Consolidated Financial Statements and
Supplementary Information Together With
Report of Independent Certified Public Accountants

# THE BRIDGEPORT ROMAN CATHOLIC DIOCESAN CORPORATION AND AFFILIATE

As of and for the eighteen month period ended June 30, 2016

# THE BRIDGEPORT ROMAN CATHOLIC DIOCESAN CORPORATION AND AFFILIATE

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Grant Thornton LLP
757 Third Avenue, 9th Floor
New York, NY 10017

T 212.599.0100
F 212.370.4520
GrantThornton.com
linkd.in/GrantThorntonUS
twitter.com/GrantThorntonUS

# REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Most Reverend Frank J. Caggiano
**Bishop of the Roman Catholic Diocese of Bridgeport:**

We have audited the accompanying consolidated financial statements of The Bridgeport Roman Catholic Diocesan Corporation and Affiliate (collectively, the "Diocese") which comprise the consolidated statement of financial position as of June 30, 2016, and the related consolidated statements of activities and cash flows for the eighteen month period then ended and the related notes to the consolidated financial statements.

## Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Diocese's preparation and fair presentation of the consolidated 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 Diocese'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Bridgeport Roman Catholic Diocesan Corporation and Affiliate as of June 30, 2016, and the changes in their net assets and their cash flows for the eighteen month period then ended in accordance with accounting principles generally accepted in the United States of America.

### Supplementary information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as of and for the eighteen month period ended June 30, 2016 taken as a whole. The consolidating schedule of financial position as of June 30, 2016 and consolidating schedule of activities and consolidated schedule of functional expenses for the eighteen month period ended June 30, 2016, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Grant Thornton LLP

New York, New York
February 10, 2017

# THE BRIDGEPORT ROMAN CATHOLIC DIOCESAN CORPORATION AND AFFILIATE

## Consolidated Statement of Financial Position

**As of June 30, 2016**

| | | |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | | $ 18,467,998 |
| Restricted cash | | 638,569 |
| Property held for sale | | 650,000 |
| Note receivable | | 886,524 |
| Investments, at fair value | | 8,152,963 |
| Cemeteries and other accounts receivable | | 944,702 |
| Contributions receivable, net | | 2,814,294 |
| Prepaid expenses and other assets | | 843,753 |
| Insurance recoveries receivable | | 513,336 |
| Cemetery inventory | | 2,825,566 |
| Due from related Diocesan entities, net | | 3,401,583 |
| Beneficial interest in trust held by other | | 448,188 |
| Beneficial interest in assets held by Faith in the Future | | 8,766,385 |
| Property, buildings and equipment, net | | 38,638,815 |
| Total assets | | $ 87,992,676 |
| **LIABILITIES AND NET ASSETS** | | |
| LIABILITIES | | |
| Accounts payable and accrued expenses | | $ 2,670,417 |
| Special collection payable | | 638,569 |
| Self-insurance claims and deductible amounts payable | | 3,199,676 |
| Deferred revenue | | 410,911 |
| Refundable advances - Cemeteries operations | | 375,049 |
| Due to related Diocesan entities | | 2,552,234 |
| Notes payable | | 8,316,905 |
| Deferred revenue - life use fees | | 2,983,506 |
| Conditional asset retirement obligations | | 5,865,267 |
| Obligations due under split-interest agreements | | 329,689 |
| Pension and other postretirement benefit assets | $ 89,260,257 | |
| Pension and other postretirement benefit obligations | (219,833,615) | |
| Net pension and other postretirement benefit obligations | | 130,573,358 |
| Total liabilities | | 157,915,581 |
| Contingencies | | |
| NET ASSETS (DEFICIT) | | |
| Unrestricted | | (86,411,117) |
| Temporarily restricted | | 6,836,235 |
| Permanently restricted | | 9,651,977 |
| Total net deficit | | (69,922,905) |
| Total liabilities and net deficit | | $ 87,992,676 |

*The accompanying notes are an integral part of this consolidated financial statement.*

# THE BRIDGEPORT ROMAN CATHOLIC DIOCESAN CORPORATION AND AFFILIATE

## Consolidated Statement of Activities

### For the eighteen month period ended June 30, 2016

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| REVENUES, SUPPORT AND OTHER CHANGES | | | | |
| Annual Catholic Appeal | $ 16,818,060 | $ 1,093,528 | $ - | $ 17,911,588 |
| Contributions and bequests | 3,649,449 | 2,677,278 | - | 6,326,727 |
| Cathedraticum from parishes | 8,066,237 | - | - | 8,066,237 |
| Employee benefit and insurance programs | 27,130,858 | - | - | 27,130,858 |
| Cemeteries operations | 8,679,900 | - | - | 8,679,900 |
| Rental income | 2,288,585 | - | - | 2,288,585 |
| Reimbursement revenue | 1,198,467 | - | - | 1,198,467 |
| Advertising | 519,928 | - | - | 519,928 |
| Program fees | 238,156 | - | - | 238,156 |
| Other operating revenues | 2,696,775 | - | - | 2,696,775 |
| Change in fair value of beneficial interests in trusts held by other | - | - | (61,887) | (61,887) |
| Net assets released from restrictions | 1,385,040 | (1,385,040) | - | - |
| Total revenues, support and other changes | 72,671,455 | 2,385,766 | (61,887) | 74,995,334 |
| EXPENSES | | | | |
| Programs | 18,375,092 | - | - | 18,375,092 |
| Employee benefit and insurance programs | 40,435,747 | - | - | 40,435,747 |
| Cemeteries operations | 4,654,721 | - | - | 4,654,721 |
| Teresian Towers and Carmel Ridge Estates | 1,399,318 | - | - | 1,399,318 |
| Management and general | 7,466,087 | - | - | 7,466,087 |
| Stewardship and development | 2,093,173 | - | - | 2,093,173 |
| Total expenses | 74,424,138 | - | - | 74,424,138 |
| (Loss) income from operations before depreciation and accretion | (1,752,683) | 2,385,766 | (61,887) | 571,196 |
| Depreciation and accretion | (2,669,256) | - | - | (2,669,256) |
| (Loss) income from operations before nonoperating activities | (4,421,939) | 2,385,766 | (61,887) | (2,098,060) |
| NONOPERATING ACTIVITIES | | | | |
| Recognition of beneficial interest in assets held by Faith in the Future | - | - | 8,766,385 | 8,766,385 |
| Contributions from related entities | 3,832,462 | - | - | 3,832,462 |
| Gain on sale of fixed assets | 2,156,187 | - | - | 2,156,187 |
| Insurance proceeds | 419,489 | - | - | 419,489 |
| Pension related-activity other than net periodic benefit cost | (2,461,520) | - | - | (2,461,520) |
| Expected loss on disposal of property held for sale | (306,902) | - | - | (306,902) |
| Investment loss, net | (145,444) | (595) | - | (146,039) |
| Change in net assets | (927,667) | 2,385,171 | 8,704,498 | 10,162,002 |
| Net (deficit) assets - beginning of year, as previously stated | (85,483,450) | 8,436,935 | 21,141,568 | (55,904,947) |
| Adjustment to opening net assets for change in reporting entity | - | (3,985,871) | (20,194,089) | (24,179,960) |
| Net (deficit) assets - end of year | $ (86,411,117) | $ 6,836,235 | $ 9,651,977 | $ (69,922,905) |

*The accompanying notes are an integral part of this consolidated financial statement.*

# THE BRIDGEPORT ROMAN CATHOLIC DIOCESAN CORPORATION AND AFFILIATE

## Consolidated Statement of Cash Flows

**For the eighteen month period ended June 30, 2016**

| | |
|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Change in net assets | $ 10,162,002 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | |
| Depreciation and accretion | 2,669,256 |
| Gain on sale of fixed assets | (2,156,187) |
| Expected loss on disposal of property held for sale | 306,902 |
| Change in fair value of beneficial interest in trust held by others | 61,887 |
| Recognition of beneficial interest in assets held by Faith in the Future | (8,766,385) |
| Bad debt expense | 3,368,594 |
| Donated property and equipment | (350,000) |
| Net depreciation in fair value of investments | 480,861 |
| (Increase) decrease in assets | |
| Cemeteries and other accounts receivable | (334,847) |
| Prepaid expenses and other assets | (64,349) |
| Insurance recoveries receivable | 39,431 |
| Contributions receivable | (1,871,544) |
| Cemetery inventory | 190,652 |
| Due from related Diocesan entities | (1,763,692) |
| Beneficial interests in trusts held by others | 762,795 |
| Increase (decrease) in liabilities | |
| Accounts payable and accrued expenses | 717,039 |
| Special collection payable | 229,146 |
| Self-insurance claims and deductible amounts payable | (1,467,727) |
| Deferred revenue | 22,150 |
| Refundable advances - Cemeteries operations | 223,438 |
| Due to related Diocesan entities | (2,126,691) |
| Deferred revenue - life use fees | (174,488) |
| Obligations due under split-interest agreements | (20,444) |
| Pension and other postretirement benefit obligations | 11,191,369 |
| Net cash provided by operating activities | 11,329,168 |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Purchases of investments | (2,866,370) |
| Proceeds from sales of investments | 3,408,264 |
| Purchases of property and equipment | (3,110,011) |
| Proceeds from sales of property | 2,227,377 |
| Proceeds from note receivable | 338,476 |
| Net cash used in investing activities | (2,264) |
| CASH FLOWS FROM FINANCING ACTIVITIES | |
| Change in restricted cash | (189,830) |
| Principal payments on notes payable | (4,081,119) |
| Net cash used in financing activities | (4,270,949) |
| Net increase in cash and cash equivalents | 7,055,955 |
| Cash and cash equivalents - beginning of year | 11,412,043 |
| Cash and cash equivalents - end of year | $ 18,467,998 |
| SUPPLEMENTARY INFORMATION | |
| Cash paid for interest on indebtedness | $ 717,069 |

