equipment: These net assets represent cumulative resources expended for property and equipment, less accumulated depreciation recorded on the property and equipment and net of related debt.

Expendable Net Assets: These net assets represent the portion of expendable funds available for support in the operation of the Archdiocese.

Archbishop Designated: These net assets represent unrestricted funds designated for specific purposes by the Archbishop. Although the Archbishop could release or revise the designations in the future, to the extent not externally restricted, there is no intent to do so.

Regulatory Restricted - Perpetual Care Endowment: See Note R.

*Temporarily Restricted Net Assets* include gifts for which donor imposed restrictions are to be met.

*Permanently Restricted Net Assets* include amounts for which the donor has stipulated that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions.

The Archdiocese reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor time restriction ends or a donor purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions in the statement of activities. The Archdiocese treats restricted gifts whose restrictions are met in the same reporting period as unrestricted.

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

3. 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, if any) at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
4. Cash and Cash Equivalents: Cash and cash equivalents primarily include highly liquid investment securities with maturities of three months or less at the time of purchase.

The Archdiocese maintains its cash balances in bank deposit accounts which, at times, may exceed the \$250,000 coverage provided by the Federal Deposit Insurance Corporation ("FDIC"). The Archdiocese has not experienced any losses in such accounts. Management believes the Archdiocese is not exposed to any significant risk on bank deposits.

**Archdiocese of Louisville  
(Chancery and Certain Entities)  
Notes to Combined Financial Statements (Continued)  
June 30, 2014 and 2013**

**Note B - Summary of Significant Accounting Policies (Continued)**

5. Investments: The Archdiocese invests in fixed income securities, including government and corporate bonds, and in publicly traded stocks, alternative strategies, real assets and a limited partnership.

Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would result in material changes in the fair value of investments and net assets of the Archdiocese.

Investments are carried at fair value, generally determined by quoted market prices. Receipt of donated investments is recorded at the quoted market value of the investment at the time of donation. The investment in the limited partnership at June 30, 2013 was valued at the amount of the Archdiocese's capital account in the partnership (see Note C).

Net appreciation/depreciation on endowed fund investments, whose income is unrestricted as to use, is reported as unrestricted net assets unless such net appreciation/depreciation have been permanently restricted by the donor or by law. In cases where the donor has placed temporary restrictions on the use of the income from endowed gifts, net appreciation/depreciation are reported as part of temporarily restricted net assets until the restriction has been met.

Investment income in the combined statements of activities is net of investment expenses of approximately \$408,000 in 2014 and \$382,000 in 2013.

6. Receivables: The Archdiocese uses the allowance method for valuing receivables, which is based upon historical experience, coupled with a review of the current status of existing receivables. See notes within the financial statements for specific allowances determined by management.
7. Inventories: Inventories are carried at the lower of cost (first-in, first-out) or market and consist of monuments and supplies for Catholic Cemeteries.
8. Cemetery Lot Development Costs: Lot development costs represent actual cost incurred in development of mausoleums, columbaria, and gravesites which are in the process of being completed for sale to the general public.
9. Mausoleums, Columbaria, and Lots: Mausoleums, columbaria, and lots represent completed burial sites available for sale to the general public. As burial sites are sold, an allocated portion of the actual costs are expensed through cost of sales.
10. Property and Equipment: Donated property and equipment are recorded at their estimated fair values at the time of donation. Purchased property and equipment are recorded at acquisition cost. Depreciation is computed on the straight-line method over the estimated useful lives of the assets as follows:

Land improvements	10 - 30 years
Buildings and improvements	20 - 40 years
Furniture and equipment	3 - 20 years

11. Collections Payable: Collections payable represent special collections conducted by parishes throughout the Archdiocese to meet particular pastoral needs. The Archdiocese remits these collections to local and national charitable organizations on behalf of the parishes.

**Archdiocese of Louisville  
(Chancery and Certain Entities)  
Notes to Combined Financial Statements (Continued)  
June 30, 2014 and 2013**

**Note B - Summary of Significant Accounting Policies (Continued)**

12. Deferred Revenue: Deferred revenue consists mainly of prepaid interments and lot maintenance fees. Revenues are reported in the fiscal year in which they are earned.
13. Donated Goods and Services: Donated materials and equipment are shown as gifts, valued at their estimated value at the date of receipt. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Archdiocese. A large number of volunteers have given significant amounts of their time for the operation of the Archdiocese throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.
14. Income Taxes: The Archdiocese qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, no provision for federal or state income taxes has been recorded.

The Archdiocese evaluates recognition and measurement of uncertain income tax positions using a "more-likely-than-not" approach and has determined that no material adjustment for income tax uncertainties or unrecognized tax benefits is required. Catholic Charities 2010 through 2013 tax years remain open and subject to examination.

15. Advertising: Expenses related to advertising and promotions are expensed as incurred. Advertising costs were approximately \$172,000 and \$169,000 for the years ended June 30, 2014 and 2013, respectively.
16. Subsequent Events: The Archdiocese has evaluated events occurring subsequent to year end through the date of the Independent Auditor's Report, the date the financial statements were available to be issued.
17. Reclassifications: Certain reclassifications were made to the June 30, 2013 financial statements to conform to the June 30, 2014 presentation.

**Note C - Fair Value Measurements**

The financial statements reflect the accounting standard related to fair value measurements, which provides a comprehensive framework for measuring fair value and expands required disclosures concerning fair value measurements. Specifically, the standard sets forth a definition of fair value and establishes a hierarchy prioritizing the inputs to valuation techniques, giving the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable value inputs.

The standard defines levels with the hierarchy of inputs as follows:

- Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2 - Quoted prices for similar assets and liabilities in active markets (other than those included in Level 1) which are observable for the asset or liability, either directly or indirectly.
- Level 3 - Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The following is a description of the valuation methodologies used for the assets and liabilities measured at fair value. There have been no changes in the methodologies used to determine fair value at June 30, 2014 and 2013.

**Archdiocese of Louisville  
(Chancery and Certain Entities)  
Notes to Combined Financial Statements (Continued)  
June 30, 2014 and 2013**

**Note C - Fair Value Measurements (Continued)**

*Cash and cash equivalents:* Valued at the net asset value.

*Common stocks:* Valued at the quoted market price of the shares.

*Government backed securities:* Valued using a yield curve matrix derived from quoted prices for similar assets in active markets.

*Corporate bonds and other:* Valued using a yield curve matrix derived from quoted prices for similar assets in active markets.

*Limited partnerships:* Includes a direct investment in a partnership that investments primarily in common stock and exchange traded funds which are valued at quoted market prices. The net asset value in this investment is based on the estimated ownership in the partnership.

*Real assets:* Valued at quoted market prices in active markets.

*Alternative Strategies:* Valued at quoted market prices in active markets.

*Mutual funds:* Valued at quoted market prices in exchange and active markets.

