CENTRAL ADMINISTRATION OF THE ROMAN CATHOLIC DIOCESE OF LAFAYETTE-IN-INDIANA, INC.

FINANCIAL STATEMENTS

Together with Independent Auditors' Report

DECEMBER 31, 2017 AND 2016

GREENWALT CPAs

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CENTRAL ADMINISTRATION OF THE ROMAN CATHOLIC DIOCESE OF LAFAYETTE-IN-INDIANA, INC.
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INDEPENDENT AUDITORS' REPORT

To the Diocesan Finance Council of
Central Administration of the Roman Catholic Diocese of Lafayette-in-Indiana, Inc.:

We have audited the accompanying financial statements of Central Administration of the Roman Catholic Diocese of Lafayette-in-Indiana, Inc. (the Administration), which comprise the statements of financial position as of December 31, 2017 and 2016, and 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.

Auditors' 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 auditors' 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 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 Administration as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Correction of Prior Year Error

As discussed in Note 16 to the financial statements, the Administration has adjusted its 2016 financial statements to accrue expenses related to 2016 Fruitful Harvest dovetail and rebate payments. Accordingly, amounts reported for amounts due to parishes, contributions and parish revenue sharing have been restated in the 2016 financial statements now presented, and an adjustment has been made to net assets as of December 31, 2016, to correct the error. Our opinion is not modified with respect to this matter.

Greenwalt CPAs, Inc.

June 28, 2018

CENTRAL ADMINISTRATION OF THE ROMAN CATHOLIC DIOCESE OF LAFAYETTE-IN-INDIANA, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2017 AND 2016

ASSETS	2017	RESTATED 2016
Cash	$ 3,627,963	$ 5,868,884
Contributions receivable, net of allowance	2,434,101	7,577,780
Amounts due from parishes	160,331	150,473
Accounts receivable	1,041	4,980
Amounts due from former seminarians, net of allowance	127,221	-
Investments	24,396,208	25,404,056
Prepaid expenses	3,008	242,875
Beneficial interests in charitable trusts	690,426	614,669
Note receivable from St. John Vianney	697,078	670,268
Amount due from St. Alphonsus	600,000	720,000
Amount due from Our Lady of Grace	2,156,380	2,407,583
Amount due from St. Elizabeth Ann Seton	3,112,638	3,200,000
Amount due from St. Thomas Aquinas	561,225	-
Amount due from All Saints	64,485	76,485
Overfunded status of Priests' Retirement Plan	299,623	177,480
Land, buildings and equipment, net	19,252,341	13,810,616
Total assets	$ 58,184,069	$ 60,926,149

LIABILITIES AND NET ASSETS

	2017	RESTATED 2016
LIABILITIES		
Accounts payable and accrued expenses	$ 2,154,814	$ 1,135,609
Grants payable	262,000	524,000
Deferred revenue	210,433	188,838
Amounts due to parishes	2,372,542	2,943,435
Term note payable - St. Alphonsus	600,000	720,000
Mortgage note payable - Our Lady of Grace	2,156,380	2,407,583
Term note payable - St. Elizabeth Ann Seton	3,112,638	3,200,000
Accrued post-retirement benefit obligation	3,771,326	3,564,483
Total liabilities	14,640,133	14,683,948
COMMITMENTS AND CONTINGENCIES (NOTES 11, 13, 14)		
NET ASSETS		
Unrestricted	37,455,919	35,868,665
Temporarily restricted	5,924,584	10,210,103
Permanently restricted	163,433	163,433
Total net assets	43,543,936	46,242,201
Total liabilities and net assets	$ 58,184,069	$ 60,926,149

CENTRAL ADMINISTRATION OF THE ROMAN CATHOLIC DIOCESE OF LAFAYETTE-IN-INDIANA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE TOTAL FOR THE YEAR ENDED DECEMBER 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	2017 Total	RESTATED 2016 Total
REVENUES, GAINS AND OTHER SUPPORT					
Contributions	$ 18,338	$ 777,028	$ -	$ 795,366	$ 11,102,482
Investment return, net	3,394,197	485,560	-	3,879,757	1,739,393
Rent revenue	224,105	-	-	224,105	237,397
Subscription revenue	660,310	-	-	660,310	645,549
Program service revenue	301,897	-	-	301,897	91,438
Insurance program assessments	8,730,401	-	-	8,730,401	8,161,868
Gain on sale of property and equipment	67,414	-	-	67,414	1,002,032
Other income	2,567	-	-	2,567	10,047
Saint Joseph retreat and conference center	35,495	-	-	35,495	-
Change in value of charitable trusts	82,991	-	-	82,991	61,800
Net assets released from restrictions	5,548,107	(5,548,107)	-	-	-
Total revenues, gains and other support	19,065,822	(4,285,519)	-	14,780,303	23,052,006
EXPENSES					
Program services					
Office for divine worship and liturgical formation	36,107	-	-	36,107	142,821
Tribunal	364,596	-	-	364,596	380,184
Office for communication	720,297	-	-	720,297	659,603
Vocations office	911,092	-	-	911,092	947,774
Office of catechesis	468,739	-	-	468,739	299,047
Office for family life	384,606	-	-	384,606	326,263
Office of Catholic schools	278,043	-	-	278,043	277,639
Permanent Diaconate	41,388	-	-	41,388	35,705
Vicar for the clergy	201,567	-	-	201,567	103,171
Bishop's office organization	603,052	-	-	603,052	996,651
Office of pastoral ministries	165,161	-	-	165,161	-
Saint Joseph retreat and conference center	1,190,499	-	-	1,190,499	-
Property and health insurance program	9,221,556	-	-	9,221,556	8,233,846
Parish revenue sharing	45,892	-	-	45,892	228,994
Other program expenses	257,021	-	-	257,021	733,338
Total program services	14,889,616	-	-	14,889,616	13,365,036
Supporting services					
Fundraising	376,286	-	-	376,286	510,674
General and administrative	2,201,867	-	-	2,201,867	2,243,143
Total expenses	17,467,769	-	-	17,467,769	16,118,853
CHANGE IN NET ASSETS FROM OPERATING ACTIVITES	1,598,053	(4,285,519)	-	(2,687,466)	6,933,153
NONOPERATING					
Pension-related changes other than net periodic pension cost	(10,799)	-	-	(10,799)	871,757
CHANGE IN NET ASSETS	1,587,254	(4,285,519)	-	(2,698,265)	7,804,910
NET ASSETS, BEGINNING OF YEAR (RESTATED)	35,868,665	10,210,103	163,433	46,242,201	38,437,291
NET ASSETS, END OF YEAR	$ 37,455,919	$ 5,924,584	$ 163,433	$ 43,543,936	$ 46,242,201

