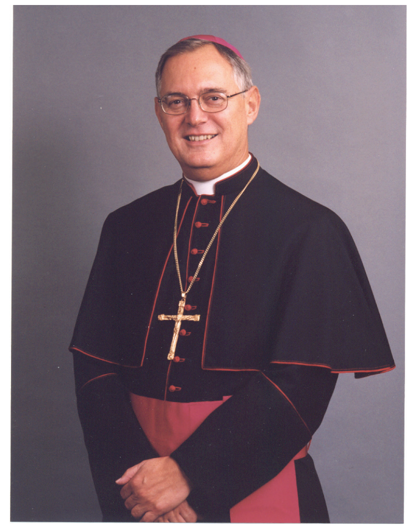
Combined Financial Statements and Other Financial Information Central Administration Funds and Diocesan Cemetery Operations within The Diocese of Providence June 30, 2017 and 2016



Dear Brothers and Sisters of the Diocese of Providence:

I am pleased to present the audited financial report for the past fiscal year spanning July 1, 2016 through June 30, 2017. This report was examined by our independent auditing firm and has been reviewed and accepted by the Diocesan Finance Council.

The report shows that we have continued to do well in our fundraising efforts. Our Annual Catholic Charity Appeal reached $7.8 million in donations and pledges. Contributions within our parishes were generally steady and in part have helped us to support our General Fund, which is the administrative side of diocesan operations. Our long term investment pool benefitted from favorable market returns that were achieved during this same period. As they continue their ministry, our Catholic Cemetery operations were also able to finish the year with positive results. All these factors were helpful to our diocese as we remain faithful to the mission of evangelization and to our joy-filled commitment to the many corporal and spiritual works of mercy that we provide to the people of our State and beyond.

As we begin this new calendar year I am confident in the assistance and guidance of the many dedicated volunteer committees and the work of our diocesan staff. Once again, I want to extend my sincere gratitude to the donors and supporters of the Diocese of Providence. I know that your financial support is an expression of your faith and love. May God bless you all for your generosity.

Sincerely yours,

Thomas J. Tobin
Bishop of Providence

Independent Auditors' Report

The Most Reverend Thomas J. Tobin
Bishop of Providence

We have audited the accompanying combined financial statements of the Central Administration Funds and Diocesan Cemetery Operations within the Diocese of Providence (the "Funds"), which comprise the combined statements of financial position as of June 30, 2017 and 2016, and the related combined statements of activities, and cash flows for the years then ended, and the related notes to the combined financial statements.

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

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

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

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

Opinion
In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Central Administration Funds and Diocesan Cemetery Operations within the Diocese of Providence as of June 30, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

December 12, 2017
Providence, Rhode Island

Mayer Hoffman McCann P.C.

CENTRAL ADMINISTRATION FUNDS AND DIOCESAN CEMETERY OPERATIONS WITHIN THE DIOCESE OF PROVIDENCE

Combined Statements of Financial Position

	June 30, 2017	*June 30, 2016*
Assets		
Cash and cash equivalents	$ 8,072,184	$ 4,643,882
Cash and cash equivalents designated or restricted for long-term purposes	1,764,557	1,776,562
Accounts and interest receivable, net	2,354,604	2,009,460
Pledges receivable, net	1,810,666	1,926,578
Loans receivable from parishes and others, net	9,629,228	11,175,887
Investments	173,770,851	159,647,730
Beneficial interest in perpetual trusts	4,426,645	4,115,783
Land and buildings held for interments	1,528,371	1,346,028
Land, buildings and equipment, net	12,691,787	11,473,230
Other assets designated or restricted for long-term purposes	1,159,566	1,156,526
Total assets	**$ 217,208,459**	**$199,271,666**

	June 30, 2017	*June 30, 2016*
Liabilities and Net Assets		
Line of credit	$ 2,901,587	$ 1,193,692
Accounts payable	917,521	966,445
Accrued expenses and other liabilities	7,904,137	5,926,209
Deferred income	650,906	826,352
Institutional deposits	6,848,253	5,971,870
Installment loans - equipment	117,036	185,801
Loans payable to perpetual care endowment	364,605	325,961
Deposits payable to parishes and agencies	38,158,816	33,824,870
Total liabilities	**57,862,861**	**49,221,200**
Contingencies *(Note 11)*		
Net assets		
Unrestricted:		
Internally designated for:		
Insurance	34,839,161	32,630,960
Modernization and support	3,941,137	3,950,958
Unrestricted	15,122,853	15,834,927
Total unrestricted	53,903,151	52,416,845
Temporarily restricted	37,064,642	31,932,045
Permanently restricted	68,377,805	65,701,576
Total net assets	**159,345,598**	**150,050,466**
Total liabilities and net assets	**$ 217,208,459**	**$199,271,666**

See accompanying notes to the combined financial statements.

CENTRAL ADMINISTRATION FUNDS AND DIOCESAN CEMETERY OPERATIONS WITHIN THE DIOCESE OF PROVIDENCE

Combined Statements of Activities and Changes in Net Assets

	Year Ended June 30, 2017				*Year Ended June 30, 2016*			
	Unrestricted	*Temporarily Restricted*	*Permanently Restricted*	*Total*	*Unrestricted*	*Temporarily Restricted*	*Permanently Restricted*	*Total*
Revenues								
Interest and dividend income	$ 1,082,782	$ 521,028	$ —	$ 1,603,810	$ 1,254,876	$ 618,686	$ —	$ 1,873,562
Gifts and bequests	12,218	189,301	—	201,519	231,007	69,657	—	300,664
Trust income	14,689	141,418	—	156,107	20,261	181,247	—	201,508
Realized gains on investments, net	611,714	801,661	—	1,413,375	919,429	1,378,698	—	2,298,127
Parish assessment	3,319,376	—	—	3,319,376	3,286,261	—	—	3,286,261
Risk management premiums *(Note 2)*	22,514,592	—	—	22,514,592	21,857,585	—	—	21,857,585
Agency administrative assessment	275,594	—	—	275,594	281,800	—	—	281,800
Major seminarian program	163,122	—	—	163,122	169,185	—	—	169,185
Program support receipts	34,368	185,074	—	219,442	52,838	323,447	—	376,285
Mission receipts	—	132,735	—	132,735	—	131,625	—	131,625
Human development collection	—	60,062	—	60,062	—	95,060	—	95,060
Communications collection	59,609	—	—	59,609	54,023	—	—	54,023
Program grants/contracts	—	—	—	—	37,328	103,378	—	140,706
Catholic Charity Fund Appeal	—	7,883,052	—	7,883,052	—	8,112,553	—	8,112,553
Lumen Gentium fundraising	150,025	—	—	150,025	145,250	—	—	145,250
Diocesan cemeteries	5,944,085	—	—	5,944,085	6,040,913	—	—	6,040,913
Rental, lease and other income	355,049	8,067	—	363,116	350,945	3,479	—	354,424
	34,537,223	**9,922,398**	—	**44,459,621**	**34,701,701**	**11,017,830**	—	**45,719,531**
Net assets released from restrictions	14,268,078	(14,268,078)	—	—	13,939,996	(13,939,996)	—	—
Total operating revenues, gains (losses) and other support	**48,805,301**	**(4,345,680)**	—	**44,459,621**	**48,641,697**	**(2,922,166)**	—	**45,719,531**
Program expenses								
Communications and telecommunications	$ 382,527	$ —	$ —	$ 382,527	$ 389,813	$ —	$ —	$ 389,813
The Tribunal	372,972	—	—	372,972	345,252	—	—	345,252
Rhode Island Catholic	529,742	—	—	529,742	552,092	—	—	552,092
Director of Religious	19,729	—	—	19,729	21,292	—	—	21,292
Priest Council	699	—	—	699	100	—	—	100
Spiritual Development	22,761	—	—	22,761	20,161	—	—	20,161
Youth Ministry	553,168	—	—	553,168	694,052	—	—	694,052
Multicultural Ministry	154,300	—	—	154,300	151,429	—	—	151,429
Christian Education	1,034,988	—	—	1,034,988	1,167,742	—	—	1,167,742
Campus Ministry	241,551	—	—	241,551	281,367	—	—	281,367
Apostolate for the Handicapped	107,430	—	—	107,430	90,861	—	—	90,861
Diocesan Schools	773,295	—	—	773,295	682,050	—	—	682,050
Community Services and Advocacy	1,069,014	—	—	1,069,014	1,205,440	—	—	1,205,440
Advocacy and Emergency Shelter	246,995	—	—	246,995	262,859	—	—	262,859
Life and Family Ministry	321,658	—	—	321,658	355,338	—	—	355,338
St. Antoine Residence	71,250	—	—	71,250	75,000	—	—	75,000
St. Clare's Home	47,500	—	—	47,500	50,000	—	—	50,000
Ministries and Clergy Personnel	819,435	—	—	819,435	889,171	—	—	889,171
Parish Share Support	1,004,273	—	—	1,004,273	443,146	—	—	443,146
Grants:								
National Grants	175,964	—	—	175,964	172,405	—	—	172,405
Diocesan Grants	1,153,496	—	—	1,153,496	1,257,563	—	—	1,257,563
Parish Grants	44,025	—	—	44,025	—	—	—	—
Vision of Hope:								
Program services	39,100	—	—	39,100	67,944	—	—	67,944
Capital needs	12,695	—	—	12,695	107,828	—	—	107,828
Mission support	3,693	—	—	3,693	13,766	—	—	13,766
Contributions and gifts	87,722	—	—	87,722	79,357	—	—	79,357
Restricted funds expended	4,229,355	—	—	4,229,355	3,931,077	—	—	3,931,077
Seminarian Support	939,145	—	—	939,145	1,073,084	—	—	1,073,084
Insurance and risk management *(Note 2)*	20,927,557	—	—	20,927,557	18,560,818	—	—	18,560,818
Inter-Parish Loan Program interest	915,219	—	—	915,219	840,089	—	—	840,089
Diocesan Cemeteries	5,782,161	—	—	5,782,161	6,136,228	—	—	6,136,228
	42,083,419	—	—	**42,083,419**	**39,917,324**	—	—	**39,917,324**
General and administrative expenses								
Financial affairs	157,012	—	—	157,012	126,131	—	—	126,131
Provision for uncollectible receivables	694,347	—	—	694,347	212,942	—	—	212,942
Administration	1,548,846	—	—	1,548,846	1,488,142	—	—	1,488,142
Support services	1,761,469	—	—	1,761,469	2,267,722	—	—	2,267,722
Property expenses	467,596	—	—	467,596	494,643	—	—	494,643
Depreciation	1,021,361	—	—	1,021,361	1,054,069	—	—	1,054,069
Interest	48,873	—	—	48,873	59,854	—	—	59,854
	5,699,504	—	—	**5,699,504**	**5,703,503**	—	—	**5,703,503**
Fundraising expenses								
Catholic Charity Fund Appeal	1,019,812	—	—	1,019,812	1,013,788	—	—	1,013,788
Anchor of Hope - Schools	113,874	—	—	113,874	86,558	—	—	86,558
Increased giving program	—	—	—	—	65,829	—	—	65,829
Grateful for God's Providence	88,205	—	—	88,205	—	—	—	—
Lumen Gentium	74,060	—	—	74,060	49,680	—	—	49,680
Total fundraising expenses	**1,295,951**	—	—	**1,295,951**	**1,215,855**	—	—	**1,215,855**
Total expenses	**49,078,874**	—	—	**49,078,874**	**46,836,682**	—	—	**46,836,682**