*Beneficial interest in charitable remainder uni-trusts:* Valued based on present value calculations.

Fair values of financial assets measured on a recurring basis at June 30, 2014, are as follows:

	Fair Value	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 1,965,988	\$ 1,965,988	\$ -	\$ -
Common stocks	75,271,735	75,271,735	-	-
Government backed securities	5,016,165	5,016,165	-	-
Corporate bonds and other	21,717,605	21,717,605	-	-
Real assets	11,004,874	11,004,874	-	-
Alternate strategies	1,716,887	1,716,887		
Beneficial interest in third-party trusts (Note I)	1,468,404	-	-	1,468,404
	<u>\$ 118,161,658</u>	<u>\$ 116,693,254</u>	<u>\$ -</u>	<u>\$ 1,468,404</u>

**Archdiocese of Louisville  
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Notes to Combined Financial Statements (Continued)  
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**Note C - Fair Value Measurements (Continued)**

Fair values of financial assets measured on a recurring basis at June 30, 2013, are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	\$ 1,760,699	\$ 1,760,699	\$ -	\$ -
Common stocks	59,934,355	59,934,355	-	-
Government backed securities	4,093,189	4,093,189	-	-
Corporate bonds and other	20,168,832	20,168,832	-	-
Investment in limited partnership	8,414,667	-	8,414,667	-
Real assets	6,329,428	6,329,428	-	-
Beneficial interest in third-party trusts (Note I)	1,371,928	-	-	1,371,928
	<u>\$ 102,073,098</u>	<u>\$ 92,286,503</u>	<u>\$ 8,414,667</u>	<u>\$ 1,371,928</u>

The years ended June 30, 2014 and 2013 activity of the assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 investments and beneficial interests in third-party trusts) is as follows:

	<u>2014</u>	<u>2013</u>
Beginning Balance	\$ 1,371,928	\$ 1,284,994
Change in Fair Value	119,775	110,063
Distributions	<u>(23,299)</u>	<u>(23,129)</u>
Ending Balance	<u>\$ 1,468,404</u>	<u>\$ 1,371,928</u>

The following table sets forth the fair values at June 30, 2013 relative to the alternative investments for which the fair values are determined using a net asset value per share or its equivalent:

	<u>Fair Value</u>	<u>Unfunded Commitment</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Investment in limited partnership - marketable securities	\$8,414,667	-	quarterly	30 days

This investment in limited partnership was liquidated during the year ended June 30, 2014.

**Archdiocese of Louisville  
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Notes to Combined Financial Statements (Continued)  
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**Note D - Investments**

Investments at June 30, 2014 and 2013, consisted of the following:

	2014		2013	
	Cost	Market	Cost	Market
Cash and cash equivalents	\$ 1,965,988	\$ 1,965,988	\$ 1,760,699	\$ 1,760,699
Common stocks	58,892,456	75,271,735	52,864,463	59,934,355
Government backed securities	5,014,428	5,016,165	4,139,694	4,093,189
Corporate bonds and other	22,029,388	21,717,605	20,761,950	20,168,832
Investment in limited partnership	-	-	7,412,651	8,414,667
Alternate strategies	1,663,585	1,716,887	-	-
Real assets	10,226,410	11,004,874	6,527,189	6,329,428
Total	<u>\$ 99,792,255</u>	<u>\$ 116,693,254</u>	<u>\$ 93,466,646</u>	<u>\$ 100,701,170</u>

Accrued interest earned from the above investments was \$116,298 and \$124,665 as of June 30, 2014 and 2013, respectively.

**Note E - Accounts Receivable**

The Archdiocese provides an allowance for doubtful accounts based upon the anticipated collectability of each specific account. In evaluating the collectability of the accounts receivable, the Archdiocese considers a number of factors, including the age of accounts, changes in collection patterns, and economic conditions. Actual collections of accounts receivable in subsequent periods may require changes in the estimated provision. Changes in the estimate are charged or credited to the results of the operations in the period of change. The Archdiocese does not charge interest on past due accounts.

A summary of the accounts receivable at June 30, 2014 and 2013, is as follows:

	2014	2013
Accounts receivable	\$ 4,809,977	\$ 4,219,504
Less discount	(39,994)	(47,912)
Less allowance for doubtful accounts	<u>(2,455,513)</u>	<u>(2,294,486)</u>
Balance at End of Year	<u>\$ 2,314,470</u>	<u>\$ 1,877,106</u>



**Archdiocese of Louisville  
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**Note F - Pledges Receivable/Pledges Payable**

The Building a Future of Hope capital campaign was conducted by the Archdiocese of Louisville to address both parish and archdiocesan needs. It was a capital share campaign with the parishes that commenced in the fall of 2008. The primary purpose was to deepen the spiritual lives of parishes and parishioners through an enhanced prayer and stewardship effort. At least 50% of all funds raised as part of the share campaign stayed with the parishes and this amount is included in pledges payable. Archdiocesan initiatives supported by the capital campaign include Seminarian Education, Priest Retirement, Parish Assistance, Multicultural Ministries, Tuition Assistance, Legacy Fund, and the Catholic Services Appeal. An additional component of the capital campaign includes an initiative to assist with professional consulting and administrative costs.

Unconditional promises to give at June 30, 2014 and 2013, are as follows:

	<u>2014</u>	<u>2013</u>
Pledges receivable:		
Receivable in less than one year	\$ 1,208,300	\$ 3,616,228
Receivable in one to two years	<u>2,870,524</u>	<u>3,333,627</u>
 Total Pledges Receivable	 4,078,824	 6,949,855
Less discount for present value	(82,671)	(58,300)
Less allowance for uncollectible pledges receivable	<u>(2,308,367)</u>	<u>(1,307,919)</u>
 Net Pledges Receivable	 <u>\$ 1,687,786</u>	 <u>\$ 5,583,636</u>

The following is a schedule of the estimated collection period of pledges receivable for the capital campaign:

<u>Year Ending June 30</u>	<u>Amount</u>
2015	\$ 1,208,300
2016	<u>479,486</u>
 Total	 <u>\$ 1,687,786</u>

Pledges receivable in more than one year are discounted at 3%.

**Archdiocese of Louisville  
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Notes to Combined Financial Statements (Continued)  
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**Note F - Pledges Receivable/Pledges Payable (Continued)**

Pledges payable to parishes at June 30, 2014 and 2013, are as follows:

	<u>2014</u>	<u>2013</u>
Pledges payable to parishes:		
Payable in less than one year	\$ 746,247	\$ 3,152,708
Payable in one to two years	<u>1,833,342</u>	<u>1,773,399</u>
 Total Pledges Payable	 2,579,589	 4,926,107
 Less discount for present value	 (52,763)	 (41,412)
Less allowance for uncollected pledge receivables not remitted to parish	 <u>(1,337,531)</u>	 <u>(929,064)</u>
 Net Pledges Payable	 <u><u>\$ 1,189,295</u></u>	 <u><u>\$ 3,955,631</u></u>

The following is a schedule of the estimated payment period of pledges payable to parishes for the capital campaign:

<u>Year Ending June 30</u>	<u>Amount</u>
2015	\$ 746,247
2016	<u>443,048</u>
 Total	 <u><u>\$ 1,189,295</u></u>

Pledges payable in more than one year are discounted at 3%.