CENTRAL ADMINISTRATION OF THE ROMAN CATHOLIC DIOCESE OF LAFAYETTE-IN-INDIANA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	RESTATED Total
REVENUES, GAINS AND OTHER SUPPORT				
Contributions	$ 182,600	$ 10,919,882	$ -	$ 11,102,482
Investment return, net	1,504,240	235,153	-	1,739,393
Rent revenue	237,397	-	-	237,397
Subscription revenue	645,549	-	-	645,549
Program service revenue	91,438	-	-	91,438
Insurance program assessments	8,161,868	-	-	8,161,868
Gain on sale of property and equipment	1,002,032	-	-	1,002,032
Other income	10,047	-	-	10,047
Change in value of charitable trusts	61,800	-	-	61,800
Net assets released from restrictions	5,308,353	(5,176,147)	(132,206)	-
Total revenues, gains and other support	17,205,324	5,978,888	(132,206)	23,052,006
EXPENSES				
Program services				
Office for worship and RCIA	142,821	-	-	142,821
Tribunal	380,184	-	-	380,184
Office for communication	659,603	-	-	659,603
Vocations office	947,774	-	-	947,774
Office for adult catechesis	299,047	-	-	299,047
Office for family life	326,263	-	-	326,263
Office for education and youth catechesis	277,639	-	-	277,639
Permanent Diaconate	35,705	-	-	35,705
Vicar for the clergy	103,171	-	-	103,171
Bishop's office organization	996,651	-	-	996,651
Property and health insurance program	8,233,846	-	-	8,233,846
Parish revenue sharing	228,994	-	-	228,994
Other program expenses	733,338	-	-	733,338
Total program services	13,365,036	-	-	13,365,036
Supporting services				
Fundraising	510,674	-	-	510,674
General and administrative	2,243,143	-	-	2,243,143
Total expenses	16,118,853	-	-	16,118,853
CHANGE IN NET ASSETS FROM OPERATING ACTIVITES	1,086,471	5,978,888	(132,206)	6,933,153
NONOPERATING				
Pension-related changes other than net periodic pension cost	871,757	-	-	871,757
CHANGE IN NET ASSETS	1,958,228	5,978,888	(132,206)	7,804,910
NET ASSETS, BEGINNING OF YEAR	33,910,437	4,231,215	295,639	38,437,291
NET ASSETS, END OF YEAR	$ 35,868,665	$ 10,210,103	$ 163,433	$ 46,242,201

See accompanying notes to financial statements.

INCREASE (DECREASE) IN CASH

	2017	RESTATED 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from parishes, contributors, and program services	$ 15,436,210	$ 14,408,883
Cash paid to vendors and employees	(17,176,561)	(15,446,156)
Investment income	135,224	39,778
Net cash used in operating activities	(1,605,127)	(997,495)
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan to St. Thomas Aquinas	(561,225)	-
Purchases of investments	(2,264,773)	(22,729,795)
Proceeds from sale of investments	7,226,266	24,400,247
Proceeds from sale of property and equipment	67,414	2,377,140
Purchases of property and equipment	(5,103,476)	(1,037,718)
Net cash provided by (used in) investing activities	(635,794)	3,009,874
CHANGE IN CASH	(2,240,921)	2,012,379
CASH, BEGINNING OF YEAR	5,868,884	3,856,505
CASH, END OF YEAR	$ 3,627,963	$ 5,868,884
SCHEDULE OF NON-CASH INVESTING ACTIVITIES		
Donated investments	$ 150,936	$ 121,626
Property and equipment included in accounts payable	$ 601,695	$ -
SCHEDULE OF NON-CASH FINANCING ACTIVITIES		
St. Alphonsus principal payments on term note payable	$ 120,000	$ 120,000
Our Lady of Grace principal payments on mortgage note payable	$ 251,203	$ 332,624
St. Elizabeth Ann Seton principal payments on term note	$ 3,112,638	$ -
St. Elizabeth Ann Seton borrowings on term note	$ -	$ 3,200,000

NET CASH USED IN OPERATING ACTIVITIES

	2017	RESTATED 2016
CHANGE IN NET ASSETS	$ (2,698,265)	$ 7,804,910
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH USED IN OPERATING ACTIVITIES		
Depreciation	263,446	207,883
Gain on sale of property and equipment	(67,414)	(1,002,032)
Realized and unrealized gains on investments, net	(3,802,709)	(1,460,822)
Change in allowance for doubtful accounts	66,921	(60,495)
Change in value of charitable trusts	(82,991)	(61,800)
Donated investments	(150,936)	(121,626)
(Increase) decrease in operating assets:		
Contributions receivable, net of allowance	5,076,758	(5,171,185)
Amounts due from parishes	(24,668)	120,176
Accounts receivable	3,939	(4,975)
Amounts due from former seminarians, net of allowance	(127,221)	
Prepaid expenses	239,867	(52,801)
Overfunded/underfunded status of Priests' Retirement Plan	(122,143)	(832,652)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	424,744	(107,525)
Grants payable	(262,000)	212,000
Deferred revenue	21,595	(7,934)
Amounts due to parishes	(570,893)	(419,492)
Accrued post-retirement benefit obligation	206,843	(39,125)
Total adjustments	1,093,138	(8,802,405)
NET CASH USED IN OPERATING ACTIVITIES	$ (1,605,127)	$ (997,495)

1. NATURE OF ACTIVITIES

Central Administration of the Roman Catholic Diocese of Lafayette-in-Indiana, Inc. (the Administration) was formed in coordination with the establishment of the Roman Catholic Diocese of Lafayette-in-Indiana in 1945, and subsequently incorporated in 1958. The Administration is a nonprofit organization located in Lafayette, Indiana, which provides services at the Diocesan level of administration of the Roman Catholic Church.

