



Catholic Diocese of Kansas City—St. Joseph Chancery Operations

Financial Report
June 30, 2017

Contents

Independent auditor's report	1-2
<hr/>	
Financial statements	
Statements of financial position	3
Statements of activities	4-5
Statements of cash flows	6-7
Notes to financial statements	8-23



RSM US LLP

4801 Main St
Suite 400
Kansas City, MO 64112

T +1 816 753 3000
F +1 816 751 1890

www.rsmus.com

Independent Auditor's Report

Most Reverend Bishop James V. Johnston
Diocesan Finance Council
Catholic Diocese of Kansas City—St. Joseph
Chancery Operations

Report on the Financial Statements

We have audited the accompanying financial statements of the Catholic Diocese of Kansas City—St. Joseph Chancery Operations, which comprise the statements of financial position as of June 30, 2017 and 2016, the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Catholic Diocese of Kansas City—St. Joseph Chancery Operations as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The additional consolidating detail for the Catholic Diocese of Kansas City—St. Joseph Chancery Operations presented on the statements of financial position and the statements of activities is presented for the purposes of additional analysis rather than to present the financial position and the results of operations of the funds and is not a required part of the financial statements. This information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

Kansas City, Missouri
November 14, 2017

Catholic Diocese of Kansas City—St. Joseph Chancery Operations

Statements of Financial Position June 30, 2017 and 2016

	Current	Plant	Custodian	Endowment	2017	2016
Assets						
Cash and cash equivalents	\$ 6,915,692	\$ 912,165	\$ 142,566	\$ 1,967,514	\$ 9,937,937	\$ 7,895,656
Loans and accounts receivable, net (Note 2)	5,099,533	1,007,729	-	5,000,000	11,107,262	11,819,108
Pledges receivable, net (Note 3)	121,397	-	-	-	121,397	220,209
Land, buildings and equipment, net (Notes 4 and 7)	1,023,794	9,659,566	-	-	10,683,360	11,727,735
Beneficial interest in others (Notes 5 and 14)	-	-	-	578,930	578,930	539,549
Investments (Notes 6 and 14)	-	-	-	2,916,044	2,916,044	2,596,643
Total assets	\$ 13,160,416	\$ 11,579,460	\$ 142,566	\$ 10,462,488	\$ 35,344,930	\$ 34,798,900
Liabilities and Net Assets						
Liabilities:						
Accounts payable	\$ 376,781	\$ -	\$ -	\$ -	\$ 376,781	\$ 351,847
Notes payable (Note 7)	-	4,737,296	-	-	4,737,296	5,959,232
Other short-term deposits	1,477,974	-	142,566	-	1,620,540	451,920
Annuities payable (Notes 8 and 14)	-	-	-	732,287	732,287	669,243
Long-term deposits payable:						
Diocesan insurance reserves	141,144	-	-	-	141,144	135,899
Retired priests benefit obligations (Note 9)	8,930,702	-	-	-	8,930,702	8,186,938
Deferred revenue	269,797	-	-	-	269,797	276,746
Total liabilities	11,196,398	4,737,296	142,566	732,287	16,808,547	16,031,825
Commitments and contingencies (Note 13)						
Net assets:						
Unrestricted:						
Designated funds (Note 16)	1,392,419	912,165	-	2,243,341	4,547,925	4,360,686
Designated for annuities (Note 8)	-	-	-	169,081	169,081	142,786
Expended for plant	-	4,922,270	-	-	4,922,270	4,744,709
Undesignated reserve	85,194	1,007,729	-	-	1,092,923	2,279,202
Total unrestricted net assets	1,477,613	6,842,164	-	2,412,422	10,732,199	11,527,383
Restricted:						
Temporarily:						
Other (Note 10)	486,405	-	-	-	486,405	314,637
Endowments (Note 10)	-	-	-	3,763,683	3,763,683	3,418,998
Total temporarily restricted net assets	486,405	-	-	3,763,683	4,250,088	3,733,635
Permanently:						
Endowments (Note 10)	-	-	-	3,554,096	3,554,096	3,506,057
Total net assets	1,964,018	6,842,164	-	9,730,201	18,536,383	18,767,075
Total liabilities and net assets	\$ 13,160,416	\$ 11,579,460	\$ 142,566	\$ 10,462,488	\$ 35,344,930	\$ 34,798,900

See notes to financial statements.