**Note G - Grants and Other Receivables**

Grants and other receivables at June 30, 2014 and 2013, totaling \$971,431 and \$510,595, respectively, consist primarily of billings for reimbursements of allowable expenditures in the operations of various federal grant programs operated by Catholic Charities. No allowance for uncollectible grants and other receivables has been recorded as management expects all reimbursements to be paid in full.

**Note H - Deposit and Loan Fund**

The Archdiocese maintains a centralized financing program through its Deposit and Loan Fund. The Deposit and Loan Fund consists of loans made by the Archdiocese to parishes and other organizations within the Archdiocese. Amounts due from parishes and other organizations at June 30, 2014 and 2013, were \$8,380,124 and \$9,565,673, respectively. These amounts are included in notes receivable - parishes and other related parties on the combined statements of financial position.

Interest rates on these loans range between 2.70% and 7.31% per annum for fiscal years 2014 and 2013. The maturity dates vary from on demand to seven years. The loans are collateralized by property of the parishes and other organizations.

**Archdiocese of Louisville  
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**Note H - Deposit and Loan Fund (Continued)**

Various parishes and other organizations within the Archdiocese remit funds to the Deposit Fund. Amounts due to parishes and other organizations at June 30, 2014 and 2013, were \$48,593,529 and \$51,047,086, respectively. These amounts are included in notes payable - parishes and other related parties on the combined statements of financial position and are due on demand. Interest accrued at .50% per annum was paid on funds on deposit for fiscal years 2014 and 2013. The deposit rate is equal to the six month U.S. Treasury bill rate, and is adjusted every six months. However the Archdiocese has established a minimum rate which is to be paid to the various parishes and other organizations of .50%.

**Note I - Beneficial Interest in Third-Party Trusts**

The Archdiocese is the beneficiary of certain funds held in four trusts and administered by third-party trustees.

The Archdiocese is an income beneficiary of two irrevocable charitable trusts administered by third-party trustees. Income received from these trusts for the years ended June 30, 2014 and 2013, was \$27,591 and \$25,152, respectively. The income received from the trust is restricted for elderly service programs. The change in value of the trusts for the years ended June 30, 2014 and 2013, was an increase of \$100,220 and \$66,687, respectively, and is included as a component of the change in temporarily and permanently restricted net assets on the combined statements of activities.

The Archdiocese is also a beneficiary of two charitable remainder uni-trusts. The total estimated net present value of future cash flows from these trusts as of June 30, 2014 and 2013, assuming a 3.5% rate of return, was \$422,708 and \$426,452, respectively. Distributions received from these trusts for the years ended June 30, 2014 and 2013, were \$24,016 and \$23,129, respectively, and are restricted for seminarian education. The change in value of the trusts was a decrease of \$3,745 and an increase of \$20,157 for the years ended June 30, 2014 and 2013, respectively, and is included as a component in the change in temporarily restricted net assets on the combined statement of activities.

The beneficial interest of the underlying investments held in the third-party trusts and the net present value of future cash flows from the uni-trusts at June 30, 2014 and 2013 was as follows:

	2014		2013	
	Cost	Market	Cost	Market
Cash and cash equivalents	\$ 8,950	\$ 8,950	\$ 2,511	\$ 2,511
Mutual funds - corporate bonds	281,223	283,982	268,081	268,149
Mutual funds - common stock	47,440	752,764	487,621	674,816
Subtotal	<u>\$ 337,613</u>	1,045,696	<u>\$ 758,213</u>	945,476
Estimated value of beneficial interest in charitable remainder uni-trusts		<u>422,708</u>		<u>426,452</u>
Total		<u>\$ 1,468,404</u>		<u>\$ 1,371,928</u>

**Archdiocese of Louisville  
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**Note J - Property and Equipment**

Property and equipment consisted of the following at June 30, 2014 and 2013:

	2014	2013
Land and improvements	\$ 1,738,252	\$ 1,749,678
Buildings and improvements	9,602,451	9,259,078
Furniture and equipment	4,480,099	4,337,406
Subtotal	15,820,802	15,346,162
Less accumulated depreciation	(10,991,569)	(10,623,430)
Total	<u>\$ 4,829,233</u>	<u>\$ 4,722,732</u>

Total depreciation expense was \$436,756 and \$414,228 for the years ended June 30, 2014 and 2013.

**Note K - Endowments**

The Archdiocese's endowments include donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

Effective March 25, 2010, the Archbishop and Finance Committee of the Archdiocese interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) of 2006 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 Archdiocese classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Archdiocese 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 purposes of the Archdiocese and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Archdiocese
- 7) The investment policies of the Archdiocese

**Archdiocese of Louisville  
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Notes to Combined Financial Statements (Continued)  
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**Note K - Endowments (Continued)**

Return Objectives and Risk Parameters

The Archdiocese has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to a program supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Archdiocese must hold in perpetuity. Under this policy, as approved by the Archbishop and Finance Committee, the endowment assets are invested in a manner that is consistent with the Archdiocese's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Archdiocese 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 Archdiocese targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Archdiocese has a policy of appropriating for distribution each year based upon the 6 month T-bill rate. In establishing this policy, the Archdiocese considered the long-term expected return on its endowment. Accordingly, over the long term, the Archdiocese expects the current spending policy will allow its endowment to be preserved on an inflation-adjusted basis. This is consistent with the Archdiocese's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return. Actual returns in any given year may vary from this amount.

Composition by Type of Fund

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 834,121	\$ 2,694,519	\$ 3,528,640
Regulatory-restricted endowment funds	4,916,289	-	-	4,916,289
Total Funds	<u>\$ 4,916,289</u>	<u>\$ 834,121</u>	<u>\$ 2,694,519</u>	<u>\$ 8,444,929</u>

**Archdiocese of Louisville  
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Notes to Combined Financial Statements (Continued)  
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**Note K - Endowments (Continued)**

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 4,590,141	\$ 837,796	\$ 2,671,554	\$ 8,099,491
Net investment income	94,499	34,964	11,029	140,492
Contributions	326,148	-	22,965	349,113
Appropriation of endowment assets for expenditure	(94,499)	(49,668)	-	(144,167)
Transfer to temporarily restricted	-	11,029	(11,029)	-
	<u>-</u>	<u>11,029</u>	<u>(11,029)</u>	<u>-</u>
Endowment Net Assets, End of Year	<u>\$ 4,916,289</u>	<u>\$ 834,121</u>	<u>\$ 2,694,519</u>	<u>\$ 8,444,929</u>

