

I am the Way
and the Truth
and the Life

We worship the Lord.

We educate children and adults.

We assist our brothers and sisters in need.

We glorify God.

And we listen to the One who says,

“I am the Way and the Truth and the Life.”

Dear Brothers and Sisters in Christ,

DThis annual report presents information about the finances of the diocese and, through text and photos, it shows many of the good works that were undertaken from July 1, 2014, through June of this year. I am pleased to report the good financial health of the diocese, and I am grateful for the continued support of your prayers, service and financial contributions.

This has been another busy and blessed year in the Diocese of Charlotte. In June I had the privilege of ordaining two men to the holy priesthood. Father Casey Coleman and Father Santiago Mariani join a dedicated group of diocesan and religious order clergy who follow Our Lord's call to minister to the spiritual needs of more than 400,000 Catholics in western North Carolina.

In August of this year, I was gratified to dedicate Mother Teresa Villa in Charlotte. Individuals with physical or intellectual disabilities now occupy the 12 affordable apartment homes in the villa, the first of its kind in our efforts to serve the housing needs of the disabled.

I am also pleased to report that in March our 19 Catholic schools successfully completed a five-year reaccreditation process. This rigorous on-site review ensures that our schools comply with the highest standards of Catholic education,



“I am the Way and the Truth and the Life” is a fitting theme for the Annual Report of the Diocese of Charlotte. This statement of Jesus is a simple yet bold call to follow Our Lord Jesus Christ in all that we do.


so that students may develop spiritually, intellectually, emotionally, physically and socially, following Jesus as “the way and the truth and the life.” Then in June, it was a joy for me to celebrate a baccalaureate Mass for the first graduating class of Christ the King Catholic High School.

Thanks to your support through prayer, direct donations, contributions to the Diocesan Support Appeal, and thousands of hours of volunteer service over the past year, Catholic Charities Diocese of Charlotte has provided more than 430,000 pounds of food to the hungry, helped 74 at-risk youths and 44 teenaged mothers, and resettled 294 refugees, besides so much more. The agency successfully achieved national renewed accreditation through the Council on Accreditation – an acknowledgment that it practices the highest standards in the field of human services.

I am also tremendously humbled by the success of the “Forward in Faith, Hope, and Love” campaign. More than 15,000 donors from throughout our diocese made generous pledges to the campaign which exceeded its goal of \$65 million. I am pleased to report to you that so far more than \$16 million has been distributed to support parish life and ministries, seminarian education, Catholic education and outreach services. Funds are being directed to all of our 92 parishes and missions. The strong, ongoing support of all of our ministries and programs through this campaign is inspiring.