Catholic Diocese of Kansas City—St. Joseph Chancery Operations

Statements of Activities Years Ended June 30, 2017 and 2016

	Current	Plant	Endowment	2017	2016
Changes in unrestricted and designated net assets:					
Revenues and gains:					
Current contributions, Annual Catholic Appeal	\$ 1,908,396	\$ -	\$ -	\$ 1,908,396	\$ 1,573,718
Other revenues from operations:					
Other diocesan collections	361,322	-	-	361,322	323,783
Diocesan share in national collections	15,000	-	-	15,000	35,000
Diocesan assessments	6,481,980	-	-	6,481,980	6,477,694
Bequests	292,751	-	-	292,751	606,090
Contributions	2,544,974	-	66,556	2,611,530	1,222,746
Fees for service	612,264	-	-	612,264	635,143
Other revenues from operations, net	2,077,205	-	-	2,077,205	2,129,924
Lease revenue	128,817	139,948	-	268,765	229,864
Auxiliary service (insurance, publications)	17,187,259	-	-	17,187,259	16,168,664
Total income from operations	31,609,968	139,948	66,556	31,816,472	29,402,626
Released from restrictions, other (Note 11)	278,923	-	-	278,923	265,517
Gain (loss) on sale of property	-	(206,148)	-	(206,148)	9,702
Investment income, realized (Note 6)	271,596	-	82,408	354,004	1,285,329
Unrealized gains (losses) (Note 6)	-	-	85,302	85,302	(276,200)
Allocation from deposit and loan fund	300,000	-	-	300,000	-
Change in value of split-interest agreements (Notes 5 and 8)	-	-	(75,720)	(75,720)	62,060
Total revenues and gains	32,460,487	(66,200)	158,546	32,552,833	30,749,034
Operating expenses:					
Pastoral services	(4,407,529)	-	-	(4,407,529)	(3,349,068)
Religious personnel development	(1,977,883)	-	-	(1,977,883)	(2,418,062)
Education	(2,216,481)	-	-	(2,216,481)	(2,368,120)
Social services	(584,478)	-	-	(584,478)	(672,842)
Diocesan administration	(5,230,223)	-	-	(5,230,223)	(4,703,724)
Auxiliary service (insurance, publications)	(17,286,068)	-	-	(17,286,068)	(16,309,191)
	(31,702,662)	-	-	(31,702,662)	(29,821,007)
Depreciation	-	(412,398)	-	(412,398)	(433,165)
Unrestricted endowment payments	-	-	(95,286)	(95,286)	(94,396)
Interest on debt	-	(220,635)	-	(220,635)	(317,553)
Interest on deposits	(173,272)	-	-	(173,272)	(434,098)
Total expenses	(31,875,934)	(633,033)	(95,286)	(32,604,253)	(31,100,219)

(Continued)

Catholic Diocese of Kansas City—St. Joseph Chancery Operations

Statements of Activities (Continued)
Years Ended June 30, 2017 and 2016

	Current	Plant	Endowment	2017	2016
Changes in unrestricted and designated net assets (continued):					
Transfers to/from other funds:					
(To) from plant fund	\$ (1,450,651)	\$ 1,450,651	\$ -	\$ -	\$ -
(To) from unrestricted endowments	25,854	-	(25,854)	-	-
Total transfers	(1,424,797)	1,450,651	(25,854)	-	-
Increase (decrease) in unrestricted and designated net assets before change in postemployment benefit plan liability and funds transferred to affiliate Trust	(840,244)	751,418	37,406	(51,420)	(351,185)
Changes in postemployment benefit plan liability (Note 10)	(743,764)	-	-	(743,764)	(2,095,638)
Funds transferred to affiliate Trust (Note 15)	-	-	-	-	(1,547,972)
Increase (decrease) in unrestricted and designated net assets	(1,584,008)	751,418	37,406	(795,184)	(3,994,795)
Changes in temporarily restricted net assets:					
Revenues and gains:					
Restricted contributions	299,727	-	-	299,727	150,000
Endowment contributions and bequests	-	-	41	41	28,833
Endowment investment income, realized (Note 6)	-	-	491,109	491,109	85,013
Endowment unrealized gains (Note 6)	-	-	4,499	4,499	(4,424)
Restrictions satisfied:					
Other assets released from restriction (Note 11)	(127,959)	-	-	(127,959)	(16,342)
Restrictions satisfied—endowment payments to beneficiaries (Note 11)	-	-	(125,964)	(125,964)	(224,175)
Restrictions satisfied—endowment transfers to current fund (Note 11)	-	-	(25,000)	(25,000)	(25,000)
Increase (decrease) in temporarily restricted net assets before funds transferred to affiliate Trust	171,768	-	344,685	516,453	(6,095)
Funds transferred to affiliate Trust (Note 15)	-	-	-	-	(1,459,116)
Increase (decrease) in temporarily restricted net assets	171,768	-	344,685	516,453	(1,465,211)
Changes in permanently restricted net assets:					
Revenues and gains:					
Contributions and bequests—endowments (Note 12)	-	-	48,039	48,039	44,230
Increase in permanently restricted net assets	-	-	48,039	48,039	44,230
Total change in net assets	(1,412,240)	751,418	430,130	(230,692)	(5,415,776)
Net assets, beginning of year	3,376,258	6,090,746	9,300,071	18,767,075	24,182,851
Net assets, end of year	\$ 1,964,018	\$ 6,842,164	\$ 9,730,201	\$ 18,536,383	\$ 18,767,075

See notes to financial statements.

Catholic Diocese of Kansas City—St. Joseph Chancery Operations

**Statements of Cash Flows
Years Ended June 30, 2017 and 2016**

	2017	2016
Cash flows from operating activities:		
Cash received from donors, parishes and schools	\$ 31,579,710	\$ 31,406,831
Cash paid to suppliers, employees and other	(31,968,217)	(32,168,460)
Interest received	149,199	279,978
Interest paid	(393,907)	(587,245)
Net cash used in operating activities	(633,215)	(1,068,896)
Cash flows from investing activities:		
Proceeds from sale and maturities of investments	446,548	82,445
Purchases of investments	(95,412)	(4,033,432)
Purchases of land, buildings and equipment	(174,171)	(80,028)
Proceeds from sale of property	600,000	618,392
Change in loans receivable, net	1,946,602	4,056,663
Endowment contributed, net of cash contributed to affiliate Trust	-	456,991
Net cash provided by investing activities	2,723,567	1,101,031
Cash flows from financing activities:		
Principal payments on notes payable	(1,221,936)	(184,329)
Change in deposits payable	1,173,865	3,622,988
Net cash (used in) provided by financing activities	(48,071)	3,438,659
Net increase in cash and cash equivalents	2,042,281	3,470,794
Cash and cash equivalents:		
Beginning	7,895,656	4,424,862
Ending	\$ 9,937,937	\$ 7,895,656

(Continued)