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 4,332,945	\$ 838,894	\$ 2,670,554	\$ 7,842,393
Net investment income	88,654	25,545	11,150	125,349
Contributions	257,196	-	1,000	258,196
Appropriation of endowment assets for expenditure	(88,654)	(37,793)	-	(126,447)
Transfer to temporarily restricted	-	11,150	(11,150)	-
	<u>-</u>	<u>11,150</u>	<u>(11,150)</u>	<u>-</u>
Endowment Net Assets, End of Year	<u>\$ 4,590,141</u>	<u>\$ 837,796</u>	<u>\$ 2,671,554</u>	<u>\$ 8,099,491</u>

**Note L - Line of Credit**

The Chancery has a \$1,000,000 secured line of credit. The line of credit bears interest at LIBOR plus 1.25% at the Archdiocese's option. The daily LIBOR rate at June 30, 2014 was 0.16%. The interest rate at June 30, 2014 and 2013, was 1.41% and 1.44%, respectively. The note is secured by investments. There were no amounts outstanding on the line at June 30, 2014 and 2013.

Catholic Charities has a \$250,000 line of credit agreement. The line of credit bears interest at LIBOR plus 3% (3.16% at June 30, 2014). The note is secured by The Archdiocese of Louisville's guarantee. There were no amounts outstanding at June 30, 2014 and 2013.

**Archdiocese of Louisville  
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**Note M - Notes Payable**

Long-term debt is summarized as follows:

	<u>2014</u>	<u>2013</u>
Ford Credit:		
Note payable in monthly installments of \$757, plus interest at 9.49%, maturing in December 2015. Secured by vehicle with a net value of \$17,963 at June 30, 2014	\$ 12,656	\$ 20,056
Tiger Leasing:		
Note payable in monthly installments of \$383, including interest at 14.44%, maturing in January 2017. Secured by equipment with a net value of \$12,768 at June 30, 2014.	<u>9,861</u>	<u>12,798</u>
	22,517	32,854
Less current portion	<u>(11,627)</u>	<u>(10,430)</u>
Long-term Debt, Net of Current Portion	<u>\$ 10,890</u>	<u>\$ 22,424</u>

The following is a schedule of maturity requirements on long-term debt as of June 30, 2014:

<u>Year Ending June 30</u>	<u>Amount</u>
2015	\$ 11,627
2016	8,334
2017	<u>2,556</u>
Total	<u>\$ 22,517</u>

**Note N - Lease Obligations**

Catholic Charities is a party to a month-to-month building lease which require monthly payments of approximately \$900. The Archdiocese will periodically lease/rent other items on an as needed basis. Total rent expense for the years ended June 30, 2014 and 2013 was \$57,802 and \$76,321, respectively.

**Note O - Related Party Transactions and Guarantees**

An assessment is levied on parishes and certain other Archdiocesan entities to provide support for the activities of the Archdiocese. Total assessments for the years ended June 30, 2014 and 2013, were \$8,451,968 and \$8,315,957, respectively. Assessments receivable, net of allowance for doubtful accounts and discounts, at June 30, 2014 and 2013, were \$555,367 and \$642,717, respectively, and are included in accounts receivable in the combined statements of financial position. See Note E for additional information.

The Chancery provides support to various schools and missions located within the Archdiocese. The total support provided for the years ended June 30, 2014 and 2013, was \$510,100 and \$536,591, respectively.

**Archdiocese of Louisville  
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Notes to Combined Financial Statements (Continued)  
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**Note O - Related Party Transactions and Guarantees (Continued)**

Related party notes receivable consist of amounts due from clergy, parishes, and Catholic schools. At June 30, 2014 and 2013, such receivables totaled \$10,318,582 and \$11,947,355, respectively. Related party notes receivable at June 30, 2014 and 2013, are net of a discount to estimated present value of future payments of \$79,173 and \$140,919, respectively. No allowance for uncollectible notes receivable was determined necessary, however, a discount rate of 3.5% was used for each of the years ended June 30, 2014 and 2013. The original maturity dates vary from on demand to seven years. See Note H for additional information.

Related party notes payable consist of amounts due to parishes, Catholic schools and other organizations. At June 30, 2014 and 2013, such payables totaled \$48,593,529 and \$51,047,086, respectively. See Note H for additional information.

The Chancery is a guarantor on \$200,000 in lines of credit to two Catholic high schools. There were \$77,630 in borrowings against these lines of credit at June 30, 2014.

The Chancery is a guarantor for approximately \$41,200,000 in bank loans to parishes of the Archdiocese of Louisville at June 30, 2014. The parishes used the funds as a source of financing for capital projects. Terms of the loans and lines of credit range from one to seven years. If any parish should default, the Chancery may liquidate the parish assets to satisfy any outstanding obligation.

The Chancery is a guarantor of a \$2,000,000 bank loan obtained by a Catholic educational institution.

The Chancery is a guarantor of a \$3,000,000 bank loan obtained by a Catholic foundation. These funds were then loaned by the foundation to one of the Catholic elementary schools in the Archdiocese of Louisville for funding of a capital project and to fund additional capital expenditures. The balance of the loan at June 30, 2014, was approximately \$1,500,000.

The Chancery received no consideration for any of the guarantees. Management evaluates the loss exposure at the statement of financial position date, and no accruals for loss exposure were deemed necessary.

In December 2009, an unsecured bank qualified bond in the amount of \$10,100,000 was issued for the benefit of St. Bernadette Parish/St. Mary Academy School to replace the 2008 Series Bond. The original 2008 Series Bond was used for the land purchase and construction of St. Mary Academy School. The 2009 bond document contains certain covenants for which compliance is required by the Archdiocese, St. Bernadette Parish and St. Mary Academy. The balance of the bond was \$10,100,000 at June 30, 2012. In March 2013, an unsecured bank qualified bond in the amount of \$10,000,000 was issued as a replacement. The 2013 bond document contained certain covenants for which compliance is required by the Archdiocese, St. Bernadette Parish and St. Mary Academy. The balance of the bond was \$9,987,192 at June 30, 2014.

**Note P - Retirement Benefits**

Employees and Active Clergy:

The Archdiocese has a 401(k) plan that covers Archdiocesan and other agencies' eligible employees, as well as active diocesan priests. The Plan allows employees' contributions, up to the statutory limit and personal management of the employees' retirement accounts. The Archdiocese or agency contributes 6% of eligible employees' gross pay each pay period and \$200 per month for active diocesan clergy to the Plan. The Archdiocese made contributions of approximately \$447,000 and \$456,000 to the Plan for the years ended June 30, 2014 and 2013, respectively.



**Archdiocese of Louisville  
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**Note P - Retirement Benefits (Continued)**

Retired Clergy:

Retirement benefits and supplemental medical coverage benefits for retired diocesan clergy are determined by the Archbishop. The Archdiocese makes payments to these retired diocesan clergy in accordance with instructions from the Archbishop and expenses such payments as they are made.