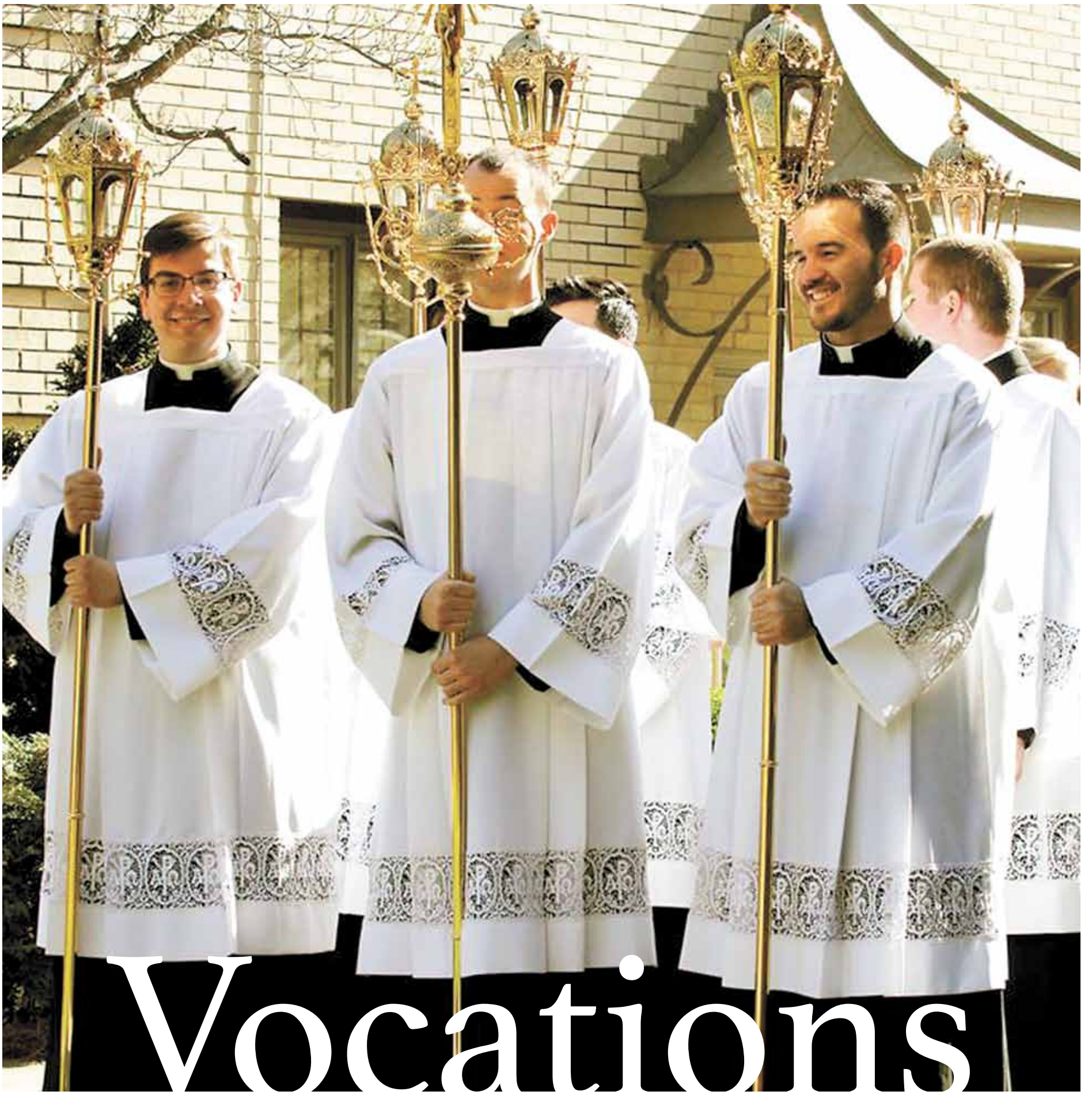
In closing, I would like to express my deep gratitude to all of the people who have made possible the work of the Church in western North Carolina over the past year. Your prayers, your service and your gifts help sustain our diocese and enable each one of us to answer Our Lord Jesus Christ's call to follow Him as “the way and the truth and the life.”

Sincerely yours in Christ,

+ 

The Most Reverend Peter J. Jugis

Bishop of Charlotte



Vocations



In the Diocese of Charlotte, we are blessed with dedicated and holy men and women who embody the way, the truth and the life of Jesus Christ as they serve the faithful as priests, deacons and religious.



Joining their ranks this year were Father Casey Coleman and Father Santiago Mariani, ordained to the priesthood on June 27, 2015, by Bishop Peter Jugis in the presence of hundreds of family and friends at St. Patrick Cathedral in Charlotte.

“The faithful are hungering to know Jesus and know His truths. Nourish them on His teachings,” Bishop Jugis urged the two men during his homily. “Nourish the faithful on Christ’s Body and Blood and nourish yourself daily by meditating on the mystery of the Real Presence of Christ, which you are privileged to make physically present in the Eucharist.”

To encourage awareness of consecrated life and to foster discernment of vocations, the diocese hosted its third annual Quo Vadis Days 2015, attracting more than 80 young men to Belmont Abbey College for a time of prayer and reflection on the direction God may be calling them. The five-day retreat and summer camp organized by the diocesan Vocations Ministry included talks by priests, seminarians and others on vocations to the priesthood, marriage and fatherhood.

During this Year of Consecrated Life, priests and men and women religious who were celebrating a jubilee anniversary were recognized for their ministry to the people of the diocese and their continued prayer for all of us to see the way, the truth and the life that Jesus presents to us.

Offices of:
 Women Religious,
 Seminarian Formation,
 Clergy Continuing Care,
 Support of Retired Priests,
 Office of Permanent Diaconate