See accompanying notes to the combined financial statements.

(continued on next page)

CENTRAL ADMINISTRATION FUNDS AND DIOCESAN CEMETERY OPERATIONS WITHIN THE DIOCESE OF PROVIDENCE

Combined Statements of Activities and Changes in Net Assets (continued)

	Year Ended June 30, 2017				Year Ended June 30, 2016			
	Unrestricted	*Temporarily Restricted*	*Permanently Restricted*	*Total*	*Unrestricted*	*Temporarily Restricted*	*Permanently Restricted*	*Total*
Excess (deficiency) of revenues over expenses before capital additions and other income (expense)	**(273,573)**	**(4,345,680)**	**—**	**(4,619,253)**	**1,805,015**	**(2,922,166)**	**—**	**(1,117,151)**
Capital additions and other income (expense)								
Endowment gifts and bequests	5,869	1,378,274	1,866,522	3,250,665	6,396	1,229,033	4,434,585	5,670,014
Shepherds of Hope campaign	—	—	488,668	488,668	—	—	516,084	516,084
Grateful for God's Providence campaign	—	775,794	—	775,794	—	—	—	—
Beneficial interest in perpetual trusts	—	—	310,862	310,862	—	—	(264,055)	(264,055)
Financial guarantee expense	(1,496,000)	—	—	(1,496,000)	—	—	—	—
Transfers from Perpetual Care Fund	596,551	—	—	596,551	808,609	—	—	808,609
Transfers to (from)	(9,258)	(919)	10,177	—	—	(15,733)	15,733	—
Loss on sale of property	(37,298)	—	—	(37,298)	(38,950)	—	—	(38,950)
Unrealized gain (loss) on investments	2,700,015	7,325,128	—	10,025,143	(1,693,432)	(4,073,246)	—	(5,766,678)
Total capital additions and other income (expense)	**1,759,879**	**9,478,277**	**2,676,229**	**13,914,385**	**(917,377)**	**(2,859,946)**	**4,702,347**	**925,024**
Increase (decrease) in net assets	**1,486,306**	**5,132,597**	**2,676,229**	**9,295,132**	**887,638**	**(5,782,112)**	**4,702,347**	**(192,127)**
Net assets, beginning of year	52,416,845	31,932,045	65,701,576	150,050,466	51,529,207	37,714,157	60,999,229	150,242,593
Net assets, end of year	**$ 53,903,151**	**$ 37,064,642**	**$ 68,377,805**	**$ 159,345,598**	**$ 52,416,845**	**$ 31,932,045**	**$ 65,701,576**	**$ 150,050,466**

See accompanying notes to the combined financial statements.

CENTRAL ADMINISTRATION FUNDS AND DIOCESAN CEMETERY OPERATIONS WITHIN THE DIOCESE OF PROVIDENCE

Combined Statements of Cash Flows

	Years Ended June 30, 2017	*2016*
Cash flows from operating activities:		
Increase (decrease) in net assets	$ 9,295,132	$ (192,127)
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Depreciation	1,021,361	1,054,069
Realized gains on investments	(1,413,375)	(2,298,127)
Unrealized (gain) loss on investments	(10,025,143)	5,766,678
Financial guarantee expense	1,496,000	—
Change in beneficial interest in perpetual trusts	(310,862)	264,055
Provisions for uncollectible accounts	694,347	212,942
Loss on sale of property	37,298	38,950
Permanently and temporarily restricted endowment gifts and bequests	(3,244,796)	(5,663,618)
Changes in:		
Designated or restricted cash	12,005	(79,657)
Accounts and interest receivable	(680,558)	(249,293)
Pledges receivable	(118,021)	224,126
Land held for interments and development	(182,343)	67,488
Other assets	(3,040)	(149,561)
Accounts payable	(68,191)	(1,524,472)
Accrued expenses and other liabilities, deferred income and institutional deposits	1,182,865	404,670
Net cash used in operating activities	**(2,307,321)**	**(2,123,877)**
Cash flows from investing activities:		
Purchase of investments	(4,478,929)	(6,996,037)
Proceeds from sales of investments	1,794,326	1,633,744
Proceeds from sale of land, buildings and equipment	118,161	—
Plant acquisitions/improvements	(668,215)	(472,927)
Loans disbursed to parishes and agencies	(472,444)	(2,744,248)
Principal repayments on loans receivable from parishes and agencies	1,894,103	4,057,483
Net cash used in investing activities	**(1,812,998)**	**(4,521,985)**
Cash flows from financing activities:		
Permanently and temporarily restricted endowment gifts and bequests	3,244,796	5,663,618
Loan borrowings from parishes and agencies	6,637,620	5,305,518
Loan repayments to parishes and agencies	(2,303,674)	(5,498,556)
Loan repayments to the perpetual care endowment	38,644	(115,333)
Net borrowings on installment loans - equipment	(68,765)	(45,362)
Net repayments on line of credit	—	(1,400,000)
Net cash provided by financing activities	**7,548,621**	**3,909,885**
Net increase (decrease) in cash and cash equivalents	**3,428,302**	**(2,735,977)**
Cash and cash equivalents, beginning of year	4,643,882	7,379,859
Cash and cash equivalents, end of year	**$ 8,072,184**	**$ 4,643,882**
Supplemental disclosure of cash flows information:		
Cash payments of interest	$ 964,092	$ 899,943
Accounts payable for land, buildings and equipment	$ 56,996	$ 37,729
Land, buildings and equipment financed through line of credit	$ 1,707,895	$ —

See accompanying notes to the combined financial statements.

**CENTRAL ADMINISTRATION FUNDS
AND DIOCESAN CEMETERY OPERATIONS
WITHIN THE DIOCESE OF PROVIDENCE**

Notes to Combined Financial Statements

Note 1 – Description and Basis of Financial Statements Presentation

The accompanying combined financial statements of the Central Administration Funds and Diocesan Cemetery Operations within the Diocese of Providence (the "Funds") include the following corporations: Diocesan Administration Corporation (DAC) (General Fund); the Catholic Charity Fund (CCF); the Catholic Foundation of Rhode Island (the Foundation); the Catholic Cemeteries (the Cemeteries); the Seminary of Our Lady of Providence (Seminary); the Inter-Parish Loan Fund, Inc. (Deposit and Loan Fund); the Vision of Hope Fund, Inc. (VOH), Roman Catholic Bishop of Providence (RCB), a corporation sole; Parish Investment Group (Parish Investment); DiMed Corp.; Financial Aid for Catholic Education of RI (F.A.C.E. of Rhode Island); Diocesan Service Corporation (DSC); Diocesan Plant Fund, Shepherds of Hope, Inc. and Grateful for God's Providence. All significant inter-fund balances and transactions have been eliminated in combination.

The Diocese of Providence (the "Diocese") is a canonical organization and consists of over 250 separate corporations through which the Roman Catholic Church (the "Church") conducts a portion of its temporal affairs in Rhode Island. The corporations included in these combined financial statements are those organizations that, in addition to carrying out a portion of the mission of the Church in this Diocese, provide fundraising and general and administrative support to other organizations. The combined financial statements are not the general purpose financial statements of the 250 separate corporations of the Diocese of Providence and do not reflect nor include information relating to the other corporations included in the Diocese of Providence, such as parish corporations, institutions, and entities through which various other agencies of the Church carry on their temporal affairs.

Note 2 – Summary of Significant Accounting Policies

Financial Statement Presentation
The accompanying combined financial statements are presented on the accrual basis of accounting and have been prepared to focus on the Funds as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Funds and changes therein are classified and reported as follows:

- Permanently restricted net assets contain donor-imposed restrictions that stipulate the resources be maintained permanently, but permit the Funds to use, or expend, part or all of the income derived from the donated assets for either specified or unspecified purposes. Unexpended appreciation of permanently restricted net assets is included in temporarily restricted net assets.

- Temporarily restricted net assets contain donor-imposed restrictions that permit the Funds to use, or expend, the assets as specified. The restrictions are satisfied either by the passage of time or by actions of the Funds.

- Unrestricted net assets are not restricted by donors, or the donor-imposed restrictions have expired. As reflected in the accompanying combined statements of financial position, the Funds' Advisory Board has designated the unrestricted net assets of certain funds for insurance programs and for modernization and support. The Self Insurance and Workers' Compensation Self Insurance Funds are designated for insurance deductibles and claims not covered by insurance policies, DiMed Corp. is designated and internally restricted for the operation of group healthcare programs for the various parishes and institutions (these three funds constitute the Insurance Funds). The Modernization and Support Fund has been designated for the purposes of supporting the capital and contingent needs of DAC.