Catholic Diocese of Kansas City—St. Joseph Chancery Operations

**Statements of Cash Flows (Continued)
Years Ended June 30, 2017 and 2016**

	2017	2016
Reconciliation of decrease in net assets to net cash used in operating activities:		
Decrease in net assets	\$ (230,692)	\$ (5,415,776)
Adjustments to reconcile the decrease in net assets to net cash used in operating activities:		
Depreciation	412,398	433,165
Loss (gain) on sale of property	206,148	(9,702)
Provision for allowance on loans receivable	-	(140,000)
Unrealized (gains) losses on investments	(89,801)	280,624
Gain on sale of investments	(580,736)	(238,603)
Change in value of split-interest agreements	63,044	(125,909)
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(1,234,756)	875,836
Pledges receivable	98,812	1,280,591
Beneficial interest in others	(39,381)	29,901
Increase (decrease) in:		
Accounts payable	24,934	(2,417)
Retired priests benefit obligations	743,764	2,095,638
Deferred revenue	(6,949)	(132,244)
Net cash used in operating activities	\$ (633,215)	\$ (1,068,896)

See notes to financial statements.

Catholic Diocese of Kansas City—St. Joseph Chancery Operations

Notes to Financial Statements

Note 1. Nature of Activities and Significant Account Policies

Nature of activities: The accompanying financial statements include all funds maintained by and directly under the control of the Catholic Diocese of Kansas City—St. Joseph Chancery Operations (the Organization). The statements do not include the accounts of some related entities of the Organization, such as parishes, schools, Catholic Charities, Catholic Cemeteries, self-insurance fund, Deposit and Loan Fund, and some other corporations; the Priests' Retirement Plan Trust or the Lay Retirement Plan Trust; or any institution owned and operated by religious orders of men or women. Each is a distinct operating entity, maintains separate accounts, carries on its own services and programs, and has separate governing bodies.

Effective April 28, 2016, the Deposit and Loan Fund (the Trust) became a legally separate trust, and its operations were deconsolidated from the Organization's financial statements. The 10 months of activity until the date of separation are presented within the financial statements of the Organization for the year ended June 30, 2016.

The following is a summary of the Organization's significant accounting policies:

Basis of presentation: The financial statement presentation follows the recommendations of *FASB Accounting Standards Codification* (ASC) Topic 958, Financial Statements of Not-for-Profit Organizations. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets: Unrestricted net assets are not subject to donor-imposed stipulations.

Temporarily restricted net assets: Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets: Permanently restricted net assets are subject to donor-imposed stipulations that expire neither by the passage of time nor by actions of the Organization.

Restricted and unrestricted revenue and support: Unconditional contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence or nature of any donor restrictions. Conditional contributions received are not recorded until the event occurs to make the contribution unconditional.

Donor-restricted support is presented as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted support whose restrictions are satisfied in the same reporting period in which the contributions are received are classified as unrestricted donations.

Fund accounting: To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts of the Organization are maintained in accordance with the principles of fund accounting. Resources are classified for accounting and reporting purposes into funds, according to the nature and use of such resources. Separate accounts are maintained for each fund.

Catholic Diocese of Kansas City—St. Joseph Chancery Operations

Notes to Financial Statements

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

The assets, liabilities and net assets of the Organization are reported as follows:

Current fund: Generally, current funds are those currently expendable for either undesignated, designated or restricted purposes. The majority of the unrestricted funds received by the Organization are either anticipated and allocated in advance, billed for certain auxiliary services, or designated by the Bishop upon receipt.

The designated and undesignated net assets are available for and used in the regular activities of the Organization.

Plant fund: The Organization follows the practice of deducting equipment expenditures in the year of purchase unless the equipment is significant and expected to have a useful life that extends beyond the current period. The plant fund includes only land, buildings and equipment owned by the Organization used for current operations, held for future development, or available for sale. Properties of operating parishes are not included. Assets are listed at historical cost or, if donated, fair value. Buildings are depreciated over 40 years, and all building improvements are depreciated over the remaining life of the building. Furniture and fixtures are depreciated over eight years.

Custodian fund: These funds are universal church collections, Propagation of the Faith receipts, special collections temporarily deposited before being transmitted to designated agencies, and Bishop's Charity Funds.

Generally, these assets are entrusted to the Organization by persons who are not directly controlled by the Organization, solely for the purpose of receiving, holding and disbursing such funds upon the authority of the depositor.

Endowment fund: These are restricted funds invested for the purpose of producing income. They consist of 1) permanently restricted endowment funds, wherein the donors have stipulated that the principal be invested and maintained intact, with only the investment income available for expenditure; 2) temporarily restricted endowment funds, donated with provisions that the principal may be expended under the circumstances designated in the trust agreement; and 3) unrestricted funds designated as internal endowments by the Bishop to be used as he designates.

Split-interest agreements are recorded in the endowment fund. The assets are recorded at fair value, and the annuity payables are recorded at the estimated present value of estimated future payments plus any residual payments to outside beneficiaries.

As disclosed above, the Trust legally separated from the Chancery Operations effective April 28, 2016. Transfers from the endowment fund to the Trust are presented in the statement of activities for the year ended June 30, 2016.

Cash and cash equivalents: For purposes of reporting cash flows, the Organization considers all unrestricted highly liquid investments purchased with a maturity of three months or less to be cash equivalents. The Organization maintains cash balances and money market accounts in excess of insured amounts at several financial institutions, which are primarily located in Kansas City, Missouri. Management believes that the risk of loss is minimal due to the strength of the institutions. The Organization has not experienced any losses on such accounts.