*The accompanying notes are an integral part of this consolidated financial statement.*

## 1. ORGANIZATION

The Bridgeport Roman Catholic Diocesan Corporation ("BRCDC") is a Connecticut not-for-profit, religious non-stock corporation formed in 1953 serving more than 460,000 registered Catholics in Fairfield County. BRCDC's principal programs provide for pastoral, religious personnel services, care and support for retired clergy (including Queen of Clergy), Catholic education and faith formation, educational administration and curriculum, pastoral and human services focused on prison ministry and pastoral care of the aged, vocations and seminarian education, parish finance and other support services to parishes and individuals within the Fairfield county area.

BRCDC relies principally on contributions received through the Annual Catholic Appeal, fundraising efforts and the Fairfield County Catholic operations to support the mission related services BRCDC provides. Cathedraticum from parishes together with residual Catholic cemeteries revenues support the administration and general activities of BRCDC. In addition, BRCDC sponsors self-insured medical and dental care, workers' compensation programs, property, casualty, liability and other insurance programs, and pension and postretirement benefit plans for the Roman Catholic Diocese of Bridgeport and other Diocesan entities and their employees. The other Diocesan entities are responsible for their respective portions of the cost of these programs and pension and postretirement benefit plans.

BRCDC programs include the St. John Fisher Seminary, The Catherine Dennis Keefe Queen of Clergy retirement home for Diocesan Priests, the Newman Center at Western Connecticut State University, and Teresian Towers and Carmel Ridge Estates, life use and rental properties for elderly residents and pastoral care services for residents at nursing homes, formerly owned by Diocesan related entities. BRCDC directly operates fifteen Catholic cemeteries and publishes the Fairfield County Catholic, a monthly publication available to all Catholics in the Roman Catholic Diocese of Bridgeport.

St. Joseph High School Properties LLC ("St. Joseph"), a single member LLC owned by the BRCDC, was organized in July 2015 for the purpose to acquire, hold, maintain or improve real property and improvements thereof to further the institutional advancement of a Diocesan high school. The financial statements of St. Joseph have been consolidated with those of BRCDC.

Faith in the Future Fund, Inc. ("Faith in the Future"), a related Diocesan entity, is a Connecticut nonprofit, non-stock corporation formed in February 1996. Faith in the Future was established to raise, manage and disburse funds raised by the Faith in the Future Endowment Campaign of the Roman Catholic Diocese of Bridgeport. The purposes of the campaign were to create a permanent endowment to support Catholic education, vocation and seminary education, priests' residence and retirement fund and Diocesan ministries and programs, having goals of assuring the viability of Diocesan elementary and secondary schools; continuing to develop priestly vocations and to fund seminary education; providing appropriate support and facilities for its retired clergy and enhancing the religious education programs in its parishes. The financial statements of Faith in the Future had previously been combined with those of BRCDC. Management concluded that based upon the nature of transactions between BRCDC and Faith in Future, the presentation of combined financial statements would no longer be meaningful. Accordingly, effective January 1, 2015, BRCDC elected to exclude the activities of Faith in the Future within its consolidated financial statements. The effect of this change is included as a change in beginning net assets on the accompanying consolidated statement of activities.

The following related Diocesan entities throughout Fairfield County, Connecticut are separately incorporated and independently controlled and/or managed on a day-to-day basis and their activities are not included in the accompanying consolidated financial statements.

- 82 parishes and one shrine
- 24 elementary schools, one middle school and five high schools
- Bridgeport Diocesan Schools Corporation
- Catholic School Properties Fairfield County, Inc.
- Faith in the Future Fund, Inc.
- Foundations in Education, Inc.
- Cardinal Shehan Center and the McGivney Community Center, after school programs for children
- St. Catherine Center for Special Needs Inc., which provides educational and pastoral services for people with developmental disabilities including autism
- Catholic Charities of Fairfield County, Inc. ("Catholic Charities")
- Six government-subsidized Augustana (Bishop Curtis) Homes, homes for the elderly
- Bridgeport Diocesan Healthcare Properties, Inc. which is the sole member of Saint Joseph Properties LLC, The Blessed Pope John Paul II Properties LLC and St. Camillus Properties, LLC, owners of land on which previously owned nursing homes are located
- Inner-City Foundation for Charity and Education, Inc.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Accounting and Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP") and are presented on a consolidated basis to include the accounts of BRCDC, reflecting its activities and direct operations, and the accounts of St. Joseph (collectively, the "Diocese"). All significant intercompany balances and transactions have been eliminated in consolidation.

### Classifications of Net Assets

The Diocese reports its net assets and changes therein based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted Net Assets - consist of resources available for the general support of the Diocese's operations. Unrestricted net assets may be used at the discretion of management and the Bishop of the Roman Catholic Diocese of Bridgeport.

Unrestricted net assets (deficit) at June 30, 2016 consist of the following:

| | |
|---|---|
| Amounts designated for program activities and other | $ 11,388,693 |
| Pension and other postretirement benefit obligations | (130,573,358) |
| Net investment in plant | 32,773,548 |
| Total unrestricted net deficit | $ (86,411,117) |

Net investment in plant represents resources designated for property, buildings and equipment, less accumulated depreciation and conditional asset retirement obligations.

Temporarily Restricted Net Assets - net assets subject to donor-imposed stipulations that either expire with the passage of time or can be fulfilled by the actions of the Diocese pursuant to those stipulations. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets. However, when restrictions on donor-restricted contributions and investment return are met in the same accounting period, such amounts are reported as part of unrestricted net assets.

Permanently Restricted Net Assets - consist of funds that are subject to donor-imposed restrictions of gift instruments requiring that the principal be invested in perpetuity and the income be used for specific or general purposes. Income and gains earned on endowment fund investments are available to be used for expenditures according to restrictions imposed by the donors.

**Cash and Cash Equivalents**

Cash and cash equivalents are defined as highly liquid investments with original maturities of up to 90 days from the date of purchase, except for money market accounts held with investment brokers, which are considered to be held for long-term investment purposes.

**Restricted Cash and Special Collection Payable**

Restricted cash and special collections payable represent funds received from parishes throughout the Diocese for special offertory collections on designated days for the benefit of other non-Diocesan Catholic entities at the direction of the U.S. Conference of Catholic Bishops, which are being held until future payment.

**Investments**

Investments in equity and debt securities with readily determinable fair values are recorded at fair value determined on the basis of quoted market values as of the reporting date. Investments in non-exchange traded alternative investments are recorded at the fair value of the Diocese’s unit value in these funds as reported by the respective external investment managers. All investments are managed by outside investment advisors subject to the review, approval, and control of the Diocese. Such valuations involve assumptions and methods that are reviewed by the Diocese for reasonableness.

Purchases and sales of securities are recorded on the trade date basis. Dividends and interest are recognized as earned. Realized and unrealized gains include the Diocese’s gains and losses on investments purchased and sold as well as held during the year.

**Fair Value Measurements**

The Financial Accounting Standards Board (“FASB”) Topic 820, under the FASB Accounting Standards Codification (“ASC”) defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This standard provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction. The standard also prioritizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the respective asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is categorized into three levels based on the transparency of inputs as follows:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the report date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the report date. The nature of these securities include investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed.

Level 3 - Securities that have little to no pricing observability as of the report date. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the reporting entity. The Diocese considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Diocese's perceived risk of that instrument.

The Diocese's policy is to recognize transfers in and transfers out of levels at the end of the reporting period.

**Amounts Due from Related Diocesan Entities**

Amounts due from related Diocesan entities relate primarily to amounts due for employee benefits, insurance premiums, pension premiums, Cathedraticum from parishes and advances made to parishes, educational institutions, and other Diocesan affiliated organizations that are in financial need. Because of the uncertainty surrounding collection, management provides an allowance for doubtful accounts based on consideration of the type of receivable, responsible party, the known financial condition of the respective parish or Diocesan affiliated organization, historical collection patterns and comparative aging. These estimates are reviewed periodically and if the financial condition of the responsible party changes significantly, the Diocese will re-evaluate the recoverability of any amounts due from that organization. The Diocese writes-off any amounts that are no longer considered to be recoverable, and any payments subsequently received on such receivables are recorded as income in the period received.