Measure of Operations
The Funds include, in their definition of operations, all revenues and expenses that are an integral part of their programs and supporting activities. Endowment gifts and bequests, beneficial interests in perpetual trusts, unrealized gains and losses, transfers to lay retirement plan, perpetual care fund and priest benefit fund, gain on sale of property, capital additions and certain other income and expense items are not included in operating income.

Revenue Recognition
Unconditional promises to give cash and other assets to the Funds are reported at their fair value at the date the promise is verifiably committed. Conditional promises to give and indications of intentions to give are reported at their fair value at the date the actual gift is received or the conditional promise becomes unconditional. Gifts are reported as either temporarily or permanently restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the combined statements of activities and changes in net assets as net assets released from restrictions.

Contributions to be received after one year are discounted at a risk-adjusted rate commensurate with the time involved, which is considered a Level 2 fair value input. Amortization of the discount is recorded as additional contribution revenue and used in accordance with donor-imposed restrictions, if any, on the contributions. Allowance is made for uncollectible contributions based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience and other relevant factors.

Catholic Charity Fund Appeal
The annual appeal of the CCF starts during the Lenten season and concludes at the end of the fiscal year. The appeal provides support for various programs and agencies. Accordingly, the funds are accounted for as temporarily restricted given the time restriction. Certain of these gifts are further restricted by the donor. Pledges are recorded as revenue when the pledge is made, and allowances are provided for amounts estimated to be uncollectible. Funds from the prior year used in the current year are reflected as net assets released from restrictions in the combined statements of activities and changes in net assets.

Diocesan Cemeteries
Sales of graves and crypts are recorded when interment agreements are signed. The cost of graves and crypts is expensed when the sales are recognized.

Parish and Agency Support
The DAC, CCF and VOH provide support to various Diocesan parishes, programs and agencies. The expenditures related to support are recognized at the time the subsidies are provided. To support such programs, the parishes and agencies of the Diocese are assessed annual fees and the parishes and agencies that participate in the insurance programs sponsored by the Funds are charged risk management premiums. The risk management premiums charged by the Funds to participating parishes and agencies are principally the result of the Funds implementing a self-funded medical program, in an effort to control rising medical costs, whereby all premiums are earned by the Funds rather than earned by an outside insurer. Such amounts totaled approximately $17 million for fiscal 2017 and $16.3 million for fiscal 2016, and are included in Risk Management Premiums on the combined statements of activities and changes in net assets, which also included property insurance and workers' compensation premiums. The related expenses associated with operating this self-funded medical program were approximately $16.6 million and $14.4 million in fiscal 2017 and 2016, respectively, and are included in insurance and risk management expense on the combined statements of activities and changes in net assets. These fees and premiums are recognized as revenue at the time they are earned. Medical premium fees received in advance are recorded as deferred revenue until they are earned. Program fees represent monies collected by the Funds for programs and seminars that they provide. Rental income represents charges to Diocesan parishes and agencies for the use of property and buildings that are owned by the Funds.

Functional Allocation of Expenses
The costs of providing various programs and other activities of the Funds have been summarized on a functional basis in the combined statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Cash and Cash Equivalents
Cash equivalents represent short-term, highly-liquid investments with original maturities of three months or less from the date of purchase. Cash and cash equivalents designated and restricted for long-term purposes represent cash that, due to donor-imposed restrictions or Advisory Board designation, is not available for current use. Cash and cash equivalents held by investment managers are considered part of investments.

Note 2 – Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents (Continued)
The Funds maintain their cash and cash equivalents in various financial institutions in accounts, which at times may exceed federally insured limits. Management monitors the risks associated with these accounts and the Funds have not experienced any losses in such accounts.

Allowance and Provision for Uncollectible Receivables
The allowance for uncollectible interest and accounts receivables and loans receivable represents amounts available for credit losses. The allowance for uncollectible receivables and the related provision for uncollectible receivables reflect the Funds' ongoing review of their receivables for principal and interest on loans to parishes and agencies and amounts receivable from parishes and agencies for the various agency support assessments and the evaluation of their potential problem accounts. Receivables are charged off once they are deemed uncollectible, with consideration given to such factors as the financial condition of the parish or institution, current delinquency, and underlying collateral.

The Funds discontinue the accrual of interest on parish loans when collection of principal and interest is considered to be doubtful. Interest income on nonaccrual loans is recognized only to the extent payments are received.

Pledges receivable represent unconditional promises to give, which are expected to be collected within one year. The allowance for uncollectible pledges receivable and the related provision reflect the Funds' estimation of the net realizable value of pledges receivable from the annual CCF Appeal based on historical experience. Receivables are charged off once they are deemed uncollectible.

Investments
Investments are carried at fair value. Fair value is determined as per the fair value policies described later in this section.

Dividends, interest and net gains on investments are reported as increases in permanently restricted net assets, if the terms of the underlying gift required that they be added to the principal of a permanent endowment fund, or as increases in temporarily restricted net assets, if the terms of the underlying gift or relevant state law impose restrictions on the use of the income or net gains, unless the restriction is released in the same accounting period as the appreciation is earned. If the restriction is released in the same accounting period, the appreciation is recognized as unrestricted. Income and net gains on board-designated and other funds are reported as an increase in unrestricted net assets.

Investment managers may utilize hedging strategies, invest in securities denominated in foreign currencies, or invest in options, futures, forward contracts, short sales or other financial instruments whose value and performance are derived, at least in part, from the performance of an underlying asset or index and the creditworthiness of the counterparty to the transactions. At any point during the year, the Funds may have exposure to derivatives primarily through limited liability vehicles.

The Funds' investments are pooled to facilitate their management. Investment income is allocated among unrestricted, temporarily restricted and permanently restricted net assets, based on donor restrictions or the absence thereof, using the market value unit method. Investment income, including net realized gains and losses, is recognized as operating revenue. Net unrealized gains and losses are recorded as other income.

Beneficial Interest in Perpetual Trusts
Beneficial interest in perpetual trusts represents donations of irrevocable perpetual trusts where the Funds are the sole beneficiary of the trust income. Under these agreements, the Funds are not the trustee and they do not exercise control over the related assets. The Funds record the trusts as an asset, based on the fair value of the underlying assets of the trust *(see Note 6)*. Trust income (loss) is recorded as temporarily restricted income (loss) in the period it is earned.

Land, Buildings and Equipment
Land, buildings and equipment are stated at cost at date of acquisition or fair value at the date of donation. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets. Assets that are owned by RCB but used by other Diocesan organizations are recorded on the books of the other organizations. Assets no longer used by other organizations are recorded as a capital property addition to RCB, of which there were none during the years ended June 30, 2017 and 2016.

Institutional Deposits
Institutional deposits include assets of parishes and agencies which are in excess of short-term operating needs and are invested for longer term appreciation in various managed equity and fixed income pools of the Parish Investment Group. Additionally, institutional deposits include noninterest bearing amounts collected by the Funds that are due to third parties.

Split-Interest Agreements
The Funds have received interests in split-interest agreements from donors consisting of irrevocable charitable gift annuities held and administered by the Catholic Foundation of Rhode Island whereby the Foundation is obligated to make specified payments to the donors and other beneficiaries over the agreements' term. The present value of the estimated future distributions to beneficiaries from these annuity agreements is recorded as a liability as of the dates the agreements are established. The difference between the assets received and the liability for beneficiary payments is recognized as contribution revenue as of the dates the agreements are established. The liability is adjusted as distributions are made and for changes in the present value of estimated future distributions using various discount rates based on the beneficiary life expectancies and other actuarial assumptions. The initially recorded fair value of the donated assets are determined based on the underlying nature of the assets received which have generally represented Level 1 measurements while the initial measurements of the related obligations are Level 2 measurements. The Funds have recorded a split-interest agreements liability of approximately $859,000 and $868,000 for the years ended June 30, 2017 and 2016, respectively, which is included in accrued expenses and other liabilities in the combined statements of financial position.

Income Taxes
Each of the corporations included in the combined financial statements is recognized by the Internal Revenue Service as an organization described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from Federal and state taxes on related income. Accordingly, no provision for income taxes is made in the combined financial statements.

Uncertain Tax Positions
The Funds account for the effect of any uncertain tax positions based on a "more likely than not" threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a "cumulative probability assessment" that aggregates the estimated tax liability for all uncertain tax positions. The Funds have identified their tax status as a tax exempt entity as their only significant tax position; however, the Funds have determined that such tax position does not result in an uncertainty requiring recognition. The Funds are not currently under examination by any taxing jurisdiction.

Fair Value Measurements
The Funds report certain types of financial instruments at fair value on a recurring and nonrecurring basis depending on the underlying accounting policy for the particular instrument. Recurring fair value measurements include the Funds' investment accounts, beneficial interests in perpetual trusts, equity investment in the Catholic Umbrella Pool and cash surrender value of life insurance policies. Nonrecurring measurements include pledges receivable and split-interest agreement obligations. Fair value standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. In addition, the Funds report certain investments using net asset value ("NAV") per share as determined by investment managers under the so called "practical expedient." The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met. Fair value standards also require the Funds to classify recurring fair values of financial instruments (but for those measured using NAV) into a three-level hierarchy, based on the priority of inputs to the valuation technique.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

> Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include listed equity and debt securities publicly traded on a stock exchange.

Note 2 – Summary of Significant Accounting Policies (Continued)

Fair Value Measurements (Continued)

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible changes in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these consolidated financial statements. For more information on the fair value of the Funds' financial instruments, see Note 5 - Fair Value and Investments.

Use of Estimates
The preparation of the combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the combined financial statements and accompanying notes. Significant estimates made by management include the allowance for losses on interest and accounts receivable, loans receivable, and pledges receivable, fair value of certain investments, useful lives of depreciable assets, satisfaction of donor restrictions, valuations of interests in and obligations under split interest agreements and contingencies and the allocation of common expenses over program functions. Actual results could differ from these estimates.