Catholic Diocese of Kansas City—St. Joseph Chancery Operations

Notes to Financial Statements

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

Loans and accounts receivable: Loans and accounts receivable are obligations due from diocesan parishes and institutions. Loans receivable are stated at the amount of unpaid principal. The allowance on loans receivable is based on management's review of specific loans and current economic conditions that may affect the borrower's ability to repay. Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by regularly evaluating individual parish and institution receivables and considering the parish and institution's financial condition and credit history, and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

An account receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 90 days. Interest is not charged on past-due accounts receivable.

Pledges receivable: Unconditional promises to give, less a present value discount and an allowance for uncollectible amounts, are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Investments: Investments are recorded at fair value. Unrealized gains and losses are recorded in the statement of activities. See Note 14 for fair value information.

Land, buildings and equipment: Land, buildings and equipment are carried at cost. Major renewals and betterments are capitalized, and maintenance and repairs that do not improve or extend the life of the respective assets are charged against earnings in the current period. Assets held for sale are recorded at the lower of cost or fair value less costs to sell.

Depreciation is provided on the straight-line method over the estimated useful lives of the assets.

Beneficial interest in others: The Organization has been named as a beneficiary in two trusts in which the Organization is not the trustee. When the Organization is notified of the existence of the trust, a beneficial interest (an asset) and contribution revenue are recorded at the present value of the estimated future cash receipts.

Long-term deposits payable: Long-term deposits payable consist of funds being held by the Organization on behalf of the Diocesan Insurance Office for property and casualty and long-term disability reserves.

Deferred revenue: The Organization receives grant and other monies on an advance basis. The deferred revenue reported by the Organization consists of monies received that have not been spent at year-end or where the service has not been performed.

Use of estimates: The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes: The Organization is exempt from income taxes under provisions of section 501(c)(3) of the Internal Revenue Code. Uncertain tax provisions, if any, are recorded in accordance with FASB ASC Topic 740, Income Taxes (previously FIN 48). ASC 740 requires the recognition of a liability for tax positions taken that do not meet the more-likely-than-not standard that the position will be sustained upon examination by the taxing authorities. There is no liability for uncertain tax positions recorded at June 30, 2017 or 2016.

Catholic Diocese of Kansas City—St. Joseph Chancery Operations

Notes to Financial Statements

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

Donated or contributed services and materials: The Organization provides free use of land and buildings owned by the Catholic Diocese of Kansas City—St. Joseph to several of its schools and parishes. Management believes that the fair value of use of similar facility space under similar circumstances is not readily determinable. Therefore, neither a contribution nor rental income has been recorded for the use of the facilities. Had such amounts been recorded, rental income would have increased and contributions would have increased, but the net effect would not have changed net assets for the year and would have had no effect on the statement of financial position.

Fundraising: The Organization participates in various fundraising activities, which mainly consist of stewardship and development office activities. The expenses related to these activities are recorded on the statement of activities as diocesan administrative expenses and totaled \$531,858 and \$522,666 for the years ended June 30, 2017 and 2016, respectively.

Recent accounting pronouncements: Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. This guidance will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The new standard permits the use of either the retrospective or cumulative effect transition method. In August 2015, the FASB issued ASU No. 2015-14, which defers the effective date of ASU 2014-09 one year, making it effective for annual reporting periods beginning after December 15, 2018. The Organization is evaluating the effect the standard will have on its financial statements and related disclosures. The Organization has not yet selected a transition method and has not determined the effect of the standard on ongoing financial reporting.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financials Statements of Not-for Profit Entities*. The new standard changes presentation and disclosure requirements with the intention of helping not-for-profits provide more relevant information about their resources to donors, grantors, creditors and other financial statement users. This pronouncement decreases the number of net assets classes from three to two. The new classes will be *net assets with donor restrictions* and *net assets without donor restrictions*. The standard will take effect for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Therefore, this ASU will be effective for the Organization's fiscal year ending June 30, 2019. Management is in the process of evaluating the impact of this new guidance.

Note 2. Loans and Accounts Receivable

Loans and accounts receivable are composed of the following at June 30, 2017 and 2016:

	2017	2016
Diocesan entities	\$ 6,260,720	\$ 8,207,322
Diocesan high schools and other	5,046,542	3,811,786
	11,307,262	12,019,108
Less allowance for uncollectible accounts	(200,000)	(200,000)
	<u>\$ 11,107,262</u>	<u>\$ 11,819,108</u>

Catholic Diocese of Kansas City—St. Joseph Chancery Operations

Notes to Financial Statements

Note 2. Loans and Accounts Receivable (Continued)

The Organization's loans receivable consist of funds disbursed to diocesan entities, high schools and other entities within the Catholic Diocese of Kansas City—St. Joseph. The Organization determined its allowance for estimated losses on these loans by analyzing financial results, factors and circumstances of individual accounts or loans. All loans have the same terms and therefore are considered to be in the same class of loan.

The aging of the receivables portfolio as of June 30, 2017 and 2016, is summarized below:

	Current	Past Due	Total
2017:			
Receivables	\$ 8,601,746	\$ 2,705,516	\$ 11,307,262
As a percentage of the total loan portfolio	76.07%	23.93%	100.00%
2016:			
Receivables	\$ 9,904,533	\$ 2,114,575	\$ 12,019,108
As a percentage of the total loan portfolio	82.41%	17.59%	100.00%

The allowance for uncollectible accounts for both years ended June 30, 2017 and 2016, was \$200,000. A reversal of provision of \$140,000 was recorded during the year ended June 30, 2016. No additional provision was recorded for the year ended June 30, 2017.