### Split-Interest Agreement

The Diocese has been named as a beneficiary of a perpetual trust held by a third-party. Perpetual trusts are initially recorded as permanently restricted support at fair value, based on the Diocese's beneficial interest in the fair value of the underlying trust assets at the time of gift. Subsequent changes in the trust's fair value are reported as permanently restricted changes in value in beneficial interests on the statement of activities. At June 30, 2016, the balance of the Diocese's beneficial interest in a perpetual trust is $448,188 and is classified as Level 3 within the fair value hierarchy. The income received from the trust is designated for the benefit of seminarian education and recorded as part of temporarily restricted investment income.

The table below sets forth a summary of changes in fair value of the Diocese's Level 3 beneficial interest in trust held by others for the eighteen month period ended June 30, 2016:

| | Beneficial Interest in Trust Held By Others |
|---|---|
| **Balance - beginning of year** | $ 1,272,870 |
| Distributions | (762,795) |
| Change in fair value of beneficial interest in trust | (61,887) |
| **Balance - end of year** | $ 448,188 |

In addition, the Diocese holds assets under a split-interest agreement consisting of charitable remainder trust for which the Diocese serves as the trustee. The agreement provides for payments to stipulated beneficiaries of income earned on related investments. Assets held under this agreement are included in investments. A portion of the contributed assets is considered to be a charitable contribution for income tax purposes for the donor and has been recognized as a contribution by the Diocese at the date of gift. As trustee, the Diocese has recorded a liability for the present value of the estimated future payments expected to be made to the beneficiaries which approximates the fair value of the trust assets allocable to the annuitants. The liability is adjusted during the term of the agreement for changes in the estimates of future payments and life expectancies. Such adjustments are reported as change in value of split-interest agreements on the consolidated statement of activities. At June 30, 2016, the amount of the Diocese's obligation under this split-interest agreement totaled $329,689.

### Property, Buildings and Equipment

Property acquisitions and improvements are stated at cost, or in the case of donations, at fair value as determined on the date of gift. Additions and improvements that exceed $2,500 and with useful lives greater than five years are capitalized and depreciated on a straight-line basis over the following estimated useful lives:

| | |
|---|---|
| Furniture and fixtures | 10 years |
| Vehicles, computers and other equipment | 5 - 12 years |
| Buildings and related improvements | 30 - 40 years |
| Land improvements | 30 years |

Repairs and maintenance are charged to expense as incurred. Property acquired under capital lease arrangements is capitalized and amortized over the useful life of the related asset or the lease term, whichever is shorter.

**Contributions**

Contributions, including unconditional promises to give, are reported as revenues in the period received. Unconditional promises to give in greater than one year are discounted to reflect the present value of future cash flows using a credit adjusted discount rate assigned in the year the respective pledge originates. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any. An allowance for uncollectible contributions receivable is provided in the net asset class in which the contribution receivable resides based on an assessment of the creditworthiness of the respective donor. Contributions are written-off when determined to be uncollectible. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Contributed services are recognized in the financial statements if they enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. General volunteer services do not meet this criteria for recognition.

**Cemetery Inventory**

Cemetery inventory, which represents the cost of each unsold space, is stated at the lower of cost (computed based on the allocation of total costs incurred in the construction of the mausoleums) or market. As sales are made, inventory is reduced by the cost of the space sold.

**Cemeteries Revenues**

The Catholic cemeteries of the Diocese sell rights to interment and entombment on retail installment contracts generally of not more than one year’s duration, without interest. Revenues from these sales are recognized upon the date of sale. Other revenues generated from sales of cemetery merchandise and services are deferred until the merchandise is delivered or the services are performed, at which time they are fully earned.

A portion of revenue from sales is invested and together with the investment income therefrom is available for perpetual care and maintenance of cemetery properties. In addition, owners of private property improvements (private mausoleums, estate walls, etc.) at the cemeteries provide revenue that is held in trust by the Diocese and invested in perpetuity and together with the investment income therefrom is available for care and maintenance of the property improvements.

**Deferred Revenue**

Funds that are received from related entities in advance for medical insurance premiums for future periods are reflected as deferred revenue on the consolidated statement of financial position and are subsequently reflected in the consolidated statement of activities during the period in which they apply and are earned.

**Deferred Revenue - Life Use Fees and Rental Income**

The Diocese operates certain homes for life use and rental properties for elderly residents (Teresian Towers and Carmel Ridge Estates) in which a resident enters into a residency agreement requiring the payment of a one-time life use fee and a monthly service fee. These fees are exclusively for the costs of occupancy of the residential unit for life and no portion of the fee is allocated for medical care or services for the resident. The life use fee is refundable at a rate of 10% per annum from the date the resident is entitled to occupancy under the agreement to the date the unit is vacated by the resident. Teresian Towers also provides other senior living options that operate under operating lease agreements that do not require payment of a life use fee and are recorded as rental income in the period earned.

Life use fees paid by the resident upon executing a residency agreement are recorded as deferred revenue and amortized into rental income based on the longer of the actuarially determined remaining estimated life of the respective resident or the remaining refundable term under the executed contract. Monthly service fees include resident maintenance fees and are recognized as part of rental income in the month in which they are earned.

**Conditional Asset Retirement Obligations**

The Diocese has conditional asset retirement obligations ("CARO") for asbestos materials and underground storage tanks associated with buildings it owns. Those obligations are defined as legal obligations associated with the eventual retirement of tangible long-lived assets in which the timing and/or the method of settlement is conditional on a future event that may or may not be within the control of the Diocese. The present value of those obligations and the resulting accretion expense, together with the related asset retirement cost capitalized, accumulated depreciation and depreciation expense, are recognized in the consolidated financial statements. As of June 30, 2016, the CARO liability totaled $5,865,267. For the eighteen month period ended June 30, 2016, accretion of interest related to these obligations totaled $498,698. Additionally, as of June 30, 2016, included in buildings and improvements are capitalized conditional asset retirement obligations at a cost of $264,499 and accumulated depreciation of $227,227.

**Functional Expense Allocation**

Expenses are charged directly to Diocesan program services, management and general, and stewardship and development based on specific identification, to the extent practicable. Expenses related to more than one function have been allocated using reasonable ratios, as determined by management, amongst the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with a specific function, but provide for the overall support and direction of the Diocese.

**New Accounting Standard**

ASC Topic 820, Fair Value Measurements, permits a reporting entity, as a practical expedient, to measure the fair value of certain investments using a net asset value ("NAV") per share of the investment, or its equivalent. In May 2015, the FASB issued Accounting Standard Update ("ASU") 2015-07, *Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)*, which removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the NAV per share practical expedient. The amendments in this update are effective for fiscal years beginning after December 15, 2016. The reporting entity is required upon adoption to apply the amendments retrospectively to all periods presented.

The Diocese early adopted ASU 2015-07 effective January 1, 2015. The adoption of this new guidance by the Diocese only amended disclosure requirements and did not have an impact on the Diocese's consolidated financial statements for the period presented.

**Use of Estimates**

The preparation of the consolidated financial statements in conformity with US GAAP 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 consolidated statement of financial position and the reported amounts of revenues and expenses during the reporting period. The most significant management judgments and estimates used in the preparation of the accompanying consolidated financial statements relate to the determination of depreciation and accretion expense, the reported fair value of certain financial instruments, the actuarial assumptions used to determine the reserves for self-insurance, liability for pension and other postretirement benefits, and deferred revenue associated with residence life use fees, provision for operating accruals and the collectability of amounts due from related Diocesan entities and contributions receivable. Actual results could differ from those estimates.

**Concentration of Market and Credit Risks**

Cash, cash equivalents and investments are exposed to interest rate, market, and credit risks. The Diocese maintains its cash and cash equivalents in various bank deposit accounts that, at times, may exceed federally insured limits. To minimize risk, the Diocese's cash accounts are placed with high-credit quality financial institutions, and the Diocese's investment portfolio is diversified with several investment managers in a variety of asset classes. The Diocese regularly evaluates its depository arrangements and investments, including performance thereof.

**Income Taxes**

The Diocese recognizes an individual tax position in its consolidated financial statements based upon whether the tax position is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The Diocese has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; determine its filing and tax obligations in jurisdictions for which it has nexus; and, to review other matters that may be considered tax positions. As of June 30, 2016, management has determined that the Diocese has no material uncertain tax positions that would require recognition or disclosure in its consolidated financial statements.

In an annually updated ruling, the Internal Revenue Service has held that agencies, instrumentalities and educational, charitable, and religious institutions operated, supervised, or controlled by or in connection with the Roman Catholic Church in the United States, its territories or possessions appearing in "The Official Catholic Directory" are exempt from federal income tax under provisions of Section 501(c)(3) of the Internal Revenue Code. The Diocese is listed in "The Official Catholic Directory" and therefore is exempt from income tax. Accordingly, the accompanying consolidated financial statements reflect no provision for income taxes.

**Subsequent Events**

The Diocese evaluated its June 30, 2016 consolidated financial statements for subsequent events through February 10, 2017, the date the consolidated financial statements were available to be issued. The Diocese is not aware of any material subsequent events which would require recognition or disclosure in the accompanying consolidated financial statements, except as disclosed in Notes 4 and 16.