Subsequent Events
The Funds have evaluated subsequent events through December 12, 2017, the date that the combined financial statements were available to be issued.

Note 3 – Deposit and Loan Program

The Funds include the Deposit and Loan Fund. This corporation (1) receives money deposited from parishes and institutions with excess funds, and (2) loans monies to parishes and institutions for capital improvements and other needs. The loans receivable are demand notes and generally carry an interest rate of 4.5% as of June 30, 2017 and 2016, unless otherwise authorized by the Funds. Loans receivable from parishes and others, net, totaled $9,629,228 and $11,175,887 as of June 30, 2017 and 2016, respectively. Loans receivable are either unsecured or secured by certain assets of the respective parish or institution. In addition, some of the loans are secured by campaign pledges for capital renovation projects at the particular parishes. Any undistributed loan proceeds are invested in vehicles such as government securities, commercial paper, money market funds and securities in the Catholic Investment Trust, Inc. *(see Note 5)*. Deposits are generally repayable upon demand and carry an interest rate of 2.5% at June 30, 2017 and 2016, respectively. Deposits totaled $38,158,816 and $33,824,870 as of June 30, 2017 and 2016, respectively.

Loans payable to Perpetual Care Endowment represent funds borrowed by the Cemeteries from the Perpetual Care Endowment Fund *(see Note 8)*.

Note 4 – Allowance for Losses

An analysis of the allowance for losses is as follows at June 30:

	Accounts and Interest Receivable	*Pledges Receivable*	*Parish/ Other Loans Receivable*
2017			
Balance at beginning of year	$ 2,860,307	$ 248,887	$ 3,600,000
Provision for losses	335,414	233,933	125,000
Charge-offs, net	(154,309)	(249,060)	—
Balance at end of year	**$ 3,041,413**	**$ 233,760**	**$3,725,000**
2016			
Balance at beginning of year	$ 3,136,028	$ 360,515	$ 3,450,000
Provision for losses (recoveries)	(152,011)	214,953	150,000
Charge-offs, net	(123,710)	(326,581)	—
Balance at end of year	**$ 2,860,307**	**$ 248,887**	**$3,600,000**

At June 30, 2017 and 2016, the Funds had parish (and institution) loans receivable totaling $13,354,228 and $14,775,887, respectively, of which approximately $786,800 and $563,000 were considered impaired at June 30, 2017 and 2016, respectively, under the principles of accounting for certain investments in debt and equity securities, and interest is not being accrued on such loans. Such impaired loans do not include loans for which sufficient collateral exists. The allowance for loan losses, related to impaired loans and other potential loan exposures, was $3,725,000 and $3,600,000 for the years ended June 30, 2017 and 2016, respectively.

Unsecured non-performing loans are those not meeting agreed-upon amortization of principal and interest repayment schedules. Secured non-performing loans are those not meeting agreed-upon repayment schedules that are secured by real estate or other assets with a value in excess of the outstanding loan balance. The total of all nonperforming loans was $3,600,989 and $3,377,500 at June 30, 2017 and 2016, respectively.

At June 30, 2017 and 2016, the following is an analysis of the gross outstanding loans receivables:

	Performing	*Secured Non-Performing*	*Unsecured Non-Performing*	*Total Financing Receivable*
2017				
Inter-parish loans receivable	$ 9,396,363	$ 2 ,814,149	$ 511,840	$ 12,722,352
Loans receivable on property sold	206,876	—	—	206,876
Loans receivable other agencies	150,000	—	275,000	425,000
Loans receivable from parishes and others	**$ 9,753,239**	**$ 2 ,814,149**	**$ 786,840**	**$ 13,354,228**
2016				
Inter-parish loans receivable	$ 10,994,220	$2 ,814,149	$ 413,351	$ 14,221,720
Loans receivable on property sold	404,167	—	—	404,167
Loans receivable other agencies	—	—	150,000	150,000
Loans receivable from parishes and others	**$ 11,398,387**	**$ 2 ,814,149**	**$ 563,351**	**$ 14,775,887**

Note 5 – Fair Value and Investments

The majority of the Funds' investments are maintained in the Catholic Investment Trust, Inc. ("CIT") pool, a separate Diocesan corporation that provides a centralized investment pool for the parishes, agencies and programs of the Diocese of Providence. Income, gains, and losses are allocated to participating funds based upon their units. The participating funds purchase units based upon a per unit value at the time of purchase. The CIT tracks separate investment unit values based upon the type of investment.

Note 5 – Fair Value and Investments (Continued)

The following table presents the Funds' financial assets at June 30, 2017, that are measured at fair value on a recurring basis, by level, within the fair value hierarchy:

	Level 1	*Level 2*	*Level 3*	*NAV*	*Total*
Investments:					
Cash and cash equivalents	$ 25,754,587	$ —	$ —	$ —	$ 25,754,587
Equities:					
Domestic equity funds	8,228,118	—	—	21,294,880	29,522,998
Global equity funds	10,629,945	—	—	14,196,975	24,826,920
Emerging market equity funds	—	—	—	15,650,938	15,650,938
Fixed income:					
Domestic bond funds	33,161,648	—	—	7,314,633	40,476,281
Global bond funds	—	—	—	—	—
Hedge funds	—	—	—	29,102,014	29,102,014
Commodity funds	5,157,888	—	—	3,279,225	8,437,113
Total investments	82,932,186	—	—	90,838,665	173,770,851
Beneficial interest in perpetual trust	—	—	4,426,645	—	4,426,645
Equity investment in Catholic Umbrella Pool	—	—	955,771	—	955,771
Cash surrender value of life insurance	—	—	94,880	—	94,880
	$ 82,932,186	**$ —**	**$ 5,477,296**	**$ 90,838,665**	**$ 179,248,147**

The following table presents the Funds' financial assets at June 30, 2016, that are measured at fair value on a recurring basis, by level, within the fair value hierarchy:

	Level 1	*Level 2*	*Level 3*	*NAV*	*Total*
Investments:					
Cash and cash equivalents	$ 23,495,213	$ —	$ —	$ —	$ 23,495,213
Equities:					
Domestic equity funds	7,305,665	—	—	17,734,513	25,040,178
Global equity funds	7,683,426	—	—	12,572,154	20,255,580
Emerging market equity funds	—	—	—	12,461,291	12,461,291
Fixed income:					
Domestic bond funds	30,947,523	—	—	6,934,415	37,881,938
Global bond funds	—	—	—	4,800,969	4,800,969
Hedge funds	—	—	—	26,805,542	26,805,542
Commodity funds	5,507,538	—	—	3,399,481	8,907,019
Total investments	74,939,365	—	—	84,708,365	159,647,730
Beneficial interest in perpetual trust	—	—	4,115,783	—	4,115,783
Equity investment in Catholic Umbrella Pool	—	—	863,829	—	863,829
Cash surrender value of life insurance	—	—	98,216	—	98,216
	$ 74,939,365	**$ —**	**$ 5,077,828**	**$ 84,708,365**	**$ 164,725,558**

The changes in financial assets measured at fair value for which the Funds have used Level 3 inputs to determine fair value are as follows:

	Beneficial Interest in Perpetual Trusts	*Catholic Umbrella Pool*	*Life Insurance*	*Total*
Fair value, July 1, 2015	**$ 4,379,838**	**$ 862,443**	**$ 103,912**	**$ 5,346,193**
Realized gains, net	—	—	—	—
Unrealized gains (losses), net	(264,055)	1,386	(5,696)	(268,365)
Sales	—	—	—	—
Fair value, June 30, 2016	**4,115,783**	**863,829**	**98,216**	**5,077,828**
Realized gains, net	—	—	—	—
Unrealized gains (losses), net	310,862	91,942	(3,336)	399,468
Sales	—	—	—	—
Fair value, June 30, 2017	**$ 4,426,645**	**$ 955,771**	**$ 94,880**	**$ 5,477,296**
Current year unrealized gains (losses) for assets still held at the balance sheet date	$ 310,862	$ 91,942	$ (3,336)	$ 399,468

Components of investment returns related to the above investments for the years ended June 30, are as follows:

	2017	*2016*
Interest and dividends (in operating income)	$ 1,016,575	$ 1,244,233
Net realized gains (in operating income)	1,413,375	2,298,127
Net unrealized loss (in other income/expense)	10,025,143	(5,766,678)
	$ 12,455,093	**$ (2,224,318)**

Certain parishes and agencies participate in the CIT, whereby the related investments are included in the combined financial statements, but the applicable investment income is distributed to those parishes and agencies; accordingly, $46,699 and $192,078 of net realized gains and $425,630 and $(188,948) of net unrealized gains (losses) are excluded from investment income in the combined financial statements for the years ended June 30, 2017 and 2016, respectively.

For the year ended June 30, 2017, custodian fees and investment advisor fees of $288,720 and $744,095, respectively, were netted against interest and dividend income and net realized gains, respectively. For the year ended June 30, 2016, such fees were $234,021 and $631,897, respectively.

At June 30, 2017 and 2016, the Funds had $73,286,893 and $68,761,333 of investments measured at NAV with redemption periods of 90 days or less, and $17,551,772 and $15,947,032 with redemption periods of over 90 days.

At June 30, 2017, the Funds had unfunded commitments of $2,000,000 relating to certain investment partnerships. There were no unfunded commitments as of June 30, 2016.

Note 6 – Beneficial Interest in Perpetual Trusts

The Funds are the sole beneficiaries of several longstanding perpetual trusts that are required to be recorded on the Funds' combined financial statements in accordance with the accounting principles regarding contributions and irrevocable trusts. Accordingly, the fair value of these trusts, which consists principally of equities and fixed income securities of $4,426,645 and $4,115,783 are recorded as an asset at June 30, 2017 and 2016, respectively, with related appreciation of the underlying assets recorded as a change in permanently restricted net assets.