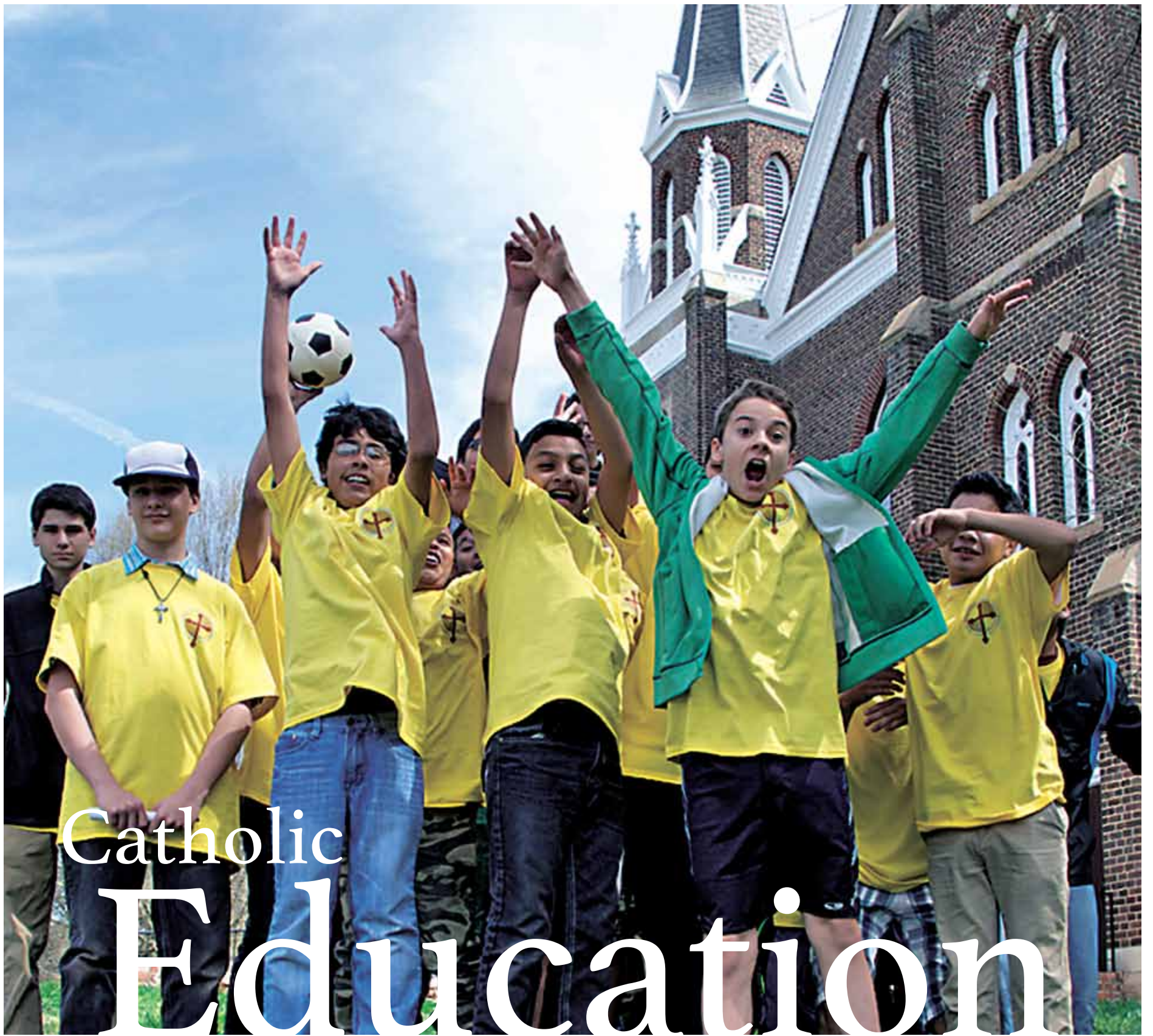
91
 active diocesan
 priests, **44** religious
 order priests, and
21 retired priests

15
 seminarians in
 various stages of
 study leading to
 ordination

129
 active women
 religious representing
21 different
 religious communities

105
 permanent deacons
 who serve in parishes,
 diocesan offices,
 schools, agencies,
 hospitals, prisons and
 airports

VOCATIONS, CLERGY AND RELIGIOUS LIFE FINANCIAL HIGHLIGHTS FOR THE YEARS ENDING JUNE 30					
	2015	2014		2015	2014
REVENUE & OTHER SUPPORT	\$4,675,096	\$5,168,090	EXPENSES	\$4,675,096	\$5,168,090
Contributions			Seminarian formation	831,669	998,656
Priests’ retirement collection	962,747	988,228	Priests’ retirement benefits	2,898,355	3,096,854
Priests’ Continuing Education & Seminarian collection	267,211	249,673	Other	945,072	1,072,580
Friends of Seminarian program	480,921	326,318			
Other	24,367	20,299			
Parish assessments	740,559	670,699			
Grants & Endowment Distributions	0	120,000			
DSA funding	313,863	622,719			
Administration funding	1,885,428	2,170,154			