Note 3. Pledges Receivable

Pledges receivable at June 30 are due as follows:

	2017	2016
Due in less than one year	\$ 121,397	\$ 220,209

Note 4. Land, Buildings and Equipment

Land, buildings and equipment comprise the following at June 30, 2017 and 2016:

	2017	2016
Operating properties	\$ 13,959,371	\$ 15,501,527
Land held for development	1,023,794	1,023,794
Assets held for sale	70,000	70,000
	15,053,165	16,595,321
Less accumulated depreciation	(4,369,805)	(4,867,586)
	\$ 10,683,360	\$ 11,727,735

Catholic Diocese of Kansas City—St. Joseph Chancery Operations

Notes to Financial Statements

Note 5. Beneficial Interest in Others

The Organization has been named as a beneficiary in trusts in which the Organization is not the trustee. When the Organization is notified of the existence of the trust, a beneficial interest receivable and contribution revenue are recorded at the present value of the estimated future cash receipts. Included in permanently restricted net assets is \$267,489 at June 30, 2017 and 2016, of permanently endowed funds held by the Endowment Trust Fund for Catholic Education, with the income to be used for ministry formation. The balance of the beneficial interest in others on the statements of financial position is \$304,579 and \$274,046 as of June 30, 2017 and 2016, respectively.

The Organization has an interest in the Catholic Community Foundation, which has an interest in the Greater Kansas City Community Foundation through donations the Organization had provided to the Foundation. The assets held at the Foundation are donor-directed, and the Organization has named itself as the sole beneficiary of the funds. The balance of the beneficial interest in others on the statements of financial position is \$274,351 and \$265,503 at June 30, 2017 and 2016, respectively, with the principal and income to be used for *The Catholic Key*, the Catholic Diocesan newspaper.

Note 6. Investments

The following schedules show life-to-date unrealized gains on different types of investments for the years ended June 30, 2017 and 2016:

	2017		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Mutual funds	\$ 1,969,561	\$ 2,833,688	\$ 864,127
Money market funds	45,969	45,969	-
U.S. government obligations	36,451	36,387	(64)
	<u>\$ 2,051,981</u>	<u>\$ 2,916,044</u>	<u>\$ 864,063</u>
	2016		
	Cost	Fair Value	Unrealized Appreciation
Mutual funds	\$ 1,975,484	\$ 2,557,210	\$ 581,726
Money market funds	2,238	2,238	-
U.S. government obligations	36,451	37,195	744
	<u>\$ 2,014,173</u>	<u>\$ 2,596,643</u>	<u>\$ 582,470</u>

Catholic Diocese of Kansas City—St. Joseph Chancery Operations

Notes to Financial Statements

Note 6. Investments (Continued)

Investments are stated at fair value as of June 30, 2017 and 2016. The following schedule summarizes the investment return and its classification in the statements of activities for the years ended June 30, 2017 and 2016:

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Interest income	\$ 264,377	\$ -	\$ 264,377	\$ 1,070,403	\$ 61,336	\$ 1,131,739
Realized gains	89,627	491,109	580,736	214,926	23,677	238,603
Investment income	354,004	491,109	845,113	1,285,329	85,013	1,370,342
Unrealized gains (losses) on investments	85,302	4,499	89,801	(276,200)	(4,424)	(280,624)
	<u>\$ 439,306</u>	<u>\$ 495,608</u>	<u>\$ 934,914</u>	<u>\$ 1,009,129</u>	<u>\$ 80,589</u>	<u>\$ 1,089,718</u>

Included in the interest income amounts above are \$263,232 and \$885,584 related to interest income on loans receivable for the years ended June 30, 2017 and 2016, respectively.

Note 7. Notes Payable

The Organization has an outstanding note payable to a bank due in monthly payments of principal and interest of \$37,254 through May 22, 2019, and a final payment of the remaining balance due on June 22, 2019. The note bears interest at 3.85 percent and is collateralized by certain real estate. The outstanding balance of the note at June 30, 2017 and 2016, was \$4,737,296 and \$5,959,232, respectively.

Aggregate maturities required on long-term debt at June 30, 2017, are due in future years as follows:

Years ending June 30:	
2018	\$ 214,133
2019	4,523,163
	<u>\$ 4,737,296</u>

Note 8. Charitable Gift Annuities

The Organization has received numerous charitable gift annuities, and it has been named a beneficiary of several of them. The annuities payable are reported at their respective present values, based on the life expectancies of any live beneficiaries, and have been discounted using a risk-free rate that was effective at the time of the initial gift. Annuity investments are recorded at fair value based on the fair value of the underlying investment security.

Assets, liabilities and net assets associated with the charitable gift annuities reported in the endowment fund at June 30, 2017 and 2016, are as follows:

	2017	2016
Annuity investments	\$ 901,368	\$ 812,029
Annuities payable	(732,287)	(669,243)
Unrestricted net assets, designated for annuities	<u>\$ 169,081</u>	<u>\$ 142,786</u>

The Organization received three new charitable gift annuities during the year ended June 30, 2017 (none for the year ended June 30, 2016).

Catholic Diocese of Kansas City—St. Joseph Chancery Operations

Notes to Financial Statements

Note 9. Postretirement Benefits Other Than Pensions

The Organization sponsors a defined benefit postretirement health care plan and a defined benefit postretirement long-term care plan that cover eligible priests. The plans are noncontributory, with no changes anticipated in the future. The Organization's funding policy is to contribute annually to each plan in order to cover any benefits that are recognized.

ASC Topic 715, Compensation—Retirement Benefits, requires an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan (other than a multiemployer plan) as an asset or a liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through changes in unrestricted net assets of a not-for-profit organization. The underfunded portion of the plans, \$8,930,702 and \$8,186,938 as of June 30, 2017 and 2016, respectively, is included as a liability on the statements of financial position.