The accompanying financial statements include the assets, liabilities, net assets and operations of the Central Administration Office only. The activities of the parishes, religious orders, lay societies, and religious organizations which operate within the Administration and their related assets and liabilities have not been included in the accompanying financial statements, but are assets and liabilities which would ultimately come under the umbrella of the Administration. The accompanying financial statements also do not include the activities of the Lafayette Diocesan Foundation, Inc.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING AND USE OF ESTIMATES

The accompanying financial statements were prepared on the accrual basis of accounting. Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported support, revenues and expenses. Actual results could vary from the estimates that were used.

CASH AND CASH EQUIVALENTS

The Administration considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. There were no cash equivalents at December 31, 2017 and 2016. The Administration maintains cash balances at commercial banks. Accounts at the banks are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At December 31, 2017, the Administration maintained cash and cash equivalents in excess of the FDIC coverage limits of approximately $3.0 million.

CONTRIBUTIONS RECEIVABLE

A primary source of support for the Administration is the receipt of contributions under the *Fruitful Harvest Campaign*, which is a biennial parish level campaign. The previous *Fruitful Harvest Campaign*, which began in August 2014, came to a close in August 2016. At that time, a new *Fruitful Harvest Campaign* commenced, which will run through 2018.

For each *Fruitful Harvest Campaign*, every parish is assessed a campaign goal. The goal is the amount that each parish must raise and is retained by the Administration. Amounts collected in excess of the respective goals are returned to the parish. The amount returned is based on several factors including whether or not a parish adds a dovetail campaign (100% returned), if the parish operates a school (92% is returned), or if neither, 50% of the collected amounts in excess of the goal is returned to the parish. Additionally, once the parish meets its goal amount, the Administration issues a 10% rebate for parishes not participating in the dovetail campaign program.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

CONTRIBUTIONS RECEIVABLE, CONTINUED

The total amount pledged under the *Fruitful Harvest Campaign* is reported as contributions receivable. Amounts pledged in excess of the respective parish's goal, plus any rebates, less the amounts expected to be retained by the Administration, are recorded as amounts due to parishes and are not recorded as support of the Administration.

Pledges (contributions receivable) are unconditional promises to give that are recognized as contributions when the promise or pledge is received. All contributions are reported as increases in unrestricted net assets unless use of the contributed assets is specifically restricted by the donor.

Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in either temporarily restricted or permanently restricted net assets, consistent with the nature of the restriction. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as temporarily restricted until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received with permanent restrictions.

Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. Fair value is computed using a present value technique applied to anticipated cash flows.

Conditional promises, such as matching gifts, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Management estimates an allowance for doubtful contributions receivable based on current economic conditions, historical trends, and current and past experience with the Administration's donor base. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed. Management has determined that an allowance of $1,156,774 and $1,089,853 is necessary at December 31, 2017 and 2016, respectively.

AMOUNTS DUE FROM PARISHES, FORMER SEMINARIANS, AND ACCOUNTS RECEIVABLE

Accounts receivable are stated at the amount due the Administration for services provided or under a reimbursable arrangement. Management estimates an allowance for uncollectible accounts receivable based on an evaluation of current economic conditions, historical trends, and past experience. Management has determined that an allowance of $383,291 and $341,816 is necessary at December 31, 2017 and 2016, respectively, for seminarian loans not expected to be paid back should the seminarians become a priest.

INVESTMENTS AND INVESTMENT RETURN

Investments are carried at fair value for financial reporting purposes. Realized gains or losses upon the sale of investments are based on the cost of specifically identified securities. Changes in unrealized appreciation or depreciation of investments are reflected in the statement of activities in the period in which such changes occur. Interest and dividend income is recorded when earned.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

NOTE RECEIVABLE FROM ST. JOHN VIANNEY

During 2009, the Administration transferred land to the St. John Vianney Parish in exchange for a note receivable in the amount of $954,000. The note receivable bears no interest and the maturity date is not yet finalized. The note receivable is unsecured. Management has determined that an allowance is not necessary at December 31, 2017 and 2016. At December 31, 2017 and 2016, the note receivable has been recorded at its net present value of $697,078 and $670,268, respectively, using a discount rate of 4.0% and an expectation of collection by 2025.

DUE FROM ST. ALPHONSUS AND DUE FROM OUR LADY OF GRACE

During 2012, the Administration obtained loans from two banks on behalf of St. Alphonsus Liguori Catholic Church and Our Lady of Grace Catholic Church. St. Alphonsus has signed an unconditional guarantee with the bank (Note 8) and both parishes are expected to make all payments of principal and interest directly to the banks. As the Administration does not anticipate paying on the bank loans, receivables from the parishes have been established to offset the amount of the loans that are recorded. The balance for St. Alphonsus was $600,000 and $720,000 at December 31, 2017 and 2016, respectively. The balance for Our Lady of Grace was $2,156,380 and $2,407,583 at December 31, 2017 and 2016, respectively. These receivables bear no interest and are unsecured. Management has determined that an allowance is not necessary at December 31, 2017 and 2016.

DUE FROM ST. ELIZABETH ANN SETON

During 2015, the Administration obtained a loan on the behalf of St. Elizabeth Ann Seton Catholic Church. The parish is expected to make all payments of principal and interest directly to the bank. As the Administration does not anticipate paying on the loan, a receivable from the Parish has been established to offset the amount of loan recorded. The balance was $3,112,638 and $3,200,000 at December 31, 2017 and 2016 respectively. Management has determined that an allowance is not necessary at December 31, 2017 and 2016.