Note 7 – Land, Buildings and Equipment

Land, buildings and equipment of the Funds are comprised of the following at June 30:

	2017	*2016*
Land and improvements	$ 7,180,524	$ 5,337,603
Buildings and improvements	20,378,991	20,234,659
Construction in progress	93,474	30,310
Furniture and fixtures	1,230,380	1,230,380
Equipment	4,519,106	4,369,117
	33,402,475	31,202,069
Less accumulated depreciation	(20,710,688)	(19,728,839)
Land, buildings and equipment, net	**$ 12,691,787**	**$ 11,473,230**

During 2017, the Funds sold or disposed of equipment and buildings totaling $194,971 with accumulated depreciation of $39,512, for proceeds of $25,573 resulting in a net loss of $129,886. Also during 2017, the Funds sold two parcels of land with no cost basis for cash proceeds and a resulting gain of $92,588.

Included in land and improvements is surplus property, which will be used for future projects. During 2017, the Funds used proceeds of $1,707,895 from the line of credit to repay an existing mortgage on property assigned to an independent entity that closed during 2017 before the property was transferred back to the Funds. The cost basis of the transferred property includes the mortgage payment made by the Funds. Surplus property totaled $1,800,405 and $92,510 at June 30, 2017 and 2016, respectively.

During 2016, the Funds disposed of equipment and building improvements totaling $70,291 with accumulated depreciation of $31,341. These transactions resulted in a net loss of $38,950.

Note 8 – Perpetual Care Endowment Fund

The Cemeteries maintain the Diocesan cemeteries in accordance with the State Cemetery Act. The Cemeteries collect and pay into a perpetual care fund (the Perpetual Care Endowment Fund, or PCF) twenty percent (20%) of the gross sales price of each plot and crypt. The PCF is held for the benefit of those interred and their families. As such, the PCF assets are not considered to be the property of the Funds, notwithstanding distributions made available by the Funds, and are not included in these combined financial statements. Distributions to the cemeteries from the PCF are made available and amounted to $596,551 and $808,609 for the years ended June 30, 2017 and 2016, respectively. At June 30, 2017 and 2016, borrowings by the Cemeteries from the Perpetual Care Endowment Fund totaled $364,605 and $325,961, respectively. The loan carries an interest rate of 2.25% and loan repayments are to be made from all amounts received by St. Ann's Cemetery and Resurrection Cemetery on new section sales, garden mausoleum sales and columbaria sales, less the 20% paid into the perpetual care fund, until interest and principal are paid in full. Principal payments made in 2017 and 2016 totaled $149,652 and $115,333 respectively. During 2017, the Cemeteries borrowed $188,296 from the PCF to fund the columbaria projects.

Note 9 – Multi-employer Retirement Plans

The Funds participate in a Diocesan noncontributory defined benefit pension program for lay employees (a non-electing Church Plan), a multi-employer plan for unionized cemetery workers and in the Our Lady Queen of the Clergy. The risks of participating in multi-employer plans, such as these, are different from single employer plans in the following aspects:

a. Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers.
b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers
c. If the Funds choose to stop participating in these multi-employer plans, the Funds may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

A summary of significant plan terms is as follows:

Diocesan Administration Corporation Lay Employees' Retirement Plan

As of July 1, 2016, the date of the latest actuarial report, the defined benefit pension program for lay employees had assets of $96.5 million ($102.3 million in the previous year) and an actuarial present value of accumulated benefits of $157.1 million ($152.4 million in the previous year), resulting in a net liability of $60.6 million ($50.1 million in the previous year), which, under accounting guidance for multi-employer pension plans, is not reported as a liability in these financial statements. Lay employees working for the Funds account for 2.0% and 1.72% for 2017 and 2016, respectively, of the participants in this plan. The obligation for the remaining participants under the multi-employer plan continues to be the proportionate responsibility of each Diocesan corporation.

The Funds make an annual contribution equal to 12% of eligible wages.

Our Lady Queen of the Clergy – Priest Retirement Plan

The Funds participate in Our Lady Queen of the Clergy ("OLQC"), a separate corporation, which maintains both the Priest Retirement Plan and the Priest Health Programs, (multi-employer plans), within the Priest Benefits Fund (formerly known as the Clergy Retirement Plan, Clergy Health Programs and Clergy Benefits Fund, respectively). These plans are noncontributory defined pension and health benefit plans for priests working at the administrative offices and throughout other Diocesan organizations. As of July 1, 2016, the date of the latest actuarial report, the defined benefit pension plan had assets of $17.8 million ($18.2 million in the previous year) and an actuarial present value of accumulated benefits of $31.3 million ($31.4 million in the previous year), resulting in a net liability of $13.5 million ($13.2 million in the previous year), which, under accounting guidance for multi-employer pension plans, is not reported as a liability in these financial statements. Priests working for the Funds account for 15% and 16% of the participants in this plan for the years ended June 30, 2017 and 2016, respectively. The obligation for the remaining participants under the multi-employer plan continues to be the proportionate responsibility of each Diocesan corporation.

The Funds also made annual grant distributions to OLQC of $845,000 and $880,000 from DAC and CCF during plan years 2017 and 2016, respectively. Grant distributions are included in Diocesan Grants on the combined statements of activities and changes in net assets for the years ended June 30, 2017 and 2016.

Laborers' International Union of North America National (Industrial) Pension Fund

As of January 1, 2016, the date of the latest actuarial report, the defined benefit pension program for unionized cemetery employees had estimated assets of $1,052 million ($1,001 million in the previous year) and an estimated actuarial present value of accumulated benefits of $1,442 million ($1,419 million in the previous year), resulting in an estimated net liability of $390 million ($418 million in the previous year), which, under accounting guidance for multi-employer pension plans, is not reported as a liability in these financial statements. Employees working for the Funds account for .06% and .07% of the participants in this plan for the years ended June 30, 2017 and 2016, respectively.

The Funds are required to make a contribution of $3.49 per hour for each employee covered under the plan.

The Funds' participation in these plans for the annual period ended June 30, 2016 is outlined in the table below. The "EIN Number" column provides the Employer Identification Number ("EIN"). The most recent Pension Protection Act ("PPA") zone status available in 2017 and 2016 is for the plans' year end 2016 and 2015, respectively. The zone status is based on information that the Funds received from the plan and is certified by the plans' actuary. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded, and plans in the green zone are at least 80 percent funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan ("FIP") or a rehabilitation plan ("RP") is either pending or has been implemented. The last column lists the expiration date of the collective-bargaining agreement to which the plan is subject.

		Pension Protection Act Zone Status			*Contributions of the Funds*		
Retirement Plan	*EIN Number*	*2016*	*2015*	*FIP/RP Status Implemented*	*2017*	*2016*	*Expiration Date of Collective Bargaining Agreement*
Diocesan Administration Corporation Lay Employees' Retirement Plan	05-0508345	Red	Yellow	Yes	$ 514,050	$ 415,513	N/A
Laborers' International Union of North America National (Industrial) Pension Fund	52-6074345	Red	Red	Yes	304,465	320,143	June 30, 2018
Our Lady Queen of the Clergy – Priest Retirement Plan	05-0475273	Red	Red	Yes	451,525	513,472	N/A
Total Contributions					**$ 1,270,040**	**$ 1,249,128**	

On September 30, 2016, St. John Baptist De La Salle Institute ("LaSalle Academy") spun-off assets of approximately $9,400,000 and liabilities of approximately $26,600,000 associated with their participants from the Diocesan Administration Corporation Lay Employees' Retirement Plan and formed their own Plan.

Contributions to the Lay and OLQC plan by the Funds exceeded 5% of total plan contributions for both 2017 and 2016.

Note 10 – Other Assets

Other assets consist of the following at June 30:

	2017	*2016*
Equity investment in the Catholic Umbrella Pool	$ 955,771	$ 863,829
Cash surrender value of donated life insurance policies	94,880	98,216
Other	108,915	194,481
Other assets designated or restricted for long-term purposes	**$ 1,159,566**	**$ 1,156,526**

The DSC ("Self Insurance Fund") participates in the Catholic Umbrella Pool ("CUP"), a self-insurance liability pool of thirty-seven Dioceses and Archdioceses throughout the United States ("Pool") *(see Note 11)*. The following condensed information relating to the CUP was audited by an independent accounting firm (see discussion of their report below in Note 11):

	2017	*2016*
	(In Thousands)	
Assets:		
Investments	$ 42,457	$ 36,996
Cash and cash equivalents	3,663	2,758
Other	3,532	3,476
	$ 49,652	**$ 43,230**
Liabilities and equity:		
Estimated unpaid claims and expenses	$ 19,296	$ 14,782
Other	4,022	3,935
Dividends payable to participants	1,284	1,049
Participants' equity	25,050	23,464
	$ 49,652	**$ 43,230**

Note 11 – Contingencies

Catholic Umbrella Pool

The Funds are a participant in the CUP. The CUP provides excess insurance liability coverage and morality coverage for its membership. This coverage is placed through the administrator, Catholic Mutual Relief Society of America. As a participant, the Funds obtain insurance for certain risk levels that are not provided by its other insurance programs, thus mitigating their overall risk. The Funds make annual premium contributions to the CUP for the insurance provided. The CUP is responsible for the following liability coverages:

July 1, 1987 to July 1, 1988	$3,700,000 in excess of $1,300,000
July 1, 1988 to July 1, 1999	$3,500,000 in excess of $1,500,000
July 1, 1999 to July 1, 2002	No Exposure (Reinsurance purchased)
July 1, 2002 to July 1, 2003	46% of $3,500,000 in excess of $1,500,000
	10% of $15,500,000 in excess of $5,000,000
July 1, 2003 to January 1, 2005	50% of $3,500,000 in excess of $1,500,000
	20% of $15,500,000 in excess of $5,000,000
January 1, 2005 to January 1, 2007	74.995% of $3,500,000 in excess of $1,500,000
	25% of $15,500,000 in excess of $5,000,000
January 1, 2007 to January 1, 2013	74.996% of $3,500,000 in excess of $1,500,000
	30% of $15,500,000 in excess of $5,000,000
January 1, 2013 to January 1, 2014	74.998% of $3,500,000 in excess of $1,500,000
	70.831% of $3,500,000 in excess of $1,500,000 (Nursing Home Liability)
	40% of $5,000,000 in excess of $5,000,000
	30% of $10,500,000 in excess of $10,000,000
January 1, 2014 to present	75% of $3,500,000 in excess of $1,500,000 (Includes Nursing Home Liability)
	40% of $5,000,000 in excess of $5,000,000
	30% of $10,500,000 in excess of $10,000,000

The CUP provides insurance coverage of $150,000 for morality claims in excess of $100,000 for the period July 1, 1987 through July 1, 1990.