The parishes pay to the Archdiocese an assessment for retirement benefits for retired clergy based on total parish income at the rate of 1.34% each year for the years ended June 30, 2014 and 2013. The assessment income for retirement benefits from the parishes was approximately \$1,633,000 and \$1,603,000 for the years ended June 30, 2014 and 2013, respectively, and is included in the total of parish assessments on the combined statements of activities. Remaining designated net assets for retirement benefits at June 30, 2014 and 2013, were \$3,604,162 and \$3,990,190, respectively.

Benefits paid to retired clergy for the years ended June 30, 2014 and 2013 follow:

	<u>2014</u>	<u>2013</u>
Clergy retirement benefits	\$ 1,772,010	\$ 1,770,560
Supplemental medical coverage	<u>180,745</u>	<u>180,823</u>
Total	<u>\$ 1,952,755</u>	<u>\$ 1,951,383</u>

**Note Q - Contingencies**

The Archdiocese may be involved in various legal actions arising in the ordinary course of its activities. It is the opinion of management and legal counsel that the ultimate liability, if any, with respect to these matters will not materially affect the financial position of the Archdiocese.

**Note R - Regulatory Restricted - Perpetual Care Endowment**

Kentucky state cemetery and funeral laws mandate that cemeteries designate a certain percentage of burial site sales to a perpetual care and maintenance trust fund. In accordance with this law, Catholic Cemeteries has established an endowed fund into which is set aside the following percentage of gross sales:

Grave space	20%
Crypts	5%
Niches	10%

The balance in this endowed fund at June 30, 2014 and 2013, was \$4,916,289 and \$4,590,141 respectively.

**Archdiocese of Louisville  
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Notes to Combined Financial Statements (Continued)  
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**Note S - Archbishop Designated Net Assets**

Archbishop designated net assets are designated for the following purposes:

	<u>2014</u>	<u>2013</u>
Closed parishes	\$ 1,148,491	\$ 1,250,115
Clergy pension	3,604,162	3,990,190
Catholic Foundation of Louisville, Inc.	7,350,748	6,770,943
Other	<u>20,363</u>	<u>23,979</u>
Total	<u>\$ 12,123,764</u>	<u>\$ 12,035,227</u>

**Note T -Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes:

	June 30, 2013	Contributions	Investment Income	Change in Beneficial Interest	Released from Restrictions / Other Changes	June 30, 2014
Poverty assistance	\$ 762,815	\$ 101,706	\$ 3,216	\$ -	\$ (356,259)	\$ 511,478
Seminarian and priest education	986,160	24,672	8,660	(3,745)	(53,341)	962,406
Specific operations	213,179	-	1,043	-	(8,800)	205,422
School scholarships	4,807	5,618	3,544	-	(10,227)	3,742
Maintenance and care of gravesites	622,185	-	26,324	-	(5,228)	643,281
Mission promotions	718,359	7,735	3,394	-	(150,770)	578,718
Building a Future of Hope	1,628,005	-	-	-	(466,516)	1,161,489
Other	1,199,293	133,634	6,154	47,519	158,381	1,544,981
Total	<u>\$ 6,134,803</u>	<u>\$ 273,365</u>	<u>\$ 52,335</u>	<u>\$ 43,774</u>	<u>\$ (892,760)</u>	<u>\$ 5,611,517</u>

	June 30, 2012	Contributions	Investment Income	Change in Beneficial Interest	Released from Restrictions / Other Changes	June 30, 2013
Poverty assistance	\$ 983,677	\$ 133,676	\$ 4,121	\$ -	\$ (358,659)	\$ 762,815
Seminarian and priest education	977,018	100	2,821	20,157	(13,936)	986,160
Specific operations	238,000	-	1,141	-	(25,962)	213,179
School scholarships	2,866	500	1,441	-	-	4,807
Maintenance and care of gravesites	601,133	-	25,545	-	(4,493)	622,185
Mission promotions	888,923	4,973	4,061	-	(179,598)	718,359
Building a Future of Hope	4,606,540	-	-	-	(2,978,535)	1,628,005
Other	1,436,998	178,791	3,271	42,543	(462,310)	1,199,293
Total	<u>\$ 9,735,155</u>	<u>\$ 318,040</u>	<u>\$ 42,401</u>	<u>\$ 62,700</u>	<u>\$ (4,023,493)</u>	<u>\$ 6,134,803</u>

**Archdiocese of Louisville  
(Chancery and Certain Entities)  
Notes to Combined Financial Statements (Continued)  
June 30, 2014 and 2013**

**Note T - Restricted Net Assets (Continued)**

Permanently restricted net assets are restricted to investment in perpetuity, the income from which is temporarily restricted for the endowment purpose:

	June 30, 2012	Contributions	Change in Beneficial Interest	June 30, 2013	Contributions	Change in Beneficial Interest	June 30, 2014
Seminarian and priest education	\$ 1,181,902	\$ -	\$ -	\$ 1,181,902	\$ -	\$ -	\$ 1,181,902
Maintenance and care of gravesites	670,609	1,000	-	671,609	20,966	-	692,575
School scholarships	696,187	-	-	696,187	-	-	696,187
Poverty assistance	448,094	-	24,234	472,328	-	52,702	525,030
Other	87,982	-	-	87,982	1,999	-	89,981
<b>Total</b>	<b>\$ 3,084,774</b>	<b>\$ 1,000</b>	<b>\$ 24,234</b>	<b>\$ 3,110,008</b>	<b>\$ 22,965</b>	<b>\$ 52,702</b>	<b>\$ 3,185,675</b>

Permanently restricted net assets are not available to fund the unrestricted operations of the Archdiocese and are included in the combined statements of financial position in the following asset accounts:

	2014	2013
Investment in marketable securities	\$ 2,694,519	\$ 2,671,554
Beneficial interest in third-party trusts	491,156	438,454
	<b>\$ 3,185,675</b>	<b>\$ 3,110,008</b>

**Archdiocese of Louisville**  
**(Chancery and Certain Entities)**  
**Notes to Combined Financial Statements (Continued)**  
**June 30, 2014 and 2013**

**Note U - Functional Expenses**

A summary of expenses by functional classification for the years ended June 30, 2014 and 2013 is as follows:

	<u>2014</u>	<u>2013</u>
Chancery (post eliminations)		
Program Expenses		
Retired Priest, Other Clergy and Seminarians	\$ 2,996,872	\$ 2,937,848
Archdiocesan Communications Center	1,804,558	1,927,911
Office of Lifelong Learning and Education	1,573,196	1,433,577
Education Grants	1,238,425	947,284
Office of Multicultural Ministries	581,752	654,746
Other Grants	502,607	548,457
Family Ministries	340,125	444,207
Grants to Other Catholic Organizations	271,953	300,399
Tribunal Office	260,562	275,920
Vocation Office	227,041	222,720
Worship Office	182,469	217,860
Diaconate Office	203,446	185,437
Other Archdiocesan support	189,977	149,095
Priest Personnel	122,667	111,743
Evangelization	106,298	-
	<u>10,601,948</u>	<u>10,357,204</u>
Supporting Activities Expenses		
Administrative Support	3,944,538	3,602,088
Deposit and Loan Fund Interest	397,542	393,822
Other Interest Expense	169,047	136,866
	<u>4,511,127</u>	<u>4,132,776</u>
Fundraising Expenses		
Office of Stewardship and Development	<u>380,251</u>	<u>407,995</u>
Total Expenses Chancery	\$ 15,493,326	\$ 14,897,975

**Archdiocese of Louisville  
(Chancery and Certain Entities)  
Notes to Combined Financial Statements (Continued)  
June 30, 2014 and 2013**

**Note U - Functional Expenses (Continued)**

	<u>2014</u>	<u>2013</u>
Catholic Charities (post eliminations)		
Program Expenses		
Refugee programs	\$ 13,295,766	\$ 14,950,706
Language and immigration legal services	1,209,769	1,079,860
Case management services	1,326,221	1,056,675
Catholic identity and external relations	234,074	400,943
	<u>16,065,830</u>	<u>17,488,184</u>
Supporting Activities Expenses		
Administrative services	473,650	844,104
Fundraising Expenses	191,537	192,857
Total Expenses Catholic Charities	16,731,017	18,525,145
Catholic Cemeteries (post eliminations)		
Program Expenses		
Cemetery Operations	1,480,622	1,459,249
Cost of Sales	335,707	388,241
	<u>1,816,329</u>	<u>1,847,490</u>
Supporting Activities Expenses		
Administrative services	604,792	557,796
Total Expenses Catholic Cemeteries	2,421,121	2,405,286
Catholic Foundation of Louisville, Inc. (post eliminations)	<u>76,841</u>	<u>-</u>
Total Expenses Combined	<u><u>\$ 34,722,305</u></u>	<u><u>\$ 35,828,406</u></u>

## **Supplementary Information**

**Archdiocese of Louisville**  
**(Chancery and Certain Entities)**  
**Combining Statements of Financial Position**  
**June 30, 2014**

	Chancery	Deposit and Loan Fund	Catholic Cemeteries	Catholic Charities	Catholic Foundation	Eliminations	Combined
<b>Assets</b>							
Assets							
Cash and cash equivalents	\$ 6,478,254	\$ -	\$ 355,681	\$ 825	\$ -	\$ -	\$ 6,834,760
Investments	108,644,266	-	715,025	-	7,333,963	-	116,693,254
Accrued interest receivable on investments	116,298	-	-	-	-	-	116,298
Accounts receivable, net	1,694,304	-	195,899	424,267	16,785	(16,785)	2,314,470
Pledge receivables, net	1,687,786	-	-	-	-	-	1,687,786
Grants and other receivables, net	-	-	-	971,431	-	-	971,431
Prepaid expenses	66,181	-	29,881	28,529	-	-	124,591
Inventories	-	-	27,319	-	-	-	27,319
Notes receivable - parishes and other related parties, net	1,938,458	8,380,124	-	-	-	-	10,318,582
Accrued interest receivable on notes receivable	26,559	634,691	-	-	-	-	661,250
Beneficial interest in third-party trusts	422,708	-	-	1,045,696	-	-	1,468,404
Cemetery lot development costs	-	-	3,999,804	-	-	-	3,999,804
Mausoleums, columbariums, and lots	-	-	915,548	-	-	-	915,548
Property and equipment, net	2,842,157	-	1,180,292	806,784	-	-	4,829,233
Interfund receivables	-	44,843,049	9,370,217	-	-	(54,213,266)	-
<b>Total Assets</b>	<b>\$ 123,916,971</b>	<b>\$ 53,857,864</b>	<b>\$ 16,789,666</b>	<b>\$ 3,277,532</b>	<b>\$ 7,350,748</b>	<b>\$ (54,230,051)</b>	<b>\$ 150,962,730</b>

Archdiocese of Louisville

(Chancery and Certain Entities)

Combining Statements of Financial Position (Continued)

June 30, 2014

	Chancery	Deposit and Loan Fund	Catholic Cemeteries	Catholic Charities	Catholic Foundation	Eliminations	Combined
<b>Liabilities and Equity</b>							
Liabilities							
Accounts payable and accrued expenses	\$ 1,048,580	\$ -	\$ 128,207	\$ 1,065,609	\$ -	\$ (16,785)	\$ 2,225,611
Pledges payable, net	1,189,295	-	-	-	-	-	1,189,295
Collections payable	358,932	-	-	-	-	-	358,932
Deferred revenue	12,265	-	813,104	-	-	-	825,369
Interfund payables	44,843,049	9,370,217	-	-	-	(54,213,266)	-
Notes payable	-	-	-	22,517	-	-	22,517
Notes payable - parishes and other related parties	6,989,592	41,601,624	-	2,313	-	-	48,593,529
Total Liabilities	54,441,713	50,971,841	941,311	1,090,439	-	(54,230,051)	53,215,253
Net Assets							
Unrestricted net assets							
Invested in property and equipment	2,842,157	-	1,180,292	784,267	-	-	4,806,716
Expendable net assets	55,594,911	2,886,023	8,418,919	203,663	-	-	67,103,516
Archbishop designated	4,773,016	-	-	-	7,350,748	-	12,123,764
Regulatory restricted - perpetual care endowment	-	-	4,916,289	-	-	-	4,916,289
Total Unrestricted Net Assets	63,210,084	2,886,023	14,515,500	987,930	7,350,748	-	88,950,285
Temporarily restricted	4,263,229	-	640,280	708,008	-	-	5,611,517
Permanently restricted	2,001,945	-	692,575	491,155	-	-	3,185,675
Total Net Assets	69,475,258	2,886,023	15,848,355	2,187,093	7,350,748	-	97,747,477
Total Liabilities and Equity	\$ 123,916,971	\$ 53,857,864	\$ 16,789,666	\$ 3,277,532	\$ 7,350,748	\$ (54,230,051)	\$ 150,962,730



**Archdiocese of Louisville**  
**(Chancery and Certain Entities)**  
**Combining Statements of Financial Position**  
**June 30, 2013**