DUE FROM ST. THOMAS AQUINAS

During 2017, the Administration provided funding to the Campus Ministry at St. Thomas Aquinas – The Catholic Center at Purdue University to help build a Catholic dormitory on campus. The balance due of $561,225 at December 31, 2017 is expected to be repaid once the project is financed. Management has determined no allowance is necessary at December 31, 2017.

DUE FROM ALL SAINTS

During 2014, the Administration made an advance to All Saints Catholic Church of $113,516. This advance is unsecured and bears no interest. Subject to an informal agreement, the advance will be repaid by August 31, 2024. The balance was $64,485 and $76,485 at December 31, 2017 and 2016, respectively. Management has determined that an allowance is not necessary at December 31, 2017 and 2016.

LAND, BUILDINGS AND EQUIPMENT

The Administration capitalizes all significant transactions related to land, buildings and equipment at cost, if purchase is greater than $1,000, and at fair value at the date of donation, if donated. All land and buildings are capitalized. Equipment is capitalized if it has a useful life when acquired of more than one year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

LAND, BUILDINGS AND EQUIPMENT, CONTINUED

Costs of ordinary maintenance and repairs are expensed as incurred. Depreciation is computed using the straight line method over the estimated useful lives of the assets which range from three to seventy-five years.

Gifts of land, buildings, and equipment are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose or stipulated how long those long-lived assets must be used. Absent donor restrictions on use and how long those donated assets must be maintained, the Administration reports expirations of donor restrictions when the donated or acquired assets are placed in service.

GRANTS PAYABLE

At December 31, 2017 and 2016, grants payable consist of grants made to two parishes requiring monthly payments through December 15, 2018. The grants are awarded on a biannual basis and are payable monthly during that time.

DEFERRED REVENUE

Deferred revenue is comprised of advance insurance assessments billed to participants. Revenue from these assessments is recognized ratably over the policy period.

NET ASSETS

The financial statements report net assets and changes in net assets in three classes that are based upon the existence or absence of restrictions on use that are placed by the Administration's donors, as follows:

Unrestricted Net Assets

Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the Administration, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. The Administration has designated $7,879,340 and $6,886,612 at December 31, 2017 and 2016 respectively, of net assets for the benefit of the parishes.

Temporarily Restricted Net Assets

Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The Administration's unspent contributions are classified in this class if the donor limited their use, as is the unspent appreciation of its donor-restricted endowment funds.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as temporarily restricted until the specified asset is placed in service by the Administration, unless the donor provides more specific directions about the period of its use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

NET ASSETS, CONTINUED

Permanently Restricted Net Assets

Permanently restricted net assets are resources whose use by the Administration is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time.

REVENUE RECOGNITION

Revenue is recognized when earned. The primary source of revenue (other than investment return) is assessments related to the various insurance programs. Assessments are billed to the parishes and/or participants based on the premiums that are billed from the insurance carriers. Revenue is recognized ratably over the policy period.

DONATED SERVICES

Contributions of services are recognized as revenue at their estimated fair value when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

The Administration receives a substantial amount of services donated by individuals in carrying out its programs. Values have not been assigned to these services as the criteria for recognition has not been met and, accordingly, they are not reflected in the accompanying financial statements.

RENT REVENUE

The Administration rents land and property to various third parties pursuant to operating lease agreements, generally for twelve month periods with varying expiration dates, at which point the lease agreements are subject to renewal. At December 31, 2017 and 2016, the Administration's lease agreements were all on a month to month basis.

Rent revenue is recognized when earned and was $224,105 and $237,397 for the years ended December 31, 2017 and 2016, respectively. At December 31, 2017 and 2016, the cost of leased land was $11,418,100 . At December 31, 2017, the cost and accumulated depreciation of leased property was $185,576 and $115,160, respectively. At December 31, 2016, the cost and accumulated depreciation of leased property was $184,420 and $107,031, respectively.

FUNCTIONAL EXPENSE ALLOCATION

The costs of providing the programs and services of the Administration have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Although the methods of allocation are deemed appropriate, other methods could produce different results.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

INCOME TAXES

The Administration is organized as a not-for-profit corporation other than a private foundation, and is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and similar state law.

The Administration is subject to routine audits by taxing jurisdictions; however there are currently no audits for any tax periods in progress. As a religious organization, the Administration is not required to file annual Federal or state information returns.

SUBSEQUENT EVENTS

The Administration evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through June 28, 2018, which is the date the financial statements are available to be issued.

3. CONTRIBUTIONS RECEIVABLE

Unconditional contributions receivable consist of the following at December 31:

	2017	2016
Fruitful Harvest Campaign	$ 3,545,875	$ 8,667,633
Grants Receivable	45,000	-
Less allowance for doubtful accounts	(1,156,774)	(1,089,853)
Net contributions receivable	$ 2,434,101	$ 7,577,780

Fruitful Harvest Campaign contributions receivable at December 31, 2017 and 2016 are due by August 2018.

4. INVESTMENTS

Investments include the following at December 31:

	2017	2016
Cash	$ 654,155	$ 539,263
Common stocks (U.S. and international)	13,797	-
Mutual funds	9,612,856	10,167,049
Common trust funds	14,115,400	14,697,744
	$ 24,396,208	$ 25,404,056

4. INVESTMENTS, CONTINUED

The following schedule summarizes investment return for the years ended December 31:

	2017	2016
Interest and dividend income	$ 247,980	$ 429,688
Realized and unrealized gains on investments, net	3,802,709	1,460,822
Investment fees	(170,932)	(154,117)
Investment return, net	$ 3,879,757	$ 1,739,393

5. INTEREST IN CHARITABLE TRUSTS

The Administration is the primary beneficiary under two charitable trusts at December 31, 2017 and 2016. The trust's assets are held by the Administration, as trustee, and are held in bank custodial accounts. Under one of the trusts, the trust assets may be expended for the benefit of those in financial need. The donor of this trust is still living and is allowed to offer suggestions for how to expend funds from the trust. Upon the death of the donor, the expenditures will be solely at the discretion of the Administration. The second trust's assets are available for use to support impoverished children, as well as the care and education of children. The beneficial interest in the trusts is reported at fair value, which is estimated as the fair value of the underlying trust assets. The Administration's interest in the trusts is reflected as an asset in the amount of $690,426 and $614,669, at December 31, 2017 and 2016, respectively.

6. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Administration has the ability to access.

Level 2 - Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

6. FAIR VALUE MEASUREMENTS, CONTINUED

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2017 and 2016.

- *Common stocks*: Valued at the closing price reported on the active market on which the individual securities are traded.
- *Mutual funds*: Valued at the daily closing prices as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds registered with the Securities and Exchange Commission.

  These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.
- *Common Trust Funds*: Valued at the NAV reported by the fund.

The preceding methods described may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, although the Administration believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies and assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date.

During 2016, the Administration early adopted Accounting Standards Update 2015-07, *Disclosures for Investments in Certain Entities that Calculate Net Asset Value Per Share,* which removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share as a practical expedient. As such, investments in common trust funds, if any, are valued at their respective net asset value and are not classified within the fair value hierarchy.

The following table sets forth by level, within the hierarchy, the Administration's assets measured at fair value on a recurring basis as of December 31:

2017	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds				
PIMCO Total Return III	$ 9,612,856	$ 9,612,856	$ -	$ -
MSCI ACWI screened index fund	7,130,326			
Russell 3000 screened index fund	6,985,074			
Common stock	13,797			
Charitable trusts	690,426	690,426	-	-

6. FAIR VALUE MEASUREMENTS, CONTINUED

2016	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds				
PIMCO Total Return III	$ 10,167,049	$ 10,167,049	$ -	$ -
MSCI ACWI screened index fund	7,361,863			
Russell 3000 screened index fund	7,335,881			
Charitable trusts	614,669	614,669	-	-

The Administration's policy is to recognize transfers between levels as of the end of the reporting period. There were no transfers among levels during 2017 or 2016.

The Administration's investments and amounts held within the charitable trusts are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying financial statements.

7. LAND, BUILDINGS, AND EQUIPMENT

Land, buildings and equipment include the following at December 31:

	2017	2016
Land	$ 11,609,642	$ 11,609,642
Buildings and building improvements	10,997,092	5,974,418
Furniture, fixtures and equipment	695,946	350,704
Vehicles	30,095	-
	23,332,775	17,934,764
Accumulated depreciation	(4,396,964)	(4,136,175)
Capital projects in process	316,530	12,027
	$ 19,252,341	$ 13,810,616

8. LINE OF CREDIT

LAFAYETTE CATHOLIC SCHOOL SYSTEM

The Administration had a $1,000,000 unsecured line of credit that was available for its short-term borrowings needs until January 10, 2017. Borrowings under this line of credit bear interest at the Wall Street Journal prime lending rate (3.75% at January 10, 2017) with a minimum interest rate of 3.50%. The line of credit agreement required semi-annual payments of interest only. There were no borrowings outstanding on this line of credit at December 31, 2017 and 2016. This line of credit was not renewed.

9. NOTES PAYABLE

TERM NOTE PAYABLE – ST. ALPHONSUS

During 2012, the Administration obtained a $1,200,000 convertible line of credit note with a bank on behalf of St. Alphonsus Liguori Catholic Church. While the Administration is the obligor, the loan proceeds were paid directly to the parish and all payments of interest and principal are to be made by the parish directly to the bank. The parish entered into an agreement with the bank as guarantor of this loan. The loan is unsecured.

TERM NOTE PAYABLE – ST. ALPHONSUS

The line of credit was converted to an amortizing term loan in February 2013, requiring quarterly principal installments of $30,000, plus interest, through November 1, 2022. The note bears interest at the three month LIBOR rate plus one hundred fifty basis points (3.11% at December 31, 2017).

The Administration utilizes an interest rate swap agreement related to the above debt to manage interest rate exposure and to achieve a desired proportion of variable and fixed rate debt. The agreement effectively converts the variable rate cost of the related debt to a fixed rate of 1.69%. The agreement has a notional principal amount outstanding of $600,000 and $720,000 at December 31, 2017 and 2016, respectively. The interest rate swap agreement matures at the time the related debt matures on November 1, 2022. The Administration is exposed to credit loss in the event of nonperformance by counter parties to the agreement, but nonperformance is not anticipated. The fair value of the interest rate swap is immaterial at December 31, 2017 and 2016, and has not been included in the accompanying financial statements.

MORTGAGE NOTES PAYABLE – OUR LADY OF GRACE

The Administration is the obligor of debt financing under two term notes for the benefit of Our Lady of Grace Catholic Church. While the Administration is the obligor, the loan proceeds were paid directly to the parish and all payments of principal and interest are made by the parish directly to the bank.

One note had an original principal of $1,450,000, and had interest at the one month ICE LIBOR plus 2.32%. The amount outstanding on the note at December 31, 2016 was $1,091,295. The second note required monthly principal and interest payments of $9,345 and one balloon payment of $1,165,271 on May 19, 2019. The note bore interest at 3.83% and had a balance of $1,316,288 at December 31, 2016.

Both notes were refinanced in August 2017. One note payable requires monthly interest payments at the one month ICE LIBOR plus 2.10% (3.66% at December 31, 2017) and one balloon payment of $1,703,104 in August 2022. At December 31, 2017, borrowings outstanding under the note were $1,703,104. The second note has a principal amount of $500,000. The note requires monthly payments of $5,201 and one balloon payment of $283,408 in August 2022. At December 31, 2017, borrowings outstanding under the note were $453,276 and bear interest at 4.55%. The mortgage note payable placed certain restrictive covenants on the Administration and Our Lady of Grace. These covenants have been waived by the bank.

9. NOTES PAYABLE, CONTINUED

TERM NOTE PAYABLE – ST. ELIZABETH ANN SETON

During 2015, the Administration obtained a line of credit on the behalf of St. Elizabeth Ann Seton Catholic Church with a maximum borrowing amount of $3,200,000. This line of credit is secured by property and bears interest at 3.5%. Subject to an informal agreement, any draws on the line of credit will be repaid by St. Elizabeth Ann Seton when the funds are available. In August 2016, the line of credit converted to a note payable requiring monthly payments of $15,410 for principal and interest at 3.75%. The note is secured by all property and equipment of the parish and expires July 2045. The balance was $3,112,638 and $3,200,000 at December 31, 2017 and 2016 respectively.