As a participant in the CUP, the Funds are liable for any losses beyond the Pool's ability to fund such losses after total participants' equity is liquidated ($25,050,000 and $23,464,000 as of June 30, 2017 and 2016, respectively).

The Funds receive an annual dividend from the CUP. Dividends totaled approximately $69,318 and $50,155 for the years ended June 30, 2017 and 2016, respectively.

Guarantees

RCB is contingently liable as guarantor of three financing arrangements in order to facilitate needed construction by three related corporations. CIT is a guarantor of two construction loans for low income apartments/condominiums.

The guarantees are as follows at June 30:

	2017	*2016*
RCB		
Saint Antoine Residence and The Frassati Residence	$ 1,200,000	$ 1,500,000
Immaculate Conception Church Corporation	4,793,750	5 ,118,750
St. Raphael Academy	5,134,468	5,584,259
Carelink Pace Organization	—	67,823
Total	**$ 11,128,218**	**$ 12,270,832**
Catholic Investment Trust, Inc.		
Pleasant View, LLC		
- Low Income Apartments/Condominiums	$ 1,569,636	$ 2,104,758
St. Casimir Place, LLC		
- Low Income Apartments/Condominiums	4,000,000	4,000,000
Total	**$ 5,569,636**	**$ 6,104,758**

The obligations of both RCB and CIT above are collateralized by the land and buildings at the residences/schools/organization/apartments/condominiums. In the event of default, these assets would be sold, with the net proceeds used to reduce the related obligations. If such proceeds were not sufficient to repay the entire obligation, RCB and CIT would be required to fulfill its guarantee.

In Fiscal 2017, the Funds' determined that performance under Pleasant View, LLC and St. Casimir Place guarantees may be required by the CIT as a result of the underlying entities financial results and the value of the related collateral. As such, the Funds' estimated a liability of $1,496,000, which has been recorded as an expense on the combined statement of activities and changes in net assets and is included in accrued expenses and other liabilities at June 30, 2017.

Other Contingencies

The Funds are involved in legal proceedings generally incidental to its businesses. While it is not feasible to predict or determine the outcome of such proceedings, management of the Funds, under the advice of counsel, believes that they will not result in a material adverse effect on the Fund's financial position, results of operations or liquidity based on the nature of the claims, other than as disclosed below.

RCB has been named as the defendant in several matters relating to the alleged misconduct of priests along with other affiliated entities through which the Church conducts its temporal affairs in Rhode Island. Although it is believed that these cases would result in a favorable judgment for RCB, from time to time, RCB has agreed to settle claims relating to such matters utilizing the assets of RCB. The settlement reserve is $350,000 and $574,000 respectively, at June 30, 2017 and 2016 and is included in accrued expenses and other liabilities on the combined statements of financial position, representing the balance expected to be settled and legal costs incurred or expected to be incurred. Management believes that the amount accrued is the best estimate of probable losses based upon the current facts and circumstances. It is possible, however, that future results of RCB activities may be materially affected by changes in circumstances regarding these matters.

Note 12 – Line of Credit

The RCB has an available line of credit of $3,000,000 that expires on November 28, 2018 carrying an interest rate of 3.5% at June 30, 2017 (3.3% at June 30, 2016). The balance due on the line of credit was $2,901,587 and $1,193,692 at June 30, 2017 and 2016, respectively.

Beginning on January 28, 2017 the line of credit is secured by the Catholic Investment Trust. Prior to this date, the line of credit was secured by a mortgage against Fund owned property on Warwick Neck Avenue, Warwick, Rhode Island. Interest on the loan is payable monthly in arrears on the first day of each month. The line of credit requires that the RCB maintain certain financial ratios with regard to minimum debt service coverage ratio.

Note 13 – Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes, based on passage of time, donor intent or the purpose of the restriction being met at June 30:

	2017	*2016*
Catholic Charity Fund	$ 3,854,576	$ 4,144,666
Fiduciary Fund:		
Vision of Hope Fund	682,893	796,113
F.A.C.E. of Rhode Island	397,304	391,671
Grateful for God's Providence	116,995	—
Endowment Fund:		
Catholic Foundation of Rhode Island	28,022,419	22,998,293
Cutting Trust	1,168,749	1,064,462
Seminary of Our Lady of Providence	1,849,417	1,655,375
Mission Fund	972,289	881,465
Total	**$ 37,064,642**	**$ 31,932,045**

Note 14 – Permanently Restricted Net Assets

Permanently restricted net assets are restricted to investment in perpetuity. The income is expendable to support the following at June 30:

	2017	*2016*
Endowment Fund:		
Catholic Foundation of Rhode Island	$ 66,252,116	$ 63,295,640
Shepherds of Hope Campaign	726,682	1,006,929
Cutting Trust	115,889	115,889
Seminary of Our Lady of Providence	783,118	783,118
Mission Fund	500,000	500,000
Total	**$ 68,377,805**	**$ 65,701,576**

Note 15 – Net Assets Released From Restriction

Net assets were released from donor restrictions by incurring expenses satisfying the following restricted purposes:

	2017	*2016*
Vision of Hope Fund Programs	$ 79,598	$ 203,677
Catholic Charity Fund Programs	8,826,759	9,358,443
Catholic Foundation of Rhode Island	4,283,428	3,981,395
Cutting Trust	2,687	2,647
Grateful for God's Providence	658,799	—
F.A.C.E. of Rhode Island	310,987	334,543
Mission Fund	7,693	17,766
Seminary of Our Lady of Providence	98,127	41,525
Total	**$ 14,268,078**	**$ 13,939,996**

Note 16 – Net Assets and Endowment Matters

The Advisory Board has designated the Foundation, Seminary, and Cutting Trust as endowment funds and those functioning as endowment funds. The following is the composition those funds by net asset class as of June 30, 2017:

	Unrestricted	*Temporarily Restricted*	*Permanently Restricted*	*Total*
Donor-restricted endowment funds	$ —	$ 31,040,585	$ 63,224,478	$ 94,265,063
	$ —	**$ 31,040,585**	**$ 63,224,478**	**$ 94,265,063**

The following is the composition of endowments assets and those functioning as endowment assets by net asset class as of June 30, 2016:

	Unrestricted	*Temporarily Restricted*	*Permanently Restricted*	*Total*
Donor-restricted endowment funds	$ —	$ 25,718,130	$ 60,578,864	$ 86,296,994
	$ —	**$ 25,718,130**	**$ 60,578,864**	**$ 86,296,994**

The following represents required disclosure relative to the composition of endowment assets and those functioning as endowment assets at June 30, 2017 and 2016:

2017	*Unrestricted Net Assets*	*Temporarily Restricted Net Assets*	*Permanently Restricted Net Assets*	*Total*
Endowment assets and those functioning as endowment assets, beginning of year	$ —	$ 25,718,130	$ 60,578,864	$ 86,296,994
Gifts and additions	—	1,192,393	1,866,522	3,058,915
Investment returns:				
Interest and dividends	—	1,331,650	—	1,331,650
Net realized/unrealized gains	—	7,183,572	—	7,183,572
Total investment returns	—	8,515,222	—	8,515,222
Expenditures:				
Amounts appropriated under endowment spending policy:				
Operations	—	(4,384,242)	—	(4,384,242)
Total amounts appropriated under endowment spending policy	—	(4,384,242))	—	(4,384,242)
Net investment returns and expenditures	—	4,130,980	—	4,130,980
Other changes:				
Reclassification of net assets	—	(918)	779,092	778,174
Endowment assets and those functioning as endowment assets, end of year	**$ —**	**$ 31,040,585**	**$ 63,224,478**	**$ 94,265,063**

Note 16 – Net Assets and Endowment Matters (Continued)

2016	*Unrestricted Net Assets*	*Temporarily Restricted Net Assets*	*Permanently Restricted Net Assets*	*Total*
Endowment assets and those functioning as endowment assets, beginning of year	$ —	$ 30,612,239	$ 55,206,775	$ 85,819,014
Gifts and additions	—	1,119,737	4,434,585	5,554,322
Investment returns:				
Interest and dividends	—	583,605	—	583,605
Net realized/unrealized gains	—	(2,556,150)	—	(2,556,150)
Total investment returns	—	(1,972,545)	—	(1,972,545)
Expenditures:				
Amounts appropriated under endowment spending policy:				
Operations	—	(4,025,568)	—	(4,025,568)
Total amounts appropriated under endowment spending policy	—	(4,025,568)	—	(4,025,568)
Net investment returns and expenditures	—	(5,998,113)	—	(5,998,113)
Other changes:				
Reclassification of net assets	—	(15,733)	937,504	921,771
Endowment assets and those functioning as endowment assets, end of year	**$ —**	**$ 25,718,130**	**$ 60,578,864**	**$ 86,296,994**

Reclassification of Net Assets

During the year ended June 30, 2017 and 2016, the permanently restricted Shepherd of Hope Campaign transferred cash of $768,915 and $921,771, respectively, into the Catholic Foundation of Rhode Island in accordance with the initial purpose of the campaign.

Endowment

The Funds' endowment consists of approximately 428 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Advisory Board of the funds (the Advisory Board) to function as endowments. Such designated funds include the Foundation, Seminary, and Cutting Trust. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Advisory Board to function as endowments, are classified and reported based on the existence of donor-imposed restrictions.