	Chancery	Deposit and Loan Fund	Catholic Cemeteries	Catholic Charities	Catholic Foundation	Eliminations	Combined
<b>Assets</b>							
Assets							
Cash and cash equivalents	\$ 8,595,952	\$ -	\$ 271,867	\$ 85,821	\$ 793,518	\$ -	\$ 9,747,158
Investments	94,099,428	-	659,147	6,729	5,935,866	-	100,701,170
Accrued interest receivable on investments	118,029	-	-	-	6,636	-	124,665
Accounts receivable, net	1,096,708	-	211,679	568,719	34,923	(34,923)	1,877,106
Pledge receivables, net	5,583,636	-	-	-	-	-	5,583,636
Grants and other receivables, net	-	-	-	510,595	-	-	510,595
Prepaid expenses	70,463	-	40,573	50,921	-	-	161,957
Inventories	-	-	28,039	-	-	-	28,039
Notes receivable - parishes and other related parties, net	2,381,682	9,565,673	-	-	-	-	11,947,355
Accrued interest receivable on notes receivable	23,338	638,798	-	-	-	-	662,136
Beneficial interest in third-party trusts	426,452	-	-	945,476	-	-	1,371,928
Cemetery lot development costs	-	-	3,941,384	-	-	-	3,941,384
Mausoleums, columbariums, and lots	-	-	948,645	-	-	-	948,645
Property and equipment, net	2,849,686	-	1,118,728	754,318	-	-	4,722,732
Interfund receivables	-	45,867,193	9,146,077	-	-	(55,013,270)	-
<b>Total Assets</b>	<b>\$ 115,245,374</b>	<b>\$ 56,071,664</b>	<b>\$ 16,366,139</b>	<b>\$ 2,922,579</b>	<b>\$ 6,770,943</b>	<b>\$ (55,048,193)</b>	<b>\$ 142,328,506</b>

**Archdiocese of Louisville**  
**(Chancery and Certain Entities)**  
**Combining Statements of Financial Position (Continued)**  
**June 30, 2013**

	Chancery	Deposit and Loan Fund	Catholic Cemeteries	Catholic Charities	Catholic Foundation	Eliminations	Combined
<b>Liabilities and Equity</b>							
Liabilities							
Accounts payable and accrued expenses	\$ 890,534	\$ -	\$ 112,515	\$ 970,862	\$ -	\$ (34,923)	\$ 1,938,988
Pledges payable, net	3,955,631	-	-	-	-	-	3,955,631
Collections payable	388,309	-	-	-	-	-	388,309
Deferred revenue	-	-	759,489	-	-	-	759,489
Interfund payables	45,867,193	9,146,077	-	-	-	(55,013,270)	-
Notes payable	-	-	-	32,854	-	-	32,854
Notes payable - parishes and other related parties	6,983,694	44,038,769	-	24,623	-	-	51,047,086
<b>Total Liabilities</b>	<b>58,085,361</b>	<b>53,184,846</b>	<b>872,004</b>	<b>1,028,339</b>	<b>-</b>	<b>(55,048,193)</b>	<b>58,122,357</b>
Net Assets							
Unrestricted net assets							
Invested in property and equipment	2,849,686	-	1,118,728	721,464	-	-	4,689,878
Expendable net assets	42,160,178	2,886,818	8,491,472	107,624	-	-	53,646,092
Archbishop designated	5,264,284	-	-	-	6,770,943	-	12,035,227
Regulatory restricted - perpetual care endowment	-	-	4,590,141	-	-	-	4,590,141
<b>Total Unrestricted Net Assets</b>	<b>50,274,148</b>	<b>2,886,818</b>	<b>14,200,341</b>	<b>829,088</b>	<b>6,770,943</b>	<b>-</b>	<b>74,961,338</b>
Temporarily restricted	4,885,920	-	622,185	626,698	-	-	6,134,803
Permanently restricted	1,999,945	-	671,609	438,454	-	-	3,110,008
<b>Total Net Assets</b>	<b>57,160,013</b>	<b>2,886,818</b>	<b>15,494,135</b>	<b>1,894,240</b>	<b>6,770,943</b>	<b>-</b>	<b>84,206,149</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 115,245,374</b>	<b>\$ 56,071,664</b>	<b>\$ 16,366,139</b>	<b>\$ 2,922,579</b>	<b>\$ 6,770,943</b>	<b>\$ (55,048,193)</b>	<b>\$ 142,328,506</b>

**Archdiocese of Louisville  
(Chancery and Certain Entities)  
Combining Statements of Activities  
For the Year Ended June 30, 2014**

	Chancery	Deposit and Loan Fund	Catholic Cemeteries	Catholic Charities	Catholic Foundation	Eliminations	Combined
Revenue, Support, and Gains							
Donations, bequests, and grants	\$ 554,087	\$ -	\$ 21,966	15,348,744	\$ 301,622	\$ (1,310,579)	\$ 14,915,928
Parish assessments	8,575,616	-	-	-	-	(123,648)	8,451,968
Special collections	406,872	-	-	-	-	-	406,872
Burial sales	-	-	1,810,139	-	-	-	1,810,139
Catholic Services Appeal	2,897,768	-	-	-	-	-	2,897,768
Fee income	140,888	-	1,017,299	1,304,297	-	(991)	2,461,493
Program and activity income	413,003	-	-	258	-	(8,280)	404,981
Rental income	193,007	-	25,635	12,174	-	(58,576)	172,240
Advertising income	618,677	-	-	-	-	(10,285)	608,392
Investment income, net	1,940,509	396,747	3,593	49,086	93,412	-	2,483,259
(Decrease) Increase in value of split interest agreements	(3,744)	-	-	100,221	-	-	96,477
Unrealized gain (loss) in market value of investments	9,970,538	-	-	-	696,679	-	10,667,217
Realized gain (loss) on sale of investment	2,754,462	-	-	-	(182,065)	-	2,572,397
Other income	84,435	-	21,037	209,030	-	-	314,502
Total Revenues, Support, and Gains	<u>\$ 28,546,118</u>	<u>\$ 396,747</u>	<u>\$ 2,899,669</u>	<u>\$ 17,023,810</u>	<u>\$ 909,648</u>	<u>\$ (1,512,359)</u>	<u>\$ 48,263,633</u>

**Archdiocese of Louisville**  
**(Chancery and Certain Entities)**  
**Combining Statements of Activities (Continued)**  
**For the Year Ended June 30, 2014**