Annual principal maturities under all notes payable as of December 31 are as follows:

2018	$ 228,141
2019	232,608
2020	237,262
2021	242,110
2022	2,177,710
Thereafter	2,751,187
	$ 5,869,018

The administration does not record interest income or expense related to these notes in the statements of activities.

10. NET ASSETS

TEMPORARILY RESTRICTED

Temporarily restricted net assets consist of the following as of December 31:

Purpose restrictions:	2017	2016
Future parishes	$ 314,275	$ 314,275
Seminarians' education	1,632,139	1,441,876
Rice bowl collections	19,998	60,863
Human development (local)	82,443	71,310
Poor of the Diocese	1,662,153	1,467,260
Long term funds for the poor	161,628	145,966
Catholic education	85,668	69,447
Clergy funeral expenses	113,452	113,652
National Initiative - Pastoral Leaders Project	963,188	1,007,322
Other	211,586	167,179
Time restrictions:		
Contributions receivable in future periods	678,054	5,350,953
	$ 5,924,584	$ 10,210,103

10. NET ASSETS, CONTINUED

PERMANENTLY RESTRICTED

Permanently restricted net assets consist of the following as of December 31:

	2017	2016
Seminarians	$ 80,044	$ 80,044
Scholarships	23,612	23,612
Priests' sabbaticals	40,438	40,438
Camp fund	19,339	19,339
	$ 163,433	$ 163,433

RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions as follows during the years ended December 31:

	2017	2016
Purpose restrictions accomplished	$ 794,400	$ 972,035
Time restrictions expired	4,753,707	4,204,112
Scholarship funds transferred to the Foundation	-	132,206
	$ 5,548,107	$ 5,308,353

During 2016, the Administration transferred $132,206 of permanently restricted net assets to the Foundation per the original donor's request.

11. EMPLOYEE BENEFIT PLANS

PRIESTS' HEALTH AND WELFARE PLAN

The Administration sponsors a group insurance defined benefit plan for Diocesan priests. The plan provides for medical, dental and life insurance benefits for the duration of the priests' life. The plan is not funded.

The measurement dates used in determining the benefit measurement of the plan's benefit obligations for the years ended December 31, 2017 and 2016, is January 1, 2017 and 2016, respectively, with results projected to December 31, 2017 and 2016, respectively, with an unrecognized actuarial loss.

11. EMPLOYEE BENEFIT PLANS, CONTINUED

The following table sets forth the plan's funded status as included in accrued postretirement benefit obligation in the Administration's statements of financial position at December 31:

	2017	2016
Benefit obligation	$ (3,771,326)	$ (3,564,483)
Less: fair value of plan assets	-	-
Funding deficit	$ (3,771,326)	$ (3,564,483)

The plan paid benefits of $122,606 and $117,446 during the years ended December 31, 2017 and 2016, respectively.

Net periodic postretirement benefit cost includes the following components at December 31:

	2017	2016
Service cost	$ 129,177	$ 133,099
Interest cost on accumulated postretirement benefit obligation	148,912	159,549
Amortization of prior service cost	(74,743)	(74,743)
Recognition of net loss	235	11,938
Net periodic postretirement benefit cost	$ 203,581	$ 229,843

PRIESTS' HEALTH AND WELFARE PLAN, CONTINUED

Items not yet recognized as a component of net periodic postretirement benefit cost include an unrecognized actuarial loss of ($412,037) and ($360,912) at December 31, 2017 and 2016, respectively. The change in the unrecognized actuarial gain (loss) for the years ended December 31 is combined with that of the Priests' Retirement Plan and is included in the statements of activities.

A 9.0% and 5.0% annual rate of increase in the per capita cost of covered health care benefits was assumed for pre-65 and post-65 participants, respectively, for 2017. An 8.0% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2016; the rate was assumed to decrease gradually to 5.0% in 2026 and remain at that level thereafter. The post-65 participants were assumed to remain at the 5.0% level from now into the future. A 5.0% and a 4.0% annual rate of increase in the per capita cost of covered dental benefits was assumed for 2017 and 2016, respectively; the rate was assumed to decrease gradually to 3.5% in 2022 and remain at that level thereafter.

Increasing the assumed health care and dental trend rates by one percentage point in each year would increase the accumulated postretirement benefit obligation as of December 31, 2017 by $200,608 and would increase the total service and interest cost components by $13,221 in 2017. Decreasing the assumed health care and dental trend rates by one percentage point in each year would decrease the accumulated postretirement benefit obligation as of December 31, 2017 by $166,329 and would decrease the total service and interest cost components by $10,433 in 2017.

Effective January 1, 2016, 100% of the retired priests are assumed to elect the AARP Medicare Supplement Plan with PDP, with premium rates varying by person. The annual Medicare Supplement Plan and PDP premium rates are assumed to be $2,935 and $450 per person.

11. EMPLOYEE BENEFIT PLANS, CONTINUED

For Medicare eligible priests enrolled in the PDP plan, the Diocese is assumed to reimburse $433 annually for co-pays, and this reimbursement is assumed to increase by 3% annually. There is no longer a tax subsidy since Diocese participation in the Retiree Drug Subsidy program was discontinued effective on January 1, 2016. Pre-Medicare eligible priests will be provided medical coverage through the RETA Trust. Post-Medicare eligible priests can also enroll in the RETA Trust Plan as a secondary insurance. Post-Medicare eligible priests have the option to elect a different prescription drug plan offered through Anthem as well.

Annual dental cost is assumed to be $419 per person for 2017 and 2016, and is assumed to increase with the dental trend rate described above.

The weighted average discount rate used in determining the benefit obligation was 3.80% and 4.25% as of December 31, 2017 and 2016, respectively.