Catholic Education

19 Catholic schools

Graduating class of **2015**

Bishop McGuinness: **129**

Charlotte Catholic: **355**

Christ the King: **29**

99% of graduates of Bishop McGuinness, Charlotte Catholic and Christ the King Catholic high schools continue on to higher education

20 North Carolina colleges and universities served by Catholic Campus Ministry

RCIA: **1,095** people entered the Catholic Church

21 parishes with

2,000

children participating in the Totus Tuus summer program

St. John Paul II wrote in his apostolic exhortation, “Catechesi Tradendae”: “...at the heart of catechesis (education) we find, in essence, a Person, the Person of Jesus of Nazareth, ‘the only Son from the Father...full of grace and truth,’ who suffered and died for us and who now, after rising, is living with us forever. It is Jesus who is ‘the way, and the truth, and the life,’ and Christian living consists in following Christ ...Catechesis aims therefore at developing understanding of the mystery of Christ in the light of God’s word, so that the whole of a person’s humanity is impregnated by that word. Changed by the working of grace into a new creature, *the Christian thus sets himself to follow Christ and learns more and more within the Church to think like Him, to judge like Him, to act in conformity with His commandments, and to hope as He invites us to.*”

The Education Vicariate administers several departments with specific programs to assist people in the quest to “think like Him, to judge like Him, to act in conformity with His commandments, and to hope as He invites us to.”

Our Catholic schools continue to offer academically and spiritually rigorous programs to assist parents in the Catholic formation of their children’s souls. The three regional coordinators of the Faith Formation Office offer parishes programs of orientation for new parish catechetical program leaders, catechist certification and continuing formation, resource materials and sharing of best practices. The vicariate continues to offer training programs and web resources for the Synod of Bishops and projects of the USCCB. Campus Ministry has advanced its web presence and electronic communication with Catholic students at the various campuses as well as continuing the catechetical curriculum developed several years ago. Young Adult Ministry is also growing with programs in various regions of the diocese.

Offices of Education Vicariate:

- Office of the Vicar*
- Adult Education / Evangelization*
- Campus / Young Adult Ministry*
- Catholic Schools Office: preK-12*
- Faith Formation: preK-12*
- Youth Ministry*
- Media Resource Center*
- RCIA (Becoming Catholic)*

Diocesan and Regional Schools:

- Bishop McGuinness*
- Catholic High School*
- Charlotte Catholic High School*
- Christ the King*
- Catholic High School*
- Holy Trinity*
- Catholic Middle School*
- Our Lady of the Assumption*
- Catholic School*
- St. Ann Catholic School*
- St. Gabriel Catholic School*
- St. Mark Catholic School*
- St. Matthew Catholic School*
- St. Patrick Catholic School*

(parish schools not included here)

**EDUCATION FORMATION OFFICES OF THE DIOCESE OF CHARLOTTE
FINANCIAL HIGHLIGHTS FOR THE YEARS ENDING JUNE 30**

	2015	2014		2015	2014
REVENUE & OTHER SUPPORT	\$1,731,036	\$1,715,567	EXPENSES	\$1,731,036	\$1,715,567
(includes DSA funding of \$1,401,102 in 2015 and \$1,326,250 in 2014)					

**DIOCESAN AND REGIONAL SCHOOLS
FINANCIAL HIGHLIGHTS FOR THE YEARS ENDING JUNE 30**

	2015	2014		2015	2014
REVENUE & OTHER SUPPORT	\$51,179,818	\$50,144,411	EXPENSES	\$46,320,619	\$45,655,948
Tuition and fees	42,254,065	40,826,179	Instructional personnel	24,213,497	23,758,584
Parish support	4,265,297	4,273,327	Other instructional costs	2,670,899	2,633,410
Contributions and gifts	2,261,388	2,199,863	Facilities	7,537,917	7,677,699
School activity revenue	1,304,216	1,425,298	Administrative personnel	3,129,651	2,977,705
Income from rental property	646,182	646,182	Supplementary programs and activities	4,790,395	4,631,121
Other	448,670	773,562	Other	3,978,260	3,977,429

Catholic Charities

60 full- and part-time employees

510 volunteers contributed

22,800 hours of service

100s of donors who gave directly to Catholic Charities

Strengthening Families

Pregnancy support, adoption and post adoption services

56 families and individuals

Teen parenting program aided **44** birth mothers and 6 fathers

Outreach to youth in crisis helped **74** at-risk youth

Counseling services were provided to **244** people for a total of **1,834** sessions