	Chancery	Deposit and Loan Fund	Catholic Cemeteries	Catholic Charities	Catholic Foundation	Eliminations	Combined
Expenses and Losses							
Salary expense	\$ 4,372,773	\$ -	\$ 1,165,385	\$ 3,052,241	\$ -	\$ -	\$ 8,590,399
Payroll added expense	1,097,560	-	343,533	828,417	-	-	2,269,510
Clergy retirement benefits	1,772,018	-	-	-	-	-	1,772,018
Mileage and expense allowance	663,367	-	10,453	206,883	-	(5,170)	875,533
Education expense	607,482	-	330	-	-	(5,470)	602,342
Rent expense	87,471	-	1,578	15,224	-	(46,471)	57,802
Office supplies and services	842,679	-	70,439	242,763	-	1,010	1,156,891
Plant and grounds expense	542,213	-	207,575	367,107	-	-	1,116,895
Auto expense	3,673	-	70,390	45,354	-	-	119,417
Public relations, donations, and grants	79,657	-	123,648	-	307,659	(253,002)	257,962
Advertising expense	160,645	-	17,466	-	-	(5,505)	172,606
Professional fees and services	185,567	-	34,212	340,274	-	789	560,842
Program and activity expense	796,460	-	-	807,136	-	(11,531)	1,592,065
Broadcasting/press expense	446,739	-	-	-	-	(3,035)	443,704
Archdiocesan support	1,320,484	-	-	-	-	(1,184,193)	136,291
Education grants	411,500	-	-	-	-	-	411,500
Cost of sales	-	-	335,707	-	-	-	335,707
Papal and national organizations	103,625	-	-	-	-	-	103,625
Other grants and direct aid	1,158,381	-	-	10,700,599	-	-	11,858,980
Other restricted expense payments	127,343	-	-	-	-	-	127,343
Interest expense	169,047	397,542	-	3,486	22,184	-	592,259
Depreciation expense	238,374	-	112,347	86,035	-	-	436,756
Bad debt expense	817,327	-	-	-	-	-	817,327
Miscellaneous expense	226,488	-	52,386	35,438	-	219	314,531
Total Expenses and Losses	16,230,873	397,542	2,545,449	16,730,957	329,843	(1,512,359)	34,722,305
Change in Net Assets	12,315,245	(795)	354,220	292,853	579,805	-	13,541,328
Net Assets, Beginning of Year	57,160,013	2,886,818	15,494,135	1,894,240	6,770,943	-	84,206,149
Net Assets, End of Year	\$ 69,475,258	\$ 2,886,023	\$ 15,848,355	\$ 2,187,093	\$ 7,350,748	\$ -	\$ 97,747,477

**Archdiocese of Louisville**  
**(Chancery and Certain Entities)**  
**Combining Statements of Activities**  
**For the Year Ended June 30, 2013**

	Chancery	Deposit and Loan Fund	Catholic Cemeteries	Catholic Charities	Catholic Foundation	Eliminations	Combined
Revenue, Support, and Gains							
Donations, bequests, and grants	\$ 953,209	\$ -	\$ 1,085	\$ 17,057,204	\$ 825,408	\$ (1,910,160)	\$ 16,926,746
Parish assessments	8,423,225	-	-	-	-	(107,268)	8,315,957
Special collections	477,275	-	-	-	-	-	477,275
Burial sales	-	-	2,178,491	-	-	-	2,178,491
Catholic Services Appeal	2,631,972	-	-	-	-	-	2,631,972
Fee income	221,311	-	1,052,674	1,080,269	-	(119)	2,354,135
Program and activity income	452,044	-	-	1,685	-	(7,670)	446,059
Rental income	196,517	-	23,125	2,000	-	(51,284)	170,358
Advertising income	583,117	-	-	-	-	(8,339)	574,778
Investment income, net	1,717,526	490,733	3,942	45,850	207,734	-	2,465,785
Unrealized gain (loss) in market value of investments	6,351,656	-	-	-	(259,668)	-	6,091,988
Increase in value of split interest agreements	20,157	-	-	66,777	-	-	86,934
Realized gain on sale of investment	1,865,911	-	-	-	(17)	-	1,865,894
Other income	95,994	-	12,820	88,149	-	(2,007)	194,956
<b>Total Revenues, Support, and Gains</b>	<b>\$ 23,989,914</b>	<b>\$ 490,733</b>	<b>\$ 3,272,137</b>	<b>\$ 18,341,934</b>	<b>\$ 773,457</b>	<b>\$ (2,086,847)</b>	<b>\$ 44,781,328</b>

**Archdiocese of Louisville**  
**(Chancery and Certain Entities)**  
**Combining Statements of Activities (Continued)**  
**For the Year Ended June 30, 2013**

	Chancery	Deposit and Loan Fund	Catholic Cemeteries	Catholic Charities	Catholic Foundation	Eliminations	Combined
Expenses and Losses							
Salary expense	\$ 4,515,624	\$ -	\$ 1,134,877	\$ 2,835,526	\$ -	\$ -	\$ 8,486,027
Payroll added expense	1,058,211	-	338,850	801,172	-	-	2,198,233
Clergy retirement benefits	1,770,569	-	-	-	-	-	1,770,569
Mileage and expense allowance	568,096	-	11,829	182,281	-	(510)	761,696
Education expense	668,804	-	1,226	-	-	(2,335)	667,695
Rent expense	87,752	-	2,921	24,348	-	(38,700)	76,321
Office supplies and services	861,345	-	75,543	206,724	-	(9)	1,143,603
Plant and grounds expense	491,286	-	204,964	266,488	-	-	962,738
Auto expense	4,815	-	63,294	39,867	-	-	107,976
Public relations, donations, and grants	89,283	-	107,268	-	300,003	(407,268)	89,286
Advertising expense	163,720	-	15,756	-	-	(10,307)	169,169
Professional fees and services	240,567	-	37,425	496,997	-	(3,045)	771,944
Program and activity expense	543,944	-	-	1,064,832	-	(10,529)	1,598,247
Broadcasting/press expense	471,244	-	-	-	-	(17)	471,227
Archdiocesan support	1,910,558	-	-	-	-	(1,610,160)	300,398
Education grants	401,250	-	-	-	-	-	401,250
Cost of sales	-	-	388,241	-	-	-	388,241
Papal and national organizations	138,405	-	-	-	-	-	138,405
Other grants and direct aid	945,802	-	-	12,452,220	-	-	13,398,022
Other restricted expense payments	84,959	-	-	-	-	(4,035)	80,924
Interest expense	136,201	393,822	-	6,373	965	-	537,361
Depreciation expense	232,765	-	101,349	80,114	-	-	414,228
Bad debt expense	541,277	-	-	-	-	-	541,277
Miscellaneous expense	256,587	-	29,011	67,903	-	68	353,569
<b>Total Expenses and Losses</b>	<b>16,183,064</b>	<b>393,822</b>	<b>2,512,554</b>	<b>18,524,845</b>	<b>300,968</b>	<b>(2,086,847)</b>	<b>35,828,406</b>
<b>Changes in Net Assets</b>	<b>7,806,850</b>	<b>96,911</b>	<b>759,583</b>	<b>(182,911)</b>	<b>472,489</b>	<b>-</b>	<b>8,952,922</b>
<b>Net Assets, Beginning of Year</b>	<b>49,353,163</b>	<b>2,789,907</b>	<b>14,734,552</b>	<b>2,077,151</b>	<b>6,298,454</b>	<b>-</b>	<b>75,253,227</b>
<b>Net Assets, End of Year</b>	<b>\$ 57,160,013</b>	<b>\$ 2,886,818</b>	<b>\$ 15,494,135</b>	<b>\$ 1,894,240</b>	<b>\$ 6,770,943</b>	<b>\$ -</b>	<b>\$ 84,206,149</b>