The following sets forth the health care and long-term care plans' combined funded status reconciled with the amount shown in the Organization's statements of financial position at June 30, 2017 and 2016:

	2017	2016
Accumulated postretirement benefit obligation:		
Retirees	\$ 3,735,895	\$ 3,229,380
Fully eligible active plan participants	2,233,767	1,592,593
Other active plan participants	2,961,040	3,364,965
	<u>8,930,702</u>	<u>8,186,938</u>
Plan assets at fair value	-	-
	<u>\$ 8,930,702</u>	<u>\$ 8,186,938</u>
Accumulated postretirement benefit obligation in excess of plan assets (long-term disability reserves)	<u>\$ 8,930,702</u>	<u>\$ 8,186,938</u>
Amounts not yet reflected in net periodic benefit cost:		
Prior service credit	\$ 2,531,859	\$ 2,847,032
Accumulated loss	(5,495,036)	(5,434,509)
	<u>\$ (2,963,177)</u>	<u>\$ (2,587,477)</u>

Change in benefit obligation:

	Years Ended June 30	
	2017	2016
Benefit obligation, beginning of year	\$ 8,186,938	\$ 6,091,300
Service and interest costs	676,759	597,675
Benefits paid	(284,018)	(257,987)
Actuarial loss	351,023	1,755,950
Benefit obligation, end of year	<u>\$ 8,930,702</u>	<u>\$ 8,186,938</u>

Catholic Diocese of Kansas City—St. Joseph Chancery Operations

Notes to Financial Statements

Note 9. Postretirement Benefits Other Than Pensions (Continued)

For 2017, the weighted-average discount rate used in determining the accumulated postretirement benefit obligation was 3.99 percent (3.81 percent for 2016). The plan assets are not subject to federal income taxes.

	<u>2017</u>	<u>2016</u>
Assumed health care cost trend rates at June 30:		
Health care cost trend rate assumed for next year	9.0%	8.5%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.0%	5.0%
Year that the rate reaches the ultimate trend rate	2026	2024

The Organization expects to contribute \$456,022 to its retirement plans for the year ending June 30, 2018.

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

Years ending June 30:		
2018		\$ 456,022
2019		470,407
2020		487,863
2021		486,671
2022		487,789
Years 2023–2028		<u>2,530,974</u>
		<u>\$ 4,919,726</u>

Note 10. Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Restrictions as to use:		
Education of priests	\$ 2,143,134	\$ 2,072,261
Education of children	124,207	146,817
Construction of facilities	650,375	527,630
Other restricted net assets	1,332,372	986,927
Total temporarily restricted net assets	<u>\$ 4,250,088</u>	<u>\$ 3,733,635</u>

Permanently restricted net assets consist of endowment fund assets to be held indefinitely. The income from the assets is to be expended for the education of priests and for ministry formation. The balance as of June 30, 2017 and 2016, was \$3,554,096 and \$3,506,057, respectively.

Catholic Diocese of Kansas City—St. Joseph Chancery Operations

Notes to Financial Statements

Note 11. Net Assets Released From Restrictions

During 2017 and 2016, other assets were released from restrictions by incurring expenses satisfying the restricted purpose specified:

	2017	2016
Endowment payments to beneficiaries	\$ 125,964	\$ 224,175
Other	152,959	41,342
	<u>\$ 278,923</u>	<u>\$ 265,517</u>

Note 12. Support Our Seminarians

The Organization participates in a fundraising event called Greater Kansas City Support Our Seminarians Scholarship Endowment. The other event sponsors are the Archdiocese of Kansas City, Kansas, and Conception Abbey in Conception, Missouri. The purpose of the event is to provide aid to a student or students studying for the priesthood in the Roman Catholic Church from either diocese at Conception Seminary College.

Money raised was placed in an endowment account, with the principal of the endowment kept in perpetuity, and awards of aid by scholarships were made from endowment earnings. The Organization has had no collection, deposit or custodial responsibilities for the fund.

In 1996, the agreement was amended. Beginning in 1999, the proceeds from the fundraising event were to be divided among the three sponsoring entities equally. Each diocese would continue to deposit its share of fundraising proceeds into the endowment. After each diocese had attained a sum of \$250,000 in the fund, each diocese could allocate and spend the interest from its share of the endowment that exceeded \$250,000 to support seminarians in other seminaries. These earnings would be considered as temporarily restricted net assets when received by each diocese for the purpose mentioned.

In 1998, the agreement was further amended. Beginning with the year 2000 Support Our Seminarians event, the one-third share of the proceeds from the event is to benefit any seminarian from the Archdiocese of Kansas City, Kansas (the Archdiocese) and the one-third share of the proceeds from the event is to benefit any seminarian from the Diocese of Kansas City—St. Joseph (the Diocese); the shares are to be paid out directly to the Archdiocese and the Diocese to manage with their other seminary funds. The one-third share of the proceeds that goes to Conception Seminary College will be used for the education of all seminarians at Conception Seminary College. During the years ended June 30, 2017 and 2016, the Organization received \$48,039 and \$44,230, respectively. As of June 30, 2017 and 2016, the Organization has \$996,308 and \$948,269, respectively, recorded as permanently restricted net assets in the endowment fund relating to this agreement.

Note 13. Commitments and Contingencies

The Catholic Diocese of Kansas City—St. Joseph is a party to certain legal proceedings arising in the normal course of business. Management believes the ultimate outcome of pending legal matters will not be material to the financial condition and future operations. The Diocesan Insurance Office is responsible for the management of the claims process and any disbursement of monetary damages. Payments made to satisfy the loss contingency could have a material impact on the Diocese, the Chancery Operations and the Diocesan Insurance Office and, in the future, could impact the activities, programs and ministries of the Chancery Operations it provides for parishes and schools in the Diocese.