## 3. CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable, net, consist of the following unconditional promises to give at June 30, 2016:

| | |
|---|---|
| Amounts expected to be collected in: | |
| Less than one year | $ 2,307,628 |
| One to two years | 695,250 |
| | 3,002,878 |
| Less: Provision for doubtful accounts | (188,584) |
| | $ 2,814,294 |

As of June 30, 2016, the Diocese has received notification of certain intentions to give. However, due to their conditional nature, these gifts have not been reflected on the accompanying financial statements.

## 4. NOTE RECEIVABLE

During November 2013, the Diocese sold approximately 45 acres of land located in Easton, Connecticut for $1,750,000. The sales agreement required the Diocese to issue a mortgage note to the borrower for $1,550,000, which matures in November 2016. Monthly principal payments of $25,000 plus interest at 2% were due during 2013 and 2014. Thereafter, monthly principal payments of $20,000 plus interest at 2% are due until November 2016, at which time the note receivable matures and a balloon payment of $790,000 is due. The note is secured by a security interest in real property located in Easton, Connecticut. As of June 30, 2016, the outstanding note receivable totaled $886,524. The outstanding balance was paid upon maturity in November 2016.

## 5. DUE FROM RELATED DIOCESAN ENTITIES, NET

Due from related Diocesan entities, net, consists of the following at June 30, 2016:

| | |
|---|---|
| Parishes | $ 8,371,297 |
| Schools | 22,403,865 |
| Other | 578,481 |
| | 31,353,643 |
| Less: Provision for doubtful accounts | (27,952,060) |
| | $ 3,401,583 |

A significant portion of amounts due from related Diocesan entities has accumulated over several years and relates to financial transactions with related Diocesan entities. Such transactions include billings for Cathedtraticum, employee benefits, insurance premiums, pension premiums as well as advances made to such entities that are in financial need.

## 6. INVESTMENTS, AT FAIR VALUE

As of June 30, 2016, investments, at fair value, by fair value hierarchy level, consist of the following:

| Description | Level 1 | Level 3 | Total |
|---|---|---|---|
| Money market funds | $ 4,120,986 | $ - | $ 4,120,986 |
| Common stocks | 352,917 | - | 352,917 |
| Equity mutual funds | 1,054,065 | - | 1,054,065 |
| Multi-strategy mutual funds | 486,404 | - | 486,404 |
| Exchange traded funds | 586,845 | - | 586,845 |
| Bond mutual funds | 1,135,241 | - | 1,135,241 |
| Catholic Umbrella Pool | - | 416,505 | 416,505 |
| Total investments, at fair value | $ 7,736,458 | $ 416,505 | $ 8,152,963 |

The following table summarizes the changes in the Diocese's Level 3 investments for the eighteen month period ended June 30, 2016:

| | Catholic Umbrella Pool |
|---|---|
| **Balance - beginning of year** | $ 572,111 |
| Net depreciation of investments | (58,050) |
| Purchases | - |
| Distributions | (97,556) |
| **Balance - end of year** | $ 416,505 |

Investment loss, net, consists of the following for the eighteen month period ended June 30, 2016:

| | |
|---|---|
| Interest and dividends | $ 406,019 |
| Net depreciation in fair value of investments | (480,861) |
| Investment fees | (71,197) |
| | $ (146,039) |

## 7. PROPERTY, BUILDINGS AND EQUIPMENT, NET AND PROPERTY HELD FOR SALE

Property, buildings and equipment, net, consist of the following at June 30, 2016:

| | |
|---|---|
| Furniture and fixtures | $ 2,703,411 |
| Vehicles, computers and other equipment | 3,858,795 |
| Buildings and improvements | 59,394,500 |
| | 65,956,706 |
| Less: Accumulated depreciation | (47,996,538) |
| | 17,960,168 |
| Construction in progress | 2,484,412 |
| Land improvements | 1,754,217 |
| Land | 16,440,018 |
| Property, buildings and and equipment, net | $ 38,638,815 |
| Property held for sale | $ 650,000 |

Certain land and buildings owned by the Diocese, with a net book value of $15,233,509 at June 30, 2016, are made available to Diocesan high schools, elementary schools and the middle school for their use, free of rent. In addition, land and buildings owned by the Diocese with a net book value of $997,267 at June 30, 2016 are leased to Sacred Heart University through April 30, 2080, with Sacred Heart University paying for all utilities, maintenance and repairs, and insurance, in exchange for tuition credits, which totaled approximately $358,000 for 2016. The tuition credits are utilized by teachers in Diocesan schools seeking advanced degrees and by Diocesan seminarians seeking undergraduate degrees or individual courses.

In February 2015, the Diocese sold and closed on a parcel of vacant land located in Bethel, CT for approximately $2.2 million (net of closing costs), which resulted in a gain of approximately $2.1 million. Of the sale proceeds received, $1,648,006 was paid by the Diocese to the Knights of Columbus to reduce the principal balance on its note payable.

In January 2015, the Diocese entered into an agreement to sell a vacant land property located in Shelton, CT for $650,000. The sale was delayed and closed in August 2016. The Diocese has recorded an expected loss of disposal of approximately $307,000 in the accompanying consolidated statement of activities. As of June 30, 2016, this property been classified as held for sale in the Diocese's accompanying consolidated statement of financial position.

## 8. BENEFICIAL INTEREST IN ASSETS HELD BY FAITH IN THE FUTURE

As described in Note 1, Faith in the Future was established to raise, manage and disburse funds raised by the Faith in the Future Endowment Campaign of the Roman Catholic Diocese of Bridgeport. The campaign purposes were to create a permanent endowment to support Catholic education, vocation and seminary education, priests' residence and retirement fund and Diocesan ministries and programs which benefit Diocesan regional high schools, elementary schools and BRCDC. Faith in the Future and BRCDC are considered to be financially interrelated under US GAAP as both entities are under common control of the Bishop of the Diocese of Bridgeport and BRCDC is the beneficiary of certain endowment funds held by Faith in the Future. Accordingly, BRCDC records its respective interest in the assets of Faith in the Future and the change in its interest using a method similar to the equity method of accounting. As of June 30, 2016, BRCDC has recorded a beneficial interest in assets held by Faith in the Future of $8,766,385 on the accompanying consolidated statement of financial position.

## 9. DUE TO RELATED DIOCESAN ENTITIES

Amounts due to related Diocesan entities consist of the following at June 30, 2016:

| | |
|---|---|
| Catholic Charities | $ 1,232,347 |
| The Catholic Academy of Bridgeport Inc. | 345,775 |
| Bridgeport Diocesan schools for scholarship funds | 945,000 |
| Other related entities | 29,112 |
| | $ 2,552,234 |

## 10. NOTES PAYABLE

In October 2011, the Diocese obtained a $15,000,000 loan from the Knights of Columbus that is secured by certain properties and other assets of the Diocese. Under the terms of the original loan agreement, monthly payments of interest only (at 5% per annum) are payable through December 2016. Monthly payments of principal and interest would commence in January 2017 and continue through the maturity date on December 1, 2031. In January 2016, the loan was amended which reduced the interest rate to 4.49% per annum, extended the interest only payment period for one year (i.e. through December 2017) and released certain assets previously held as collateral for the loan agreement. As of June 30, 2016, the outstanding balance under the loan totaled $8,316,905.

Scheduled payments due on notes payable at June 30, 2016 are as follows:

| | |
|---|---|
| 2017 | $ - |
| 2018 | 213,344 |
| 2019 | 441,302 |
| 2020 | 461,529 |
| 2021 | 482,684 |
| Thereafter | 6,718,046 |
| Total | $ 8,316,905 |

## 11. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or time periods at June 30, 2016:

| | |
|---|---|
| Purpose restrictions | |
| Queen of Clergy priest expansion | $ 723,554 |
| St. John Fisher Seminary capital improvements and other | 1,067,876 |
| Education grants | 149,110 |
| Diocesan programs | 635,328 |
| Newman Center - ministry programs | 140,029 |
| World Youth Day | 223,750 |
| Social media | 180,100 |
| Bishop's Scholarship Fund | 1,516,426 |
| Catholic Leadership Institute | 140,625 |
| Other | 86,927 |
| Total purpose restrictions | 4,863,725 |
| Time restrictions | |
| Contributions receivable | 1,892,451 |
| Accumulated gains and income on donor-restricted endowment assets restricted until appropriation | 80,059 |
| Total time restrictions | 1,972,510 |
| Total temporarily restricted net assets | $ 6,836,235 |

Net assets were released from restrictions by incurring expenses satisfying the following purpose or time restrictions for eighteen month period ended June 30, 2016:

| | |
|---|---|
| Purpose restrictions | $ 1,145,464 |
| Time restrictions | 239,576 |
| Total net assets released from restrictions | $ 1,385,040 |

## 12. PERMANENTLY RESTRICTED NET ASSETS AND ENDOWMENT

Permanently restricted net assets at June 30, 2016 consist of assets that have been restricted by donors to be invested in perpetuity to provide a permanent source of income. Such income is primarily restricted for vocations, seminarian education, religious education and support of Diocesan high schools and elementary schools.