The following benefits are expected to be paid for the years ending December 31:

2018	$ 138,722
2019	141,231
2020	148,077
2021	145,369
2022	142,644
Years 2023 – 2027	810,617
	$ 1,526,660

PRIESTS' RETIREMENT PLAN

The Administration has a defined benefit pension plan for Diocesan priests. Each eligible priest electing to participate in the plan contributes $50 annually. Each parish and the Administration is responsible for making a contribution to the Priests' Retirement Plan equal to 10% of the gross salary of each of its participating priests.

The measurement date used in determining the benefit measurements for plan assets and benefit obligations for the years ended December 31, 2017 and 2016 was December 31, 2017 and 2016, respectively.

The following sets forth the funded status of the plan and amounts shown in the accompanying statements of financial position at December 31:

	2017	2016
Benefit obligation	$ 8,920,929	$ 7,714,224
Fair value of plan assets	9,220,552	7,891,704
Funded status	$ 299,623	$ 177,480

11. EMPLOYEE BENEFIT PLANS, CONTINUED

PRIESTS' RETIREMENT PLAN, CONTINUED

Net pension cost for the defined benefit plan included the following components for the years ended December 31:

	2017	2016
Service costs	$ 192,229	$ 202,755
Interest costs	337,732	349,087
Return on assets	(463,958)	(429,238)
Recognition of net loss	-	15,545
Net benefit cost	$ 66,003	$ 138,149

Items not yet recognized as a component of net periodic postretirement benefit cost include an unrecognized actuarial loss of ($489,958) and ($374,889) at December 31, 2017 and 2016, respectively. The change in the unrecognized actuarial gain (loss) for the years ended December 31, 2017 and 2016 is combined with that of the Priests' Health and Welfare Plan and is included in the statements of activities as follows:

	2017	2016
Priests' Health and Welfare Plan	$ (125,868)	$ 151,522
Priests' Retirement Plan	115,069	720,235
Pension-related changes other than net periodic postretirement benefit cost	$ (10,799)	$ 871,757

The following table summarizes the assumptions used to determine the projected benefit obligation for the years ended December 31:

	2017	2016
Weighted average used to determine benefit obligations		
Discount rate	3.80%	4.50%
Rate of compensation increase	0.00%	0.00%
Weighted average used to determine net periodic benefit cost for the year		
Discount rate	4.50%	4.50%
Expected long-term rate of return	6.00%	6.00%
Rate of compensation increase	0.00%	0.00%

11. EMPLOYEE BENEFIT PLANS, CONTINUED

PRIESTS' RETIREMENT PLAN, CONTINUED

The Administration's contribution to the plan was $303,215 and $235,021 for the years ended December 31, 2017 and 2016, respectively. Distributions from the plan were $444,703 and $463,958 during the years ended December 31, 2017 and 2016, respectively.

The amount of benefits expected to be paid, based on the same assumptions used to measure the benefit obligation (including, when applicable, benefits attributable to estimated future service) are as follows:

Year Ending December 31	
2018	$ 508,222
2019	499,915
2020	509,260
2021	517,935
2022	490,554
Years 2023-2026	2,563,628
	$ 5,089,514

The Priests' Retirement Plan weighted-average asset allocations at December 31, by asset category are as follows:

	2017	2016
Equity securities	74%	74%
Debt securities	24%	22%
Other	2%	4%
	100%	100%

The target allocation for the Administration's plan assets is broadly characterized as a 75% allocation between equity and debt securities. This strategy utilizes fixed income securities, which generally consist of government backed securities and cash, and equity securities which consist of common stocks and mutual funds shares. Investments are purchased with the intent to hold the asset for a long-term period.

The Administration attempts to mitigate investment risk by rebalancing between equity and debt classes as the Administration's contributions and benefit payments are made. Although changes in interest rates may affect the fair value of a portion of the investment portfolio and cause unrealized gains or losses, such gains or losses would not be realized unless the investments are sold.

11. EMPLOYEE BENEFIT PLANS, CONTINUED

PRIESTS' RETIREMENT PLAN, CONTINUED

The fair value of the major classes of plan assets is as follows as of December 31:

	2017	2016
JP Morgan US Treasury Plus Money Market	$ -	$ 27,922
Mutual Funds		
PIMCO Total Return III Fund	2,359,242	2,045,924
Common trust fund		
MSCI ACWI Screened Index Fund	3,438,794	2,914,072
Russell 3000 Screened Index Fund	3,422,516	2,903,786
	$ 9,220,552	$ 7,891,704

The fair value of the Priests' Retirement Plan assets is determined on the basis of Level 1 inputs, except for the JP Morgan US Treasury Plus Money Market, and Russell 3000 Screened Index Fund which is valued based on Level 2 inputs. Investments in collective investment funds, if any, are valued at their respective net asset value and are not classified within the fair value hierarchy. See Note 10 for further explanation of fair value.

LAY EMPLOYEES' RETIREMENT PLAN

The Administration participates in a multi-employer contributory defined benefit pension plan. The Roman Catholic Diocese of Lafayette-In-Indiana, Inc. Lay Employees' Retirement Plan (Plan) covers substantially all lay employees of the Administration, individual parishes and other related organizations.

The risks of participating in a multiemployer plan are different from a single employer plan in the following aspects: (1) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers; (2) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers; (3) if an employer chooses to stop participating in a multiemployer plan, participating organizations may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability. If a plan were to terminate, if participants voluntarily withdrew or if there was a mass withdrawal, the Administration may also be required to make additional payments to the plan for its proportionate share of underfunded liabilities. At January 1, 2018, the Plan was at least 80% funded. At January 1, 2017, the Plan was funded between 65% and 80%. In May 2018, the Administration transferred $5 million into the Plan to improve the funded position of the Plan.

11. EMPLOYEE BENEFIT PLANS, CONTINUED

LAY EMPLOYEES' RETIREMENT PLAN

	2018	2017
Assets	$ 32,096,745	$ 27,142,829
Accumulated benefit obligation	35,983,699	38,502,162
Total Plan contributions	$ 1,801,827	$ 1,424,157
Contributions greater than 5% of total?	Yes	Yes

Each eligible employee electing to participate in the Plan contributes $50 annually. Each parish and the Administration is also responsible for making a contribution to the Plan equal to 6.0% of the gross salary of each of its participating employees. The Administration collects all contributions, which are remitted to a third party for custody and administration. Pension contributions made by the Administration for its participating employees were $146,029 and $105,248 in 2017 and 2016, respectively. Benefits are paid to plan participants based on a percentage of the average earnings prior to retirement multiplied by years of service.