Interpretation of Relevant Law and Spending Policy

The Advisory Board has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") requiring the preservation of the original value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Funds classify as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original gift value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Funds in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Funds consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the Funds and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Funds
(7) The investment policies of the Funds

Distributions from long-term investments are made using the total return method. Under the total return method, distributions consist of interest, dividends, realized and unrealized gains. The Advisory Board has established a spending rate of 4½% of a rolling three-year average fair market value of the long-term investments of the Foundation. Investment income is appropriated up to this spending rate approved by the Advisory Board. The Foundation has adopted this spending policy in order to protect the inviolate nature of the original corpus of gifts as well as to preserve the purchasing power of these funds into the future.

Funds with Deficiencies

From time to time, the fair value of assets associated with the individual donor-restricted endowment funds may fall below the level that the donor requires the Funds to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, there were no deficiencies of this nature as of June 30, 2017. Deficiencies of this nature were approximately $103,000 as of June 30, 2016. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions.

Return Objectives and Risk Parameters

The Funds' investment portfolio is managed to provide for the long-term support of the Funds. Accordingly, these funds are managed with disciplined longer-term investment objectives and strategies designed to meet cash flow and spending requirements. Management of the assets is designed to attain the maximum total return consistent with acceptable and agreed-upon levels of risk. It is the goal of the aggregate long-term investments to generate a long-term target rate of return that exceeds the spending/payout rate plus inflation.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Funds rely 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 Funds target an asset allocation strategy wherein assets are diversified among several asset classes. The pursuit of maximizing total return is tempered by the need to minimize the volatility of returns and preserve capital. As such, the Funds seek a broad diversification among assets having different characteristics with the intent to endure lower relative performance in strong markets in exchange for greater downside protection in weak markets.

Note 17 – Transfers To (From)

During fiscal 2017, net amounts of $919 were transferred from temporarily restricted net assets to permanently restricted net assets in accordance with donors' intent. During fiscal 2016, net amounts of $15,733 were transferred from temporarily restricted net assets to permanently restricted net assets in accordance with donors' intent.

Other Financial Information

Independent Auditors' Report on Other Financial Information

The Most Reverend Thomas J. Tobin
Bishop of Providence

We have audited the combined financial statements of the Central Administration Funds and Diocesan Cemetery Operations within the Diocese of Providence (the "Funds") as of and for the years ended June 30, 2017 and 2016, and our report thereon dated December 12, 2017, which expressed an unmodified opinion on those financial statements appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying combining statements of financial position of the Central Administration Funds and Diocesan Cemetery Operations within the Diocese of Providence as of June 30, 2017 and the related combining statements of activities and changes in net assets, for the year then ended as well as summary information for the year ended June 30, 2016 and the note to other financial information is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

Mayer Hoffman McCann P.C.

December 12, 2017
Providence, Rhode Island

CENTRAL ADMINISTRATION FUNDS AND DIOCESAN CEMETERY OPERATIONS WITHIN THE DIOCESE OF PROVIDENCE

Combining Statements of Financial Position

June 30, 2017
(with comparative totals as of June 30, 2016)

	General Fund	Catholic Charity Fund	Cemetery	Other	Fiduciary Fund	Endowment Fund	Plant Fund	Total 2017	Total 2016
Assets									
Cash and cash equivalents	$ —	$ —	$ 174,882	$ —	$ 7,892,128	$ —	$ 5,174	$8,072,184	$4,643,882
Cash and cash equivalents designated or restricted for long-term purposes	—	—	—	1,333,056	4,229	427,272	—	1,764,557	1,776,562
Accounts and interest receivable, net	109,270	39,666	275,097	1,301,253	552,122	77,196	—	2,354,604	2,009,460
Pledges receivable, net	—	1,541,039	—	—	269,627	—	—	1,810,666	1,926,578
Loans receivable from parishes and others, net	150,000	—	—	206,875	9,272,353	—	—	9,629,228	11,175,887
Due from (to) other funds	(818,461)	38,167	(1,038,731)	146,597	1,717,109	(43,310)	(1,371)	—	—
Investments	2,063,690	2,790,887	—	43,395,386	29,806,493	95,673,733	40,662	173,770,851	159,647,730
Beneficial interest in perpetual trusts	—	—	—	—	—	4,426,645	—	4,426,645	4,115,783
Land and buildings held for interments	—	—	1,528,371	—	—	—	—	1,528,371	1,346,028
Land, buildings and equipment, net	216,647	109,516	3,433,366	1,800,405	—	1,559,794	5,572,059	12,691,787	11,473,230
Other assets designated or restricted for long-term purposes	15,628	1,115	—	1,044,818	20,003	78,002	—	1 ,159,566	1 ,156,526
Total assets	**$1,736,774**	**$4,520,390**	**$4,372,985**	**$49,228,390**	**$49,534,064**	**$102,199,332**	**$5,616,524**	**$217,208,459**	**$199,271,666**
Liabilities and Net Assets									
Line of credit	$ —	$ —	$ —	$2,901,587	$ —	$ —	$ —	$2,901,587	$1,193,692
Accounts payable	246,570	178,379	284,083	78,269	117,228	12,992	—	917,521	966,445
Accrued expenses and other liabilities	751,890	477,765	347,552	5,450,122	63	876,745	—	7,904,137	5,926,209
Deferred income	37,745	9,670	—	603,491	—	—	—	650,906	826,352
Institutional deposits	—	—	—	120,498	6,727,755	—	—	6,848,253	5,971,870
Installment loans - equipment	10,459	—	88,815	—	—	17,762	—	117,036	185,801
Loans payable to Perpetual Care Endowment	—	—	364,605	—	—	—	—	364,605	325,961
Deposits payable to parishes and agencies	—	—	—	—	38,158,816	—	—	38,158,816	33,824,870
Total liabilities	**1,046,664**	**665,814**	**1,085,055**	**9,153,967**	**45,003,862**	**907,499**	—	**57,862,861**	**49,221,200**
Contingencies (Note 11)									
Net assets									
Unrestricted:									
Internally designated for:									
Insurance	—	—	—	34,839,161	—	—	—	34,839,161	32,630,960
Modernization and support	—	—	—	3,941,137	—	—	—	3,941,137	3,950,958
Unrestricted	690,110	—	3,287,930	1,294,125	2,606,328	1,627,836	5,616,524	15,122,853	15,834,927
Total unrestricted	690,110	—	3,287,930	40,074,423	2,606,328	1,627,836	5,616,524	53,903,151	52,416,845
Temporarily restricted	—	3,854,576	—	—	1,197,192	32,012,874	—	37,064,642	31,932,045
Permanently restricted	—	—	—	—	726,682	67,651,123	—	68,377,805	65,701,576
Total net assets	**690,110**	**3,854,576**	**3,287,930**	**40,074,423**	**4,530,202**	**101,291,833**	**5,616,524**	**159,345,598**	**150,050,466**
Total liabilities and net assets	**$1,736,774**	**$4,520,390**	**$4,372,985**	**$49,228,390**	**$49,534,064**	**$102,199,332**	**$5,616,524**	**$217,208,459**	**$199,271,666**

See independent auditors' report on other financial information and accompanying note.

CENTRAL ADMINISTRATION FUNDS AND DIOCESAN CEMETERY OPERATIONS WITHIN THE DIOCESE OF PROVIDENCE

Combining Statements of Activities and Changes in Net Assets

June 30, 2017
(with comparative totals for the year ended June 30, 2016)

	General Fund	Catholic Charity Fund	Cemetery	Other	Fiduciary Fund	Endowment Fund	Plant Fund	Total 2017	Total 2016
Revenues									
Interest and dividend income	$12,648	$5,300	$ —	$305,360	$784,443	$496,004	$55	$1,603,810	$1,873,562
Gifts and bequests	600	68,218	—	—	—	132,701	—	201,519	300,664
Trust income	—	141,418	—	—	—	14,689	—	156,107	201,508
Realized gains on investments	2,956	2,591	—	528,270	19,740	859,818	—	1,413,375	2,298,127
Parish assessment	3,319,376	—	—	—	—	—	—	3,319,376	3,286,261
Risk management premiums	—	—	—	22,514,592	—	—	—	22,514,592	21,857,585
Agency administrative assessment	275,594	—	—	—	—	—	—	275,594	281,800
Major Seminarian program	—	—	—	—	—	163,122	—	163,122	169,185
Program support receipts	26,268	185,074	—	—	—	8,100	—	219,442	376,285
Mission receipts	—	—	—	—	—	132,735	—	132,735	131,625
Human development collection	—	60,062	—	—	—	—	—	60,062	95,060
Communications collection	59,609	—	—	—	—	—	—	59,609	54,023
Program grants/contracts	—	—	—	—	—	—	—	—	140,706
Catholic Charity Fund Appeal	—	7,883,052	—	—	—	—	—	7,883,052	8,112,553
Lumen Gentium fundraising	150,025	—	—	—	—	—	—	150,025	145,250
Diocesan cemeteries	—	—	5,944,085	—	—	—	—	5,944,085	6,040,913
Rental, lease and other income	313,857	6,613	—	34,383	881	7,382	—	363,116	354,424
Total revenues	**4,160,933**	**8,352,328**	**5,944,085**	**23,382,605**	**805,064**	**1,814,551**	**55**	**44,459,621**	**45,719,531**
Program expenses									
Communications and telecommunications	$382,527	$ —	$ —	$ —	$ —	$ —	$ —	$382,527	$389,813
The Tribunal	372,972	—	—	—	—	—	—	372,972	345,252
Rhode Island Catholic	529,742	—	—	—	—	—	—	529,742	552,092
Director of Religious	—	19,729	—	—	—	—	—	19,729	21,292
Priest Council	699	—	—	—	—	—	—	699	100
Spiritual Development	—	22,761	—	—	—	—	—	22,761	20,161
Youth Ministry	—	553,168	—	—	—	—	—	553,168	694,052
Multicultural Ministry	—	154,300	—	—	—	—	—	154,300	151,429
Christian Education	—	1,034,988	—	—	—	—	—	1,034,988	1,167,742
Campus Ministry	—	241,551	—	—	—	—	—	241,551	281,367
Apostolate for the Handicapped	—	107,430	—	—	—	—	—	107,430	90,861
Diocesan Schools	—	773,295	—	—	—	—	—	773,295	682,050
Community Services and Advocacy	—	1,069,014	—	—	—	—	—	1,069,014	1,205,440
Advocacy and Emergency Shelter	—	246,995	—	—	—	—	—	246,995	262,859
Life and Family Ministry	—	321,658	—	—	—	—	—	321,658	355,338
St. Antoine Residence	—	71,250	—	—	—	—	—	71,250	75,000
St. Clare's Home	—	47,500	—	—	—	—	—	47,500	50,000
Ministries and Clergy personnel	318,237	501,198	—	—	—	—	—	819,435	889,171
Parish share support	—	433,679	—	—	570,594	—	—	1,004,273	443,146
Grants:									
National grants	175,964	—	—	—	—	—	—	175,964	172,405
Diocesan grants	349,608	803,888	—	—	—	—	—	1,153,496	1,257,563
Parish grants	44,025	—	—	—	—	—	—	44,025	—
Vision of Hope:									
Program	—	—	—	—	39,100	—	—	39,100	67,944
Capital Needs	—	—	—	—	12,695	—	—	12,695	107,828
Mission support	—	—	—	—	—	3,693	—	3,693	13,766
Contributions and gifts	15,372	—	—	72,350	—	—	—	87,722	79,357
Restricted Funds expended	—	—	—	—	—	4,229,355	—	4,229,355	3,931,077
Seminarian support	171,258	551,022	—	—	—	216,865	—	939,145	1,073,084
Insurance and risk management	—	—	—	20,927,557	—	—	—	20,927,557	18,560,818
Inter-Parish loan program interest	—	—	—	—	915,219	—	—	915,219	840,089
Diocesan Cemeteries	—	—	5,782,161	—	—	—	—	5,782,161	6,136,228
Total program expenses	**2,360,404**	**6,953,426**	**5,782,161**	**20,999,907**	**1,537,608**	**4,449,913**	**—**	**42,083,419**	**39,917,324**