The Diocese's donor-restricted (gifted) endowment consists of two (2) individual funds established for a variety of purposes; it excludes beneficial interest in perpetual trust held by other. 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 Connecticut Prudent Management of Institutional Funds Act ("CTPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund, 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 its permanent endowment, (b) the original value of subsequent gifts to its permanent endowment, and (c) accumulations to its 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 such amounts are appropriated for expenditure by the Diocese in a manner consistent with the standard of prudence prescribed by CTPMIFA. In accordance with CTPMIFA, the Diocese considers the following factors in making a determination to appropriate for expenditure or accumulate donor-restricted endowment funds:

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

### Return Objectives and Risk Parameter

The Diocese has adopted an investment policy for endowment assets with the objective of achieving investment results over the long-term that compare favorably with those of other endowments, professionally managed portfolios and appropriate benchmark indices. All investments are invested in accordance with the investment policy.

### Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Diocese engages professional investment advisors and has adopted a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Consistent with that strategy, the Diocese targets a diversified asset allocation emphasizing long-term investment performance and targets 55% to equity-type investments, 14% to fixed income, 23% to alternatives and 8% to real assets.

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

The Diocese has adopted a spending policy that allows for up to 4.0% of the average quarterly ending fair value of its endowment funds over the preceding twelve quarters to be used in support of operations. This is consistent with the Diocese's objective to maintain the purchasing power of its endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

The following tables summarize the Diocese's total return on endowment investments and the changes in endowment net assets, excluding beneficial interest in perpetual trust held by others of $448,188 and beneficial interest in assets held by Faith in the Future of $8,766,385, as of and for the eighteen month period ended June 30, 2016:

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| Donor-restricted endowment funds | $ - | $ 80,059 | $ 437,404 | $ 517,463 |

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| **Endowment net assets - beginning of year** | $ - | $ 88,078 | $ 437,404 | $ 525,482 |
| Investment return | | | | |
| Interest and dividends | - | 12,772 | - | 12,772 |
| Net depreciation of investments | - | (17,654) | - | (17,654) |
| Investment fees | - | (3,137) | - | (3,137) |
| Total investment return | - | (8,019) | - | (8,019) |
| Contributions | - | - | - | - |
| Appropriation of endowment assets | - | - | - | - |
| **Endowment net assets - end of year** | $ - | $ 80,059 | $ 437,404 | $ 517,463 |

**Funds with Deficiencies**

From time to time, the fair value of investments associated with donor-restricted endowment funds may fall below the level that the donor or CTPMIFA requires the Diocese to retain as a fund of perpetual duration. In accordance with US GAAP, such amounts would be charged to unrestricted net assets. Subsequent investment earnings on such funds which restore the fair value of individual endowment funds back to their original corpus value are reported in unrestricted net assets, with earnings in excess of this amount reported in temporarily restricted net assets. As of June 30, 2016, there were no endowment funds below their historical dollar value.

## 13. DEFINED BENEFIT PLANS

**Bridgeport Diocesan Pension Plan - Lay**

The Bridgeport Diocesan Pension Plan - Lay ("Lay Plan") is a non-contributory, defined benefit pension plan qualified under IRS regulations. The Lay Plan covers lay employees of the Diocese and other Diocesan entities who worked at least 20 hours per week and met the eligibility requirements of three years of continuous service and 30 years of age on or before July 2, 2008. Effective July 31, 2010, pension benefits under the plan were frozen. No additional benefits will be earned by participants for services rendered after that date. Pension benefits are based on years of service and average compensation over a five-year period during the last ten years of employment prior to July 31, 2010. Plan assets are held in trust by a third-party trustee.

The following tables provide a reconciliation of the changes in the Lay Plan's funded status to the benefit obligation recorded on the consolidated statement of financial position at June 30, 2016:

| | |
|---|---|
| Change in projected benefit obligation | |
| Projected benefit obligation at beginning of year | $ 184,217,608 |
| Service cost | 262,350 |
| Interest cost | 10,636,068 |
| Actuarial loss | 972,124 |
| Benefits paid | (13,899,602) |
| Projected benefit obligation at end of fiscal year | $ 182,188,548 |
| Change in fair value of plan assets | |
| Fair value of plan assets at beginning of year | $ 85,543,561 |
| Actual return (loss) on plan assets | (2,792,584) |
| Benefits paid | (13,899,602) |
| Plan sponsor contributions | 4,477,684 |
| Fair value of plan assets at end of fiscal year | $ 73,329,059 |
| Unfunded status (liability) | $ 108,859,489 |
| Accumulated benefit obligation | $ 137,056,050 |

The Diocese expects that the funding shortfall in the Lay Plan will be managed through future contributions to the plan from the Diocese and other Diocesan entities over the remaining lives of current and future retirees included in the plan.

Cumulative amounts recognized in changes in unrestricted net assets and not yet recognized in net periodic benefit cost as of June 30, 2016 consist of:

| | |
|---|---|
| Net loss | $ 61,777,208 |

Net periodic benefit cost for the Lay Plan includes the following components during the eighteen month period ended June 30, 2016:

| | |
|---|---|
| Service cost | $ 262,350 |
| Interest cost | 10,636,068 |
| Expected return (loss) on plan assets | (7,881,179) |
| Amortization of actuarial loss | 8,682,666 |
| Net periodic benefit cost | $ 11,699,905 |

Amounts recognized in changes in unrestricted net assets during the eighteen month ended June 30, 2016 consist of:

| | |
|---|---|
| Actuarial loss | $ 11,645,887 |
| Amortization of actuarial loss | (8,682,666) |
| Pension related-activity other than net periodic benefit cost | $ 2,963,221 |

The estimated actuarial loss that will be amortized into net periodic benefit cost during the fiscal year ending June 30, 2017 is $8,693,692.

**Assumptions**

Weighted-average assumptions used to determine the benefit obligation at June 30, 2016 are as follows:

| | |
|---|---|
| Discount rate | 3.75% |
| Rate of compensation increase | N/A |

Weighted-average assumptions used to determine net periodic benefit cost for the eighteen month period ended June 30, 2016 are as follows:

| | |
|---|---|
| Discount rate | 4.00% |
| Expected long-term return on plan assets | 6.50% |
| Rate of compensation increase | N/A |

**Contributions**

The Diocese expects to contribute approximately $2,848,000 to the Lay Plan during the fiscal year ending June 30, 2017.

### Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

| Fiscal year ending June 30, | |
|---|---|
| 2017 | $ 9,910,185 |
| 2018 | 10,165,054 |
| 2019 | 10,427,466 |
| 2020 | 10,703,393 |
| 2021 | 10,930,446 |
| 2022 to 2026 | 55,868,478 |

### Plan Assets

Asset management objectives include maintaining an adequate level of diversification to reduce interest rate and market risk while also providing adequate liquidity to meet benefit payment requirements.

The Diocese's long-term investment objective is to achieve the actuarial target return, maintain sufficient liquidity to meet the obligations of the plan, diversify the investments to reduce risk, and achieve investment results over the long-term that compare favorably with those of other pension plans, professionally-managed portfolios and appropriate benchmark indices. Consistent with this long-term objective, the composition of plan investments is managed within a range that targets the following allocations by asset type:

| Asset Class | Minimum | Target | Maximum |
|---|---|---|---|
| Equities | 45.00% | 55.00% | 65.00% |
| Fixed income | 14.00% | 14.00% | 50.00% |
| Cash equivalents | 0.00% | 0.00% | 10.00% |
| Absolute return | 0.00% | 23.00% | 30.00% |
| Real assets | 0.00% | 8.00% | 15.00% |

The Diocese's Investment Committee regularly reviews the plan assumptions, asset allocation and performance of the investments in the Lay Plan.

The expected rate of return on pension plan assets is determined by those assets' historical long-term investment performance, current asset allocation and estimates of future long-term returns by asset class.

The following table prioritizes the inputs used to measure and report the fair value of the Diocese's Lay Plan assets at June 30, 2016:

| Description | Level 1 | Net Asset Value | Total |
|---|---|---|---|
| Cash equivalents | $ 1,199,188 | $ - | $ 1,199,188 |
| Common stocks | 23,112,118 | - | 23,112,118 |
| Preferred stocks | 258,600 | - | 258,600 |
| Equity mutual funds | 21,555,538 | - | 21,555,538 |
| Multi-strategy mutual funds | 2,882,807 | - | 2,882,807 |
| Exchange traded funds | 8,395,490 | - | 8,395,490 |
| Bond mutual funds | 15,389,431 | - | 15,389,431 |
| Limited partnership | - | 535,887 | 535,887 |
| Total Lay Plan investments | $ 72,793,172 | $ 535,887 | $ 73,329,059 |

The Diocese's pension plan weighted-average asset allocation at June 30, 2016 by asset category follows:

| | |
|---|---|
| Common stocks | 32.00 % |
| Equity mutual funds | 29.00 |
| Bond mutual funds | 21.00 |
| Exchange traded funds | 11.00 |
| Multi-strategy mutual funds | 4.00 |
| Other | 3.00 |
| Total | 100.00 % |

The Diocese uses, as a practical expedient for fair value, an NAV per share or its equivalent for purposes of valuing certain investments which: (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company, as defined by ASC Topic 740. The following table lists such investments by major category as of June 30, 2016:

| Type | Strategy | NAV in Funds | # of Funds | Remaining Life | $ Amount of Unfunded Commitments | Redemption Terms | Redemption Restrictions |
|---|---|---|---|---|---|---|---|
| Limited partnership | Generate long-term capital appreciation through investments in equity and debt obligations of undervalued entities. | $ 535,887 | 1 | February 26, 2020, unless dissolved earlier or extended in accordance with partnership agreement. | $ - | No ability to be redeemed | No ability to be redeemed |
| | | $ 535,887 | | | $ - | | |

**Diocese of Bridgeport Retirement Plan for Priests**

The Diocese of Bridgeport Retirement Plan for Priests ("Priest Plan") is a non-contributory, defined benefit plan qualified under IRS regulations. The Priest Plan covers Diocesan priests with pension benefits provided at a uniform monthly amount that has been increased from time to time, most recently effective January 1, 2015, to increase the monthly retirement benefit from $1,900 to $2,000 for all active and retired priests. Plan assets are held by a third-party trustee.