Programs that promoted healthy marriages served **297** couples

257 more people attended NFP courses

Offices of Catholic Charities:
Administrative Office
Charlotte Regional Office
Piedmont Triad Regional Office
Western Regional Office
Refugee Resettlement Office
Social Concerns and Advocacy Office
Family Life Office



In the words of Jesus, “I am the Way and the Truth and the Life,” we recognize that the Risen Lord is truly alive in our midst and that we are also called to be signs of Christian life in this world. Works of charity are one way in which we express this truth. In the Diocese of Charlotte, Catholic Charities contributed to the organized work of charity through a variety of ministries, programs and services that strengthened families, built communities and reduced poverty.

Building Communities

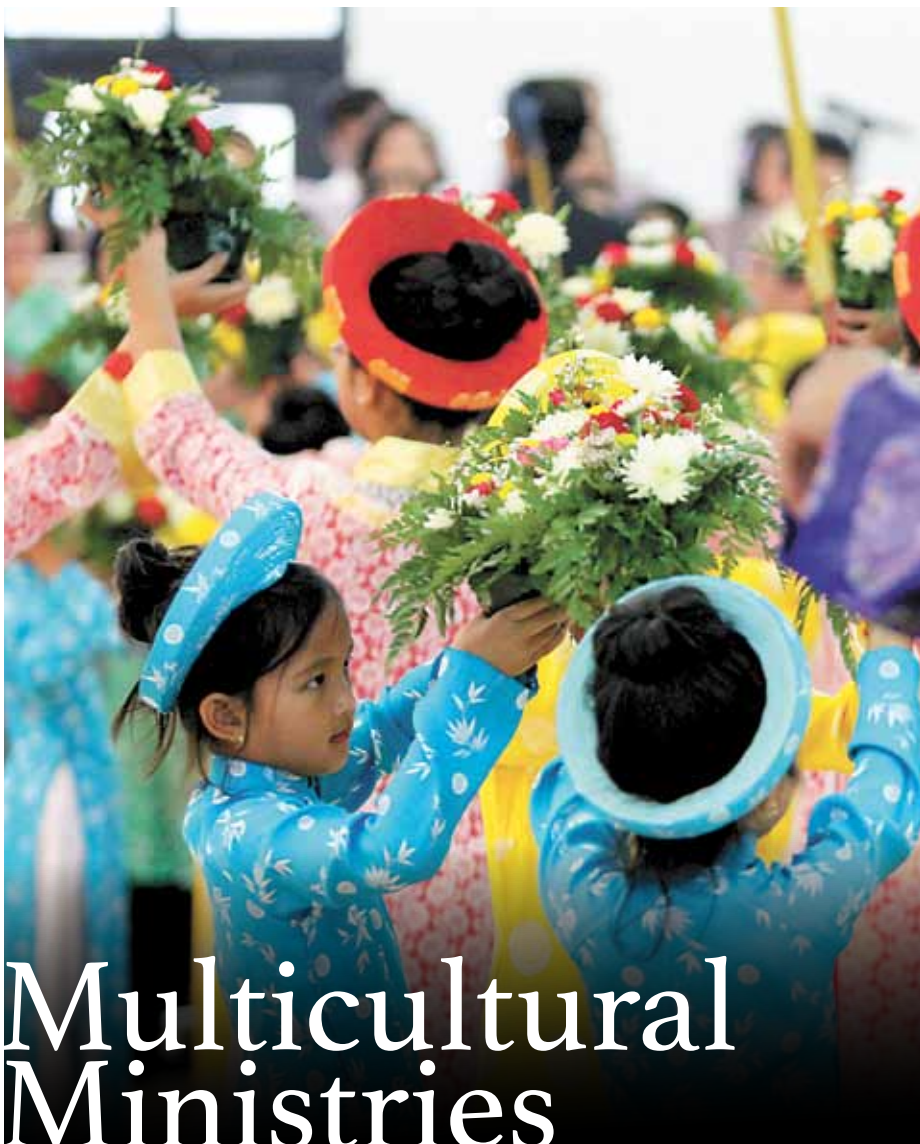
- 294** refugees from **18** different ethnicities resettled
- Legal immigration services helped **408** people
- 447** more refugees were provided with employment, case management, transportation, and/or afterschool mentoring
- 629** seniors participating in social, educational and spiritual gatherings
- 1,387** people attended **40** educational workshops and programs

Reducing Poverty