See independent auditors' report on other financial information and accompanying note.

(continued on next page)

CENTRAL ADMINISTRATION FUNDS AND DIOCESAN CEMETERY OPERATIONS WITHIN THE DIOCESE OF PROVIDENCE

Combining Statements of Activities and Changes in Net Assets (Continued)

June 30, 2017
(with comparative totals for the year ended June 30, 2016)

	General Fund	Catholic Charity Fund	Cemetery	Other	Fiduciary Fund	Endowment Fund	Plant Fund	Total 2017	Total 2016
General and administrative expenses									
Financial affairs	$157,012	$ —	$ —	$ —	$ —	$ —	$ —	$157,012	$126,131
Provision for uncollectible receivables	58,032	233,933	25,000	377,382	—	—	—	694,347	212,942
Administration	1,115,454	433,392	—	—	—	—	—	1,548,846	1,488,142
Support services	727,385	52,612	—	511,434	466,568	—	3,470	1,761,469	2,267,722
Property expenses	467,596	—	—	—	—	—	—	467,596	494,643
Depreciation	69,625	19,711	393,338	—	—	121,496	417,191	1,021,361	1,054,069
Interest	—	—	—	48,873	—	—	—	48,873	59,854
Total general and administrative expenses	**2,595,104**	**739,648**	**418,338**	**937,689**	**466,568**	**121,496**	**420,661**	**5,699,504**	**5,703,503**
Fundraising expenses									
Catholic Charity Fund Appeal	—	1,019,812	—	—	—	—	—	1,019,812	1,013,788
Anchor of Hope - Schools	—	113,874	—	—	—	—	—	113,874	86,558
Increased giving program	—	—	—	—	—	—	—	—	65,829
Grateful for God's Providence campaign	—	—	—	—	88,205	—	—	88,205	—
Lumen Gentium Event	74,060	—	—	—	—	—	—	74,060	49,680
Total fundraising expenses	**74,060**	**1,133,686**	**—**	**—**	**88,205**	**—**	**—**	**1,295,951**	**1,215,855**
Total expenses	**5,029,568**	**8,826,760**	**6,200,499**	**21,937,596**	**2,092,381**	**4,571,409**	**420,661**	**49,078,874**	**46,836,682**
Excess (deficiency) of revenues over expenses before capital additions and other income (expense)	(868,635)	(474,432)	(256,414)	1,445,009	(1,287,317)	(2,756,858)	(420,606)	(4,619,253)	(1,117,151)
Capital additions and other income (expense)									
Endowment gifts and bequests	—	—	—	—	307,538	2,943,127	—	3,250,665	5,670,014
Shepherds of Hope campaign	—	—	—	—	488,668	—	—	488,668	516,084
Grateful for God's Providence campaign	—	—	—	—	775,794	—	—	775,794	—
Beneficial interest in perpetual trusts	—	—	—	—	—	310,862	—	310,862	(264,055)
Financial Guarantee expense	—	—	—	(1,496,000)	—	—	—	(1,496,000)	—
Transfers from Perpetual Care Fund	—	—	596,551	—	—	—	—	596,551	808,609
Transfers (to) from	720,843	150,000	(9,259)	(852,658)	(768,915)	628,174	131,815	—	—
Gain (loss) on sale of property	6,914	—	90,963	—	—	(135,175)	—	(37,298)	(38,950)
Unrealized gain on investments	39,457	34,342	—	1,676,349	959,866	7,315,129	—	10,025,143	(5,766,678)
Total capital additions and other income (expense)	**767,214**	**184,342**	**678,255**	**(672,309)**	**1,762,951**	**11,062,117**	**131,815**	**13,914,385**	**925,024**
Increase (decrease) in net assets	**(101,421)**	**(290,090)**	**421,841**	**772,700**	**475,634**	**8,305,259**	**(288,791)**	**9,295,132**	**(192,127)**
Net assets, beginning of year	791,531	4,144,666	2,866,089	39,301,723	4,054,568	92,986,574	5,905,315	150,050,466	150,242,593
Net assets, end of year	**$690,110**	**$3,854,576**	**$3,287,930**	**$40,074,423**	**$4,530,202**	**$101,291,833**	**$5,616,524**	**$159,345,598**	**$150,050,466**

See independent auditors' report on other financial information and accompanying note.

CENTRAL ADMINISTRATION FUNDS AND DIOCESAN CEMETERY OPERATIONS WITHIN THE DIOCESE OF PROVIDENCE

Note to Other Financial Information

The assets, liabilities, and net assets of the Central Administration Funds and Diocesan Cemetery Operations within the Diocese of Providence are reported in self-balancing fund groups as follows:

The General Fund records the daily unrestricted operating activities and its operations are part of the Diocesan Administration Corporation.

The Catholic Charity Fund raises funds that are used for the support of a broad range of community services and programs run by other organizations and entities.

The Cemetery Fund accounts for the operations of the Catholic Cemeteries.

Other Funds: These Funds and a description of their operations follows:

> The Insurance Funds are Board restricted for Diocesan insurance deductibles and for a partial self-insured workers' compensation program for the parishes and various institutions, and for claims not covered by insurance policies.
>
> The Diocesan Service Corporation, a separate legal entity, was established for the purposes of providing administrative, bookkeeping and other support services to various corporations organized to conduct temporal affairs for the Roman Catholic Church in the Diocese of Providence.
>
> DiMed Corp. is Board restricted for the operation of group healthcare programs for the various Parishes and Institutions.
>
> Modernization and Support Fund and RCB are restricted by the Board to support the capital and contingent needs of DAC.

The Fiduciary Fund: These funds account for money received from other funds, parishes and institutions that are held in a Trustee capacity. These funds include:

> The Deposit and Loan Fund acts as a revolving loan fund for participating parishes and institutions. Loans are made for capital improvement needs and are funded by deposits from parishes.
>
> The Parish Investment Group represents assets of Parishes and Institutions which are in excess of short-term operating needs and are invested for the longer term in various managed equity and fixed income pools.
>
> F.A.C.E. of Rhode Island is the Diocesan Scholarship Granting Organization, which has been certified by the State Department of Taxation to receive from Rhode Island corporations tax credits, which in turn will be used to support students who attend catholic schools.
>
> Shepherds of Hope, is a multi-year campaign raising funds to be endowed for the support of our seminarians and retired priests. The campaign is a vital part of a comprehensive Diocesan plan for fiscal responsibilities and stewardship
>
> The Vision of Hope Fund (VOH) a multi-year fund raising effort that was completed in 2003. The Capital Campaign continues to provide capital improvements for various parishes and institutions, establish endowments, and fund start-up costs for programs developed by the Diocesan Strategic Plan Case Statement.
>
> Custodian Funds represent institutional deposits held on behalf of agencies, programs or Diocesan and national collections awaiting disbursement or transmittal.

The Endowment Fund: These represent funds that are subject to restrictions of gift instruments requiring that the principal be invested and the income only be used. They also include funds that are functioning as endowments and have been so designated by appropriate internal authority. These funds include:

> Catholic Foundation, whose endowments are restricted to support specific parishes, Catholic education, certain agencies, programs, and services.
>
> Seminary of Our Lady of Providence, whose endowment supports seminarians and vocation efforts.
>
> The Mission Fund, whose endowment is used for the support of the missionary efforts of the Church of Providence.
>
> The Cutting Trust holds an endowment for the St. Clare's Home, a separate corporation.

The Plant Fund includes two funds: the RCB-Plant Fund and the Diocesan Plant Fund. The RCB-Plant Fund accounts for expenditures for land, buildings, furniture, and equipment used by the Central Administration Funds. The Diocesan Plant Fund is used to provide funding for future maintenance and repair of Diocesan Properties.

Prior to July 1, 1997, property, plant and equipment for the Funds, exclusive of Catholic Cemeteries, were accounted for in the Plant Fund. Subsequent to that date, all capital additions have been recorded in the specific funds that acquired them, along with the related depreciation expense for each period.

See independent auditors' report on other financial information.