The following tables provide a reconciliation of the changes in the Priest Plan's funded status to the benefit obligation recorded in the consolidated statement of financial position at June 30, 2016:

| | |
|---|---|
| Change in projected benefit obligation | |
| Projected benefit obligation at beginning of year | $ 24,699,414 |
| Service cost | 867,441 |
| Interest cost | 1,508,579 |
| Actuarial gain | (158,475) |
| Benefits paid | (2,070,862) |
| Projected benefit obligation at end of year | $ 24,846,097 |
| | |
| Change in fair value of plan assets | |
| Fair value of plan assets at beginning of year | $ 17,745,724 |
| Actual return on plan assets | (475,856) |
| Benefits paid | (2,070,862) |
| Plan sponsor contributions | 732,192 |
| Fair value of plan assets at end of year | $ 15,931,198 |
| | |
| Unfunded status (liability) | $ 8,914,899 |
| | |
| Accumulated benefit obligation | $ 24,846,097 |

Cumulative amounts recognized in changes in unrestricted net assets and not yet recognized in net periodic benefit cost as of June 30, 2016 consist of:

| | |
|---|---|
| Net loss | $ 6,904,648 |
| Unrecognized prior service cost | 1,444,162 |
| | $ 8,348,810 |

Net periodic benefit cost for the Priest Plan includes the following components during the eighteen month period ended June 30, 2016:

| | | |
|---|---|---|
| Service cost | $ | 867,441 |
| Interest cost | | 1,508,579 |
| Expected return on plan assets | | (1,664,948) |
| Amortization of unrecognized prior service cost | | 171,976 |
| Amortization of unrecognized of net loss | | 240,116 |
| Net periodic benefit cost | $ | 1,123,164 |

Amounts recognized in changes in unrestricted net assets for the eighteen month period ended June 30, 2016 consist of:

| | | |
|---|---|---|
| Net loss | $ | 1,982,329 |
| Prior service cost | | - |
| Amortization of unrecognized net loss | | (240,116) |
| Amortization of prior service cost | | (171,970) |
| Pension related-activity other than net periodic benefit cost | $ | 1,570,243 |

The estimated actuarial loss and unrecognized prior service cost that will be amortized into net periodic benefit cost during the fiscal year ending June 30, 2017 is $250,853 and $114,651, respectively.

**Assumptions**

Weighted-average assumptions used to determine the benefit obligation at June 30, 2016 are as follows:

| | |
|---|---|
| Discount rate | 3.90% |
| Rate of compensation increase | N/A |

Weighted-average assumptions used to determine net periodic benefit cost for the eighteen month period ended June 30, 2016 are as follows:

| | |
|---|---|
| Discount rate | 4.25% |
| Expected long-term return on plan assets | 6.50% |
| Rate of compensation increase | N/A |

**Contributions**

The Diocese expects to contribute approximately $635,000 to the Priest Plan during the fiscal year ending June 30, 2017.

**Estimated Future Benefit Payments**

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

| Year ending June 30, | |
|---|---|
| 2017 | $ 1,523,292 |
| 2018 | 1,537,759 |
| 2019 | 1,571,689 |
| 2020 | 1,564,282 |
| 2021 | 1,537,144 |
| 2022 to 2026 | 7,162,881 |

**Plan Assets**

Asset management objectives include maintaining an adequate level of diversification to reduce interest rate and market risk while also providing adequate liquidity to meet benefit payment requirements.

The Diocese’s long-term investment objective is to achieve the actuarial target return, maintain sufficient liquidity to meet the obligations of the plan, diversify the investments to reduce risk, and achieve investment results over the long-term that compare favorably with those of other pension plans, professionally-managed portfolios and appropriate benchmark indices. Consistent with this long-term objective, the composition of plan investments is managed within a range that targets the following allocations by asset type:

| Asset Class | Minimum | Target | Maximum |
|---|---|---|---|
| Equities | 45.00% | 64.00% | 80.00% |
| Fixed income | 14.00% | 20.00% | 50.00% |
| Cash equivalents | 0.00% | 2.00% | 20.00% |
| Absolute return | 0.00% | 4.00% | 30.00% |
| Real assets | 0.00% | 10.00% | 15.00% |

The Diocese’s Investment Committee regularly reviews the plan assumptions, asset allocation and performance of the investments in the Priest Plan.

The expected rate of return on pension plan assets is determined by those assets’ historical long-term investment performance, current asset allocation and estimates of future long-term returns by asset class.

As of June 30, 2016, the Diocese's Priest Plan assets, that are classified as Level 1 within the fair value hierarchy, consist of the following:

| Description | Total |
|---|---|
| Cash equivalents | $ 303,463 |
| Common stocks | 7,384,798 |
| Equity mutual funds | 2,322,252 |
| Multi-strategy mutual funds | 832,641 |
| Exchange traded funds | 1,753,347 |
| Bond mutual funds | 3,334,697 |
| | $ 15,931,198 |

The Diocese's pension plan weighted-average asset allocations at June 30, 2016 by asset category follows:

| | |
|---|---|
| Common stocks | 46.00 % |
| Bond mutual funds | 21.00 |
| Equity mutual funds | 15.00 |
| Exchange traded funds | 11.00 |
| Multi-strategy mutual funds | 5.00 |
| Other | 2.00 |
| Total | 100.00 % |

**Former Pension Plan for Priests**

The Diocese also provides pension benefits to priests under a plan that was superseded by the Priest Plan who were retired before adoption of the Priest Plan and were not eligible to participate due to their advanced ages when the Priest Plan was adopted. The present value of the estimated obligation to these priests total $191,847 determined using a discount rate of 3.9% at June 30, 2016 and is included in pension and other postretirement benefit obligations in the accompanying consolidated statement of financial position. Pension payments were approximately $90,000 for the eighteen month period ended June 30, 2016. The obligation is unfunded. The actuarial gain together with interest on this obligation is recorded as a reduction of other pension expense for priests and totaled $21,548 for the eighteen month period ended June 30, 2016.

**Bridgeport Diocesan Cash Balance Plan**

The Bridgeport Diocesan Cash Balance Plan ("BDCBP") is a non-contributory, defined benefit pension plan qualified under IRS regulations. The BDCBP covered lay employees of the Diocese and other Diocesan entities who worked at least 20 hours per week, met eligibility requirements of three years of continuous service and 30 years of age on or after July 3, 2008 and on or before July 31, 2010. Pension benefits were based on individual participant's pension accounts that are credited with an annual contribution at a percentage of the participant's compensation based on years of service as a participant in the plan and with interest credits at the 30-year U.S. Treasury securities rate plus 1%. Effective July 31, 2010, participation in the plan was frozen and no additional benefits would be earned in the plan by participants for services rendered after that date. The plan was funded, terminated and participants' pension account balances, totaling $214,248, transferred to individual accounts within the Diocesan defined contribution 401(a) thrift plan during March 2016, discussed further in the following note.

## 14. DEFINED CONTRIBUTION PLANS

The Diocese maintains a defined contribution 401(a) thrift plan covering all lay employees of the Diocese and other Diocesan entities working at least 30 hours per week who meet the eligibility requirements of one year of service and 21 years of age. Contributions are based on years of service to Diocesan entities, including years of service prior to August 1, 2010 at rates of 3%, 5% or 7%, with certain long serving employees at August 1, 2010 at rates of 10% or 13%. This plan was amended as of July 1, 2015 increasing eligibility for hours worked to 30 hours per week and modifying contributions to 3% and 5% after the one year eligibility period. The Diocese's contributions totaled approximately $428,000 for the eighteen month period ended June 30, 2016.

The Diocese also provides for a non-contributory 403(b) salary reduction plan for all employees who wish to participate. The Diocese does not make employer contributions to the 403(b) plan.

## 15. POSTRETIREMENT PRIESTS' MEDICAL AND DENTAL PLAN

The Diocese provides a postretirement medical and dental benefits plan for retired priests on an unfunded basis through insurance purchased annually from a third-party. The following provides further information about the priests' postretirement medical and dental plan.