12. RELATED PARTY TRANSACTIONS

In addition to other related party transactions disclosed elsewhere in these notes, the Administration has the following related party activities:

AMOUNTS DUE FROM/TO PARISHES

At December 31, 2017 and 2016, the Administration had amounts due from parishes of $848,777 and $150,743, respectively. The Administration had estimated allowances of $383,291 and $341,816 at December 31, 2017 and 2016, respectively. Additionally, $2,372,542 and $2,493,993 were due to parishes at December 31, 2017 and 2016, respectively.

NOTE RECEIVABLE FROM PARISH ST. JOHN VIANNEY

During 2009, the Administration transferred land to the St. John Vianney Parish in exchange for a note receivable in the amount of $954,000. The note receivable bears no interest and the maturity date is not yet determined. The note receivable has been recorded at its net present value of $697,078 and $670,268 at December 31, 2017 and 2016, respectively. The note receivable represents 1.2% and 1.1% of the Administration's total assets at December 31, 2017 and 2016, respectively, and is unsecured.

The credit quality indicator of the note receivable is considered to be the ability of the borrower to perform on the note, determined by the borrower's overall financial performance. The overall financial performance is reviewed quarterly.

An allowance for estimated loss is considered based on prior collection experience and current economic factors which, in management's judgment, could influence the ability of the recipient to repay the amount. Any uncollectible amount would be written off only when the amount was deemed to be permanently uncollectible. There has been no allowance amount established against the note receivable and no amounts have been charged off since the note was issued.

12. RELATED PARTY TRANSACTIONS, CONTINUED

DUE FROM ST. ALPHONSUS AND DUE FROM OUR LADY OF GRACE

During 2012, the Administration obtained loans from two banks on behalf of St. Alphonsus Liguori Catholic Church and Our Lady of Grace Catholic Church. St. Alphonsus has signed an unconditional guarantee with the bank (Note 8) and both parishes are expected to make all payments of principal and interest directly to the banks. As the Administration does not anticipate paying on the bank loans, receivables from the parishes have been established to offset the amount of the loans that are recorded. The balance for St. Alphonsus was $600,000 and $720,000 at December 31, 2017 and 2016, respectively. The balance for Our Lady of Grace was $2,156,380 and $2,407,583 at December 31, 2017 and 2016, respectively. These receivables bear no interest and are unsecured.

DUE FROM ST. ELIZABETH ANN SETON

During 2015, the Administration obtained a loan on the behalf of St. Elizabeth Ann Seton Catholic Church. The parish is expected to make all payments of principal and interest directly to the bank. As the Administration does not anticipate paying on the loan, a receivable from the Parish has been established of offset the amount of loan recorded. The balance was $3,112,638 and $3,200,000 at December 31, 2017 and 2016 respectively. Management has determined that an allowance is not necessary at December 31, 2017 and 2016.

DUE FROM ALL SAINTS

During 2014, the Administration made an advance to All Saints Catholic Church of $113,516. This advance is unsecured and bears no interest. Subject to an informal agreement, the advance will be repaid by August 31, 2024. The balance was $64,485 and $76,485 at December 31, 2017 and 2016, respectively.

OTHER TRANSACTIONS

The Administration purchases group medical and liability insurance for all participating parishes. The related costs are assessed to the parishes. Total amounts assessed for liability insurance for the years ended December 31, 2017 and 2016 were $1,144,070 and $1,136,061, respectively. Total amounts assessed for group medical insurance for the years ended December 31, 2017 and 2016 were $7,586,331 and $7,025,807, respectively.

13. GUARANTEES

The Administration is a guarantor of several notes payable issued by its parishes to various banking institutions. At December 31, 2017 and 2016, the Administration had guaranteed $787,556 and $1,492,422, respectively, of the parishes' debt, with maturities through March 2026. These debt obligations are maintained on the books of the respective parishes along with the related property purchased with the proceeds of the debt.

Should the Administration be required to pay any portion of notes payable it has guaranteed, the Administration could attempt to recover some or all of the amounts from the guaranteed parties. However, the Administration holds no collateral with respect to the guarantees.

14. LITIGATION

The Administration is subject to claims and lawsuits in the normal course of business. Liability insurance is maintained by the Administration to provide protection against such claims. Management believes the ultimate resolution of these matters will not have a material adverse impact on the Administration's financial position, changes in net assets, or cash flows.

15. CONCENTRATION OF CREDIT RISK AND UNCERTAINTIES

The Administration's investments (Note 4) are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying financial statements.

At December 31, 2017 and 2016, approximately 39% and 40%, respectively, of the Administration's investment holdings are comprised of the PIMCO Total Return III fund. At December 31, 2017 and 2016, approximately 58% of the Administrations holdings are comprised of the MSCI ACWI screened index common trust fund and Russell 3000 screened index common trust fund.

16. CORRECTION OF PRIOR YEAR ERROR

During 2017, it was discovered that dovetail and rebate expenses for the 2016 Fruitful Harvest Campaign were recorded on the cash basis instead of accrual. Pursuant to Accounting Changes and Error Corrections, the Administration restated the 2016 financial statements to accrue Fruitful Harvest dovetail and rebate expenses. The errors have been corrected by restating each of the affected financial statement line items for the prior period as follows:

	As Previously Reported	As Restated	Adjustment
Amounts due to parishes	$ 493,994	$ 2,943,435	$ 2,449,441
Unrestricted net assets	36,101,279	35,868,665	(232,614)
Temporarily restricted net assets	12,426,930	10,210,103	(2,216,827)
Contributions	13,319,309	11,102,482	(2,216,827)
Parish revenue sharing	3,620	(228,994)	(232,614)