Catholic Diocese of Kansas City—St. Joseph Chancery Operations

Notes to Financial Statements

Note 14. Fair Value Measurements

ASC Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. ASC 820 requires the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. In that regard, ASC 820 establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability

Assets and liabilities recorded at fair value on a recurring basis: A description of the valuation methodologies used for assets and liabilities recorded at fair value on a recurring basis is set forth below.

Investments: Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities would include highly liquid government bonds and exchange-traded equities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flow. Level 2 securities would include U.S. agency securities; mortgage-backed agency securities; obligations of states and political subdivisions; and certain corporate, asset-backed and other securities.

Beneficial interest in others: Beneficial interest in others is valued at the value of the underlying investments held by the Greater Kansas City Community Foundation (GKCCF) and by the Endowment Trust Fund for Catholic Education (ETF), which consist of investments classified as Levels 1 and 2.

Annuities payable: Annuities payable are valued at respective present values, based upon the life expectancies of any live beneficiaries.

Catholic Diocese of Kansas City—St. Joseph Chancery Operations

Notes to Financial Statements

Note 14. Fair Value Measurements (Continued)

The following tables summarize the assets and liabilities measured at fair value on a recurring basis, segregated by the general classification of such instruments pursuant to the valuation hierarchy:

	June 30, 2017			
	Total	Level 1	Level 2	Level 3
Investments:				
Fixed-income securities:				
Municipal bonds	\$ 36,387	\$ -	\$ 36,387	\$ -
Money market funds	45,969	45,969	-	-
Equity securities:				
Equity mutual funds:				
Intermediate-term bonds	806,466	806,466	-	-
Large blend	1,991,910	1,991,910	-	-
Other various mutual funds	35,312	35,312	-	-
Beneficial interest in others	578,930	-	-	578,930
	<u>\$ 3,494,974</u>	<u>\$ 2,879,657</u>	<u>\$ 36,387</u>	<u>\$ 578,930</u>
Annuities payable	\$ 732,287	\$ -	\$ -	\$ 732,287
	<u>\$ 732,287</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 732,287</u>
	June 30, 2016			
	Total	Level 1	Level 2	Level 3
Investments:				
Fixed-income securities:				
Municipal bonds	\$ 37,195	\$ -	\$ 37,195	\$ -
Money market funds	2,238	2,238	-	-
Equity securities:				
Equity mutual funds:				
Intermediate-term bonds	754,089	754,089	-	-
Large blend	1,771,613	1,771,613	-	-
Other various mutual funds	31,508	31,508	-	-
Beneficial interest in others	539,549	-	-	539,549
	<u>\$ 3,136,192</u>	<u>\$ 2,559,448</u>	<u>\$ 37,195</u>	<u>\$ 539,549</u>
Annuities payable	\$ 669,243	\$ -	\$ -	\$ 669,243
	<u>\$ 669,243</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 669,243</u>

The Organization does not have assets and liabilities recorded at fair market value on a nonrecurring basis.

The fair value estimates presented are based on pertinent information available to management at June 30, 2017. Although management is not aware of any factors that would significantly affect the estimated fair value measurements, such amounts have been comprehensively revalued for purposes of the financial statements since that date, and therefore, current estimates of fair value may differ significantly from the amounts presented herein.

Catholic Diocese of Kansas City—St. Joseph Chancery Operations

Notes to Financial Statements

Note 14. Fair Value Measurements (Continued)

The following table presents additional information about assets measured at fair value on a recurring basis for which the Organization has utilized Level 3 inputs to determine fair value for the years ended June 30, 2017 and 2016:

	Beneficial Interest in Others	
	2017	2016
Beginning balance	\$ 539,549	\$ 569,450
Unrealized gains (losses)	39,381	(29,901)
Ending balance	<u>\$ 578,930</u>	<u>\$ 539,549</u>

	Annuities Payable	
	2017	2016
Beginning balance	\$ 669,243	\$ 795,152
Additions	61,556	-
Disbursements	(74,232)	(63,849)
Change in value of future obligations	75,720	(62,060)
Ending balance	<u>\$ 732,287</u>	<u>\$ 669,243</u>

Note 15. Endowments

In July 2006, the Uniform Law Commission approved the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) as a modernized version of the Uniform Management of Institutional Funds Act of 1972 (UMIFA), the model act on which most states and the District of Columbia have based their primary laws governing the investment and management of donor-restricted endowment funds by not-for-profit organizations.

Among its changes, UPMIFA prescribes new guidelines for expenditure of a donor-restricted endowment fund (in the absence of overriding, explicit donor stipulations). Its predecessor, UMIFA, focused on the prudent spending of the net appreciation of the fund. UPMIFA instead focuses on the entirety of a donor-restricted endowment fund, that is, both original gift amount(s) and net appreciation. UPMIFA eliminates UMIFA's historic-dollar-value threshold, an amount below which an organization could not spend from the fund, in favor of a more robust set of guidelines about what constitutes prudent spending, explicitly requiring consideration of the duration and preservation of the fund.

The Organization's endowment includes both donor-restricted endowment funds and funds designated by management to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by management to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Catholic Diocese of Kansas City—St. Joseph Chancery Operations

Notes to Financial Statements

Note 15. Endowments (Continued)

Interpretation of existing law: Management of the Organization has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary (historical-dollar-value threshold). As a result of this interpretation, the Organization 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 following information is related to the endowments under the direction of the Organization:

Return objectives and risk parameters: The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs 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 Organization must hold in perpetuity or for a donor-specified period(s) as well as management-designated funds. Under this policy, as approved by management, the endowment assets (exclusive of the Charitable Gift Annuity Fund and Seminarian Fund) are invested following the Organization's guidelines as determined by management in consultation with the Diocesan Finance Council. The endowments are paid a rate determined by management in consultation with the Diocesan Finance Council.