The following table provides a reconciliation of the changes in the priests' postretirement medical and dental funded status to the benefit obligation recorded in the consolidated statement of financial position at June 30, 2016:

| | |
|---|---|
| Change in projected benefit obligation | |
| Accumulated benefit obligation at beginning of year | $ 13,309,969 |
| Service cost | 609,338 |
| Interest cost | 797,600 |
| Actuarial gain | (1,456,253) |
| Benefits paid | (653,531) |
| Accumulated benefit obligation at end of year | $ 12,607,123 |

Cumulative amounts recognized in changes in unrestricted net assets and not yet recognized in net periodic benefit cost as of June 30, 2016 consist of:

| | |
|---|---|
| Net loss | $ 3,706,515 |
| Transition obligation | 1,560,000 |
| Prior service cost | 285,000 |
| | $ 5,551,515 |

Net periodic benefit cost for the priest postretirement medical and dental plan includes the following components during the eighteen month period ended June 30, 2016:

| | | |
|---|---|---|
| Service cost | $ | 609,338 |
| Interest cost | | 797,600 |
| Amortization of actuarial loss | | 269,191 |
| Amortization of transition obligation | | 292,500 |
| Amortization of prior service cost | | 54,000 |
| Net periodic benefit cost | $ | 2,022,629 |

Amounts recognized in changes in unrestricted net assets for the eighteen month period ended June 30, 2016 consist of:

| | | |
|---|---|---|
| Actuarial gain | $ | (1,456,253) |
| Amortization of actuarial loss | | (269,191) |
| Amortization of transition obligation | | (292,500) |
| Amortization of prior service cost | | (54,000) |
| Pension related-activity other than net periodic benefit cost | $ | (2,071,944) |

The estimated net loss, transition obligation and prior service cost for the Diocese's priests' postretirement medical and dental plan that will be amortized into net periodic benefit cost over the next fiscal year are $127,919, $195,000 and $36,000, respectively.

**Assumptions**

Weighted-average assumptions used to determine the benefit obligation at June 30, 2016 are as follows:

| | |
|---|---|
| Discount rate | 3.90% |
| Health-cost trend rate assumed for next year | 6.50% |
| Ultimate health-care cost trend rate | 5.00% |
| Year ultimate health-care cost trend rate is achieved | 2019 |

Weighted-average assumptions used to determine net periodic benefit cost for the eighteen month period ended June 30, 2016 are as follows:

| | |
|---|---|
| Discount rate | 4.00% |
| Health-care cost trend rate assumed for next year | 6.50% |
| Ultimate health-care cost trend rate | 5.00% |

As of and for the eighteen month period ended June 30, 2016, the effect of a 1% change in the health care cost trend rate is as follows:

| | 1% Increase | 1% Decrease |
|---|---|---|
| Effect on net periodic benefit cost | $ 239,612 | $ (173,126) |
| Effect on accumulated benefit obligation | 2,585,381 | (1,985,027) |

**Estimated Future Benefit Payments**

The following benefit payments, which reflect future service, as appropriate, are expected to be paid as follows:

| Year ending June 30, | |
|---|---|
| 2017 | $ 468,161 |
| 2018 | 467,122 |
| 2019 | 486,921 |
| 2020 | 515,319 |
| 2021 | 532,640 |
| 2022 to 2026 | 2,846,925 |

**Contributions**

Because the priests' postretirement medical and dental plan is unfunded, the future benefit payments also represent the expected contributions to the plan for that year.

## 16. CONTINGENCIES

The Diocese is a defendant in various lawsuits relating to claims where plaintiffs are seeking to recover damages, some of which might be covered by insurance. The resolution of these lawsuits is at present uncertain, but the Diocese does not believe the outcomes of which will materially impact its consolidated financial statements. As of June 30, 2016, the Diocese has recorded certain reserves with respect to such matters.

The Diocese has unconditionally guaranteed in the event of default, loans from banks to other Diocesan entities principally related to the construction of facilities. At June 30, 2016, the aggregate balances outstanding on these loans, which the Diocese has guaranteed, approximated $3,623,000. Management is currently not aware of any defaults or circumstances that would require the Diocese to perform under such guarantees and as such, no loss provision has been recognized as of June 30, 2016. Subsequent to June 30, 2016, an additional $725,000 was loaned by the Knights of Columbus to a Diocesan high school for capital improvements. The Diocese has guaranteed the loan which is also secured with real assets.

# SUPPLEMENTARY INFORMATION

# THE BRIDGEPORT ROMAN CATHOLIC DIOCESAN CORPORATION AND AFFILIATE
## Consolidating Schedule of Financial Position
### As of June 30, 2016

| | Diocesan Operations | Employee Benefits and Insurance Programs | Cemeteries Operations | Teresian Towers and Carmel Ridge Estates | St. Joseph High School Properties | Eliminations | Total |
|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | |
| Cash and cash equivalents | $ 14,485,605 | $ 2,121,923 | $ 264,717 | $ 1,245,753 | $ 350,000 | $ - | $ 18,467,998 |
| Restricted cash | 638,569 | - | - | - | - | - | 638,569 |
| Property held for sale | 650,000 | - | - | - | - | - | 650,000 |
| Note receivable | 886,524 | - | - | - | - | - | 886,524 |
| Investments, at fair value | 1,845,995 | 464,859 | 5,842,109 | - | - | - | 8,152,963 |
| Cemeteries and other accounts receivable | 273,194 | - | 225,774 | 445,734 | - | - | 944,702 |
| Pledges and contributions receivable, net | 2,804,294 | - | 10,000 | - | - | - | 2,814,294 |
| Prepaid expenses and other assets | 721,400 | 52,188 | - | 70,165 | - | - | 843,753 |
| Insurance recoveries receivable | - | 513,336 | - | - | - | - | 513,336 |
| Cemetery inventory | - | - | 2,825,566 | - | - | - | 2,825,566 |
| Due from related Diocesan entities, net | 1,515,873 | 2,114,981 | - | - | - | (229,271) | 3,401,583 |
| Beneficial interest in trust held by others | 448,188 | - | - | - | - | - | 448,188 |
| Beneficial interest in assets held by Faith in the Future | 8,766,385 | - | - | - | - | - | 8,766,385 |
| Property, buildings and equipment, net | 28,176,956 | - | 8,742,798 | 1,369,061 | 350,000 | - | 38,638,815 |
| Due from funds | 24,709,503 | 4,735,579 | 17,944,807 | - | - | (47,389,889) | - |
| Total assets | $ 85,922,486 | $ 10,002,866 | $ 35,855,771 | $ 3,130,713 | $ 700,000 | $ (47,619,160) | $ 87,992,676 |
| **LIABILITIES AND NET ASSETS** | | | | | | | |
| LIABILITIES | | | | | | | |
| Accounts payable and accrued expenses | $ 1,698,920 | $ 608,543 | $ 303,890 | $ 288,335 | $ - | $ (229,271) | $ 2,670,417 |
| Special collection payable | 638,569 | - | - | - | - | - | 638,569 |
| Self-insurance claims and deductible amounts payable | - | 3,199,676 | - | - | - | - | 3,199,676 |
| Deferred revenue | 72,178 | 338,733 | - | - | - | - | 410,911 |
| Refundable advances - Cemeteries | - | - | 375,049 | - | - | - | 375,049 |
| Due to related Diocesan entities | 2,552,234 | - | - | - | - | - | 2,552,234 |
| Notes payable | 8,316,905 | - | - | - | - | - | 8,316,905 |
| Deferred revenue - life use fees | - | - | - | 2,983,506 | - | - | 2,983,506 |
| Conditional asset retirement obligations | 5,865,267 | - | - | - | - | - | 5,865,267 |
| Obligations due under split-interest agreements | 329,689 | - | - | - | - | - | 329,689 |
| Net pension and other postretirement benefit obligations | - | 130,573,358 | - | - | - | - | 130,573,358 |
| Due to funds | 20,894,058 | 26,495,831 | - | - | - | (47,389,889) | - |
| Total liabilities | 40,367,820 | 161,216,141 | 678,939 | 3,271,841 | - | (47,619,160) | 157,915,581 |
| Contingencies | | | | | | | |
| NET ASSETS (DEFICIT) | | | | | | | |
| Unrestricted | 29,066,454 | (151,213,275) | 35,176,832 | (141,128) | 700,000 | - | (86,411,117) |
| Temporarily restricted | 6,836,235 | - | - | - | - | - | 6,836,235 |
| Permanently restricted | 9,651,977 | - | - | - | - | - | 9,651,977 |
| Total net assets (deficit) | 45,554,666 | (151,213,275) | 35,176,832 | (141,128) | 700,000 | - | (69,922,905) |
| Total liabilities and net assets (deficit) | $ 85,922,486 | $ 10,002,866 | $ 35,855,771 | $ 3,130,713 | $ 700,000 | $ (47,619,160) | $ 87,992,676 |

*This consolidating schedule should be read in conjunction with the accompanying report of independent certified public accountants and consolidated financial statements and notes thereto.*

# THE BRIDGEPORT ROMAN CATHOLIC DIOCESAN CORPORATION AND AFFILIATE

## Consolidating Schedule of Activities

### For the eighteen month period ended June 30, 2016

| | Diocesan Operations | Employee Benefits and Insurance Programs | Cemeteries Operations | Teresian Towers and Carmel Ridge Estates | St. Joseph High School Properties | Eliminations | Total |
|---|---|---|---|---|---|---|---|
| REVENUES, SUPPORT AND OTHER CHANGES | | | | | | | |
| Annual Catholic Appeal | $ 17,911,588 | $ - | $ - | $ - | $ - | $ - | $ 17,911,588 |
| Contributions and bequests | 6,311,727 | 5,000 | 10,000 | - | - | - | 6,326,727 |
| Cathedraticum from parishes | 8,066,237 | - | - | - | - | - | 8,066,237 |
| Employee benefit and insurance programs | - | 31,632,305 | - | - | - | (4,501,447) | 27,130,858 |
| Cemeteries operations | 2,338,956 | - | 8,679,900 | - | - | (2,338,956) | 8,679,900 |
| Rental income | 442,844 | - | - | 1,845,741 | - | - | 2,288,585 |
| Reimbursement revenue | 2,156,191 | - | - | - | - | (957,724) | 1,198,467 |
| Advertising | 519,928 | - | - | - | - | - | 519,928 |
| Program fees | 238,156 | - | - | - | - | - | 238,156 |
| Other operating revenues | 2,547,537 | - | - | 149,238 | - | - | 2,696,775 |
| Change in fair value of beneficial interests in trusts held by others | (61,887) | - | - | - | - | - | (61,887) |
| Total revenues, support and other changes | 40,471,277 | 31,637,305 | 8,689,900 | 1,994,979 | - | (7,798,127) | 74,995,334 |
| EXPENSES | | | | | | | |
| Programs | 20,678,249 | - | - | - | - | (2,303,157) | 18,375,092 |
| Employee benefit and insurance programs | - | 40,435,747 | - | - | - | - | 40,435,747 |
| Cemeteries operations | - | - | 8,236,167 | - | - | (3,581,446) | 4,654,721 |
| Teresian Towers and Carmel Ridge Estates | - | - | - | 1,399,318 | - | - | 1,399,318 |
| Management and general | 9,210,240 | - | - | - | - | (1,744,153) | 7,466,087 |
| Stewardship and development | 2,262,544 | - | - | - | - | (169,371) | 2,093,173 |
| Total expenses | 32,151,033 | 40,435,747 | 8,236,167 | 1,399,318 | - | (7,798,127) | 74,424,138 |
| Income (loss) from operations before depreciation and accretion | 8,320,244 | (8,798,442) | 453,733 | 595,661 | - | - | 571,196 |
| Depreciation and accretion | (1,831,455) | - | (396,320) | (441,481) | - | - | (2,669,256) |
| Income (loss) from operations before nonoperating activities | 6,488,789 | (8,798,442) | 57,413 | 154,180 | - | - | (2,098,060) |
| NONOPERATING ACTIVITIES | | | | | | | |
| Recognition of beneficial interest in assets held by Faith in the Future | 8,766,385 | - | - | - | - | - | 8,766,385 |
| Contributions from related entities | 3,132,462 | - | - | - | 700,000 | - | 3,832,462 |
| Gain on sale of assets | 2,156,187 | - | - | - | - | - | 2,156,187 |
| Insurance proceeds | 13,767 | 388,929 | 16,793 | - | - | - | 419,489 |
| Pension related-activity other than net periodic benefit cost | - | (2,461,520) | - | - | - | - | (2,461,520) |
| Expected loss on disposal of property held for sale | (306,902) | | - | - | - | - | (306,902) |
| Investment loss, net | 58,148 | (45,769) | (159,262) | 844 | - | - | (146,039) |
| Change in net assets | 20,308,836 | (10,916,802) | (85,056) | 155,024 | 700,000 | - | 10,162,002 |
| Net assets (deficit) - beginning of year, as previously stated | 49,425,790 | (140,296,473) | 35,261,888 | (296,152) | - | - | (55,904,947) |
| Adjustment to opening net assets for change in reporting entity | (24,179,960) | - | - | - | - | - | (24,179,960) |
| Net assets (deficit) - end of year | $ 45,554,666 | $ (151,213,275) | $ 35,176,832 | $ (141,128) | $ 700,000 | $ - | $ (69,922,905) |

*This consolidating schedule should be read in conjunction with the accompanying report of independent certified public accountants and consolidated financial statements and notes thereto.*

# THE BRIDGEPORT ROMAN CATHOLIC DIOCESAN CORPORATION AND AFFILIATE

## Consolidated Schedule of Functional Expenses

### For the eighteen month period ended June 30, 2016

| | Pastoral Services of the Bishop* | Religious Personnel Services (includes Queen of Clergy) | Catholic Education and Faith Formation | Pastoral and Human Services | Vocations and St John Fisher Seminary | Communications and Social Media | Other Program Support | Total Programs | Employee Benefits and Insurance Programs | Cemeteries Operations | Teresian Towers and Carmel Ridge Estates | Management and General | Stewardship and Development | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Personnel costs - lay | $ 1,205,439 | $ 916,773 | $ 1,197,999 | $ 264,232 | $ 361,499 | $ 512,176 | $ - | $ 4,458,118 | $ - | $ 2,377,469 | $ - | $ 3,112,928 | $ 706,375 | $ 10,654,890 |
| Personnel costs - religious | 319,965 | 622,103 | 228,399 | 1,543,581 | 1,248,592 | - | - | 3,962,640 | - | - | - | 166,855 | - | 4,129,495 |
| Total personnel costs | 1,525,404 | 1,538,876 | 1,426,398 | 1,807,813 | 1,610,091 | 512,176 | - | 8,420,758 | - | 2,377,469 | - | 3,279,783 | 706,375 | 14,784,385 |
| Insurance | 43,667 | 112,984 | 10,577 | 125,429 | 42,509 | 2,631 | - | 337,797 | 36,034,791 | 362,516 | - | 94,449 | 1,076 | 36,830,629 |
| Grants and contributions | - | - | - | - | - | - | 5,406,454 | 5,406,454 | - | - | - | - | - | 5,406,454 |
| Professional fees | 544,879 | 141,271 | 322,027 | 12,046 | 61,822 | 267,118 | - | 1,349,163 | 1,669,894 | 215,874 | - | 719,758 | 57,318 | 4,012,007 |
| Bad debt | - | - | - | - | - | - | - | - | 2,435,584 | - | - | 710,557 | 222,453 | 3,368,594 |
| Operations | - | - | - | - | - | - | - | - | - | 1,333,949 | 1,399,318 | - | - | 2,733,267 |
| Occupancy | 245,204 | 488,756 | 79,960 | 29,732 | 105,873 | 1,947 | - | 951,472 | - | 194,913 | - | 999,260 | 3,160 | 2,148,805 |
| Dues, fees and memberships | 15,816 | 8,432 | 60,659 | 22,464 | 66,047 | 5,508 | - | 178,926 | 295,478 | 4,098 | - | 427,375 | 94,166 | 1,000,043 |
| Office | 78,447 | 28,950 | 60,561 | 6,626 | 22,623 | 12,537 | - | 209,744 | - | 91,347 | - | 328,484 | 258,270 | 887,845 |
| Printing | 26,841 | 9,262 | 18,243 | 6,273 | 3,062 | 350,115 | - | 413,796 | - | - | - | 3,764 | 465,388 | 882,948 |
| Interest | - | - | 15 | - | - | - | - | 15 | - | - | - | 717,054 | - | 717,069 |
| Travel and seminars | 199,458 | 75,283 | 204,585 | 5,882 | 87,795 | 7,152 | - | 580,155 | - | 413 | - | 30,319 | 36,390 | 647,277 |
| Postage | 11,861 | 3,970 | 6,449 | 455 | 10,507 | 250,596 | - | 283,838 | - | 42,282 | - | 45,906 | 240,136 | 612,162 |
| Miscellaneous | 72,221 | 28,662 | 31,297 | 12,322 | 98,446 | 26 | - | 242,974 | - | 31,860 | - | 109,378 | 8,441 | 392,653 |
| Total expenses before depreciation and accretion | 2,763,798 | 2,436,446 | 2,220,771 | 2,029,042 | 2,108,775 | 1,409,806 | 5,406,454 | 18,375,092 | 40,435,747 | 4,654,721 | 1,399,318 | 7,466,087 | 2,093,173 | 74,424,138 |
| Depreciation and accretion | 224,689 | 198,076 | 180,543 | 164,955 | 171,437 | 114,614 | - | 1,054,314 | - | 396,320 | 441,481 | 606,972 | 170,169 | 2,669,256 |
| Total expenses | $ 2,988,487 | $ 2,634,522 | $ 2,401,314 | $ 2,193,997 | $ 2,280,212 | $ 1,524,420 | $ 5,406,454 | $ 19,429,406 | $ 40,435,747 | $ 5,051,041 | $ 1,840,799 | $ 8,073,059 | $ 2,263,342 | $ 77,093,394 |

* Includes the Offices of the Bishop, Vicar General, Chancellor, Strategic and Pastoral Planning, Tribunal, Safe Environment and Youth Choir

*This consolidating schedule should be read in conjunction with the accompanying report of independent certified public accountants and consolidated financial statements and notes thereto.*