The endowment assets of the Charitable Gift Annuity Fund and the Seminarian Fund are invested in a manner intended to produce results that exceed the benchmark for the blended market indices for each fund.

Strategies employed for achieving objectives: To satisfy its long-term rate-of-return objectives of the endowments invested per the Organization's guidelines as determined by management, the Organization employs a return strategy of utilizing the internal earning rate as set by management based on market rates.

To satisfy its long-term rate-of-return objectives of the Charitable Gift Annuity and Seminarian Funds, the Organization 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 Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term rate-of-return objectives with prudent risk constraints.

Spending policy and how the investment objectives relate to spending policy: The Organization has a policy of appropriating for distribution the interest earned in the current year by the endowment funds (exclusive of the Charitable Gift Annuity Fund) as well as allowing for the distribution of the principal as per the stipulations of the donor as well as management-designated funds. This is consistent with the Organization's objectives to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

The Organization has a policy of distribution for the Charitable Gift Annuity in accordance with the specific guidelines of the annuitant agreement.

From time to time, the fair value of assets associated with the endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. Such deficiencies would result from unfavorable market fluctuations that occur shortly after the investment of new permanently restricted contributions. In accordance with U.S. GAAP, deficiencies of this nature are reported in temporarily restricted and unrestricted net assets. There were no deficiencies as of June 30, 2017 and 2016.

Catholic Diocese of Kansas City—St. Joseph Chancery Operations

Notes to Financial Statements

Note 15. Endowments (Continued)

Changes in endowment net assets for the fiscal years ended June 30, 2017 and 2016, are as follows:

	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning of year	\$ 2,375,016	\$ 3,418,998	\$ 3,506,057	\$ 9,300,071
Net investment income	167,710	495,608	-	663,318
Change in value of split-interest agreements	(75,720)	-	-	(75,720)
Contributions	66,556	41	48,039	114,636
Appropriation of endowment assets for expenditure	(121,140)	(150,964)	-	(272,104)
Endowment net assets, end of year	<u>\$ 2,412,422</u>	<u>\$ 3,763,683</u>	<u>\$ 3,554,096</u>	<u>\$ 9,730,201</u>

	2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning of year	\$ 3,834,591	\$ 5,017,868	\$ 3,461,827	\$ 12,314,286
Net investment income	192,682	80,588	-	273,270
Change in value of split-interest agreements	62,060	-	-	62,060
Contributions	-	28,833	44,230	73,063
Transfers to affiliate Trust	(1,547,972)	(1,459,116)	-	(3,007,088)
Appropriation of endowment assets for expenditure	(166,345)	(249,175)	-	(415,520)
Endowment net assets, end of year	<u>\$ 2,375,016</u>	<u>\$ 3,418,998</u>	<u>\$ 3,506,057</u>	<u>\$ 9,300,071</u>

Note 16. Designated Unrestricted Net Assets

Designated unrestricted net assets at June 30, 2017 and 2016, comprised the following:

	2017	2016
Designated as to use:		
Pastoral	\$ 674,146	\$ 674,146
Education	5,000	5,000
Social services	359,030	369,222
Maintenance and upkeep of property and plant	1,620,591	1,554,463
Other	263,165	269,637
	<u>\$ 4,547,925</u>	<u>\$ 4,360,686</u>

Catholic Diocese of Kansas City—St. Joseph Chancery Operations

Notes to Financial Statements

Note 17. Retirement Funds

Priest retirement plan: The Organization has established a separate, self-administered retirement plan for priests of the Diocese. All recognized Diocesan organizations may participate in the plan. In accordance with plan documents, the Organization could be required to pay the benefits of a participating organization in the event that organization could not meet its obligation. The plan name is the Catholic Diocese of Kansas City—St. Joseph Priests' Pension Plan, and the employee identification number of the plan is 43-1697301. The assets for the plan are held in a separate trust for the benefit of the participants. The fund provides a monthly pension benefit to retired priests. The cost of providing the benefits provided under the plan shall be paid annually, as determined by the Organization's management acting with the advice of the plan actuary. The parishes or agencies of the Diocese are assessed annually for the support of the retirement plan. The table below presents certain financial information about the plan from the most recent audit report and actuarial certification as of July 1, 2016 and 2015:

	Total Plan Net Assets	Present Value of Accumulated Plan Benefits	Total Contributions	Funded Status
July 1, 2016	\$ 17,163,509	\$ 11,826,559	\$ 535,781	Greater than 100% funded
July 1, 2015	17,848,738	10,530,326	533,130	Greater than 100% funded

Lay retirement plan: The Organization has established a separate, self-administered, noncontributory retirement plan for lay employees. All recognized Diocesan organizations may participate in the plan. In accordance with plan documents, the Organization could be required to pay the benefits of a participating organization in the event that organization could not meet its obligation. The plan name is the Catholic Diocese of Kansas City—St. Joseph Lay Pension Plan Trust, and the employee identification number of the plan is 43-1697299. The assets for the plan are held in a separate trust for the benefit of the participants. Employees become 100 percent vested after five years of service. At age 65, normal retirement age, the employee is entitled to monthly pension benefits based on the highest five years' average compensation and on years of service. The table below presents certain financial information about the plan from the most recent audit report and actuarial certification as of July 1, 2016 and 2015:

	Total Plan Net Assets	Present Value of Accumulated Plan Benefits	Total Contributions	Funded Status
July 1, 2016	\$ 77,386,885	\$ 78,413,171	\$ 2,344,357	Between 80% and 100% funded
July 1, 2015	79,239,435	67,557,313	2,330,603	Greater than 100% funded

Note 18. Subsequent Events

Management has evaluated and disclosed subsequent events up to and including November 14, 2017, which is the date the financial statements were available to be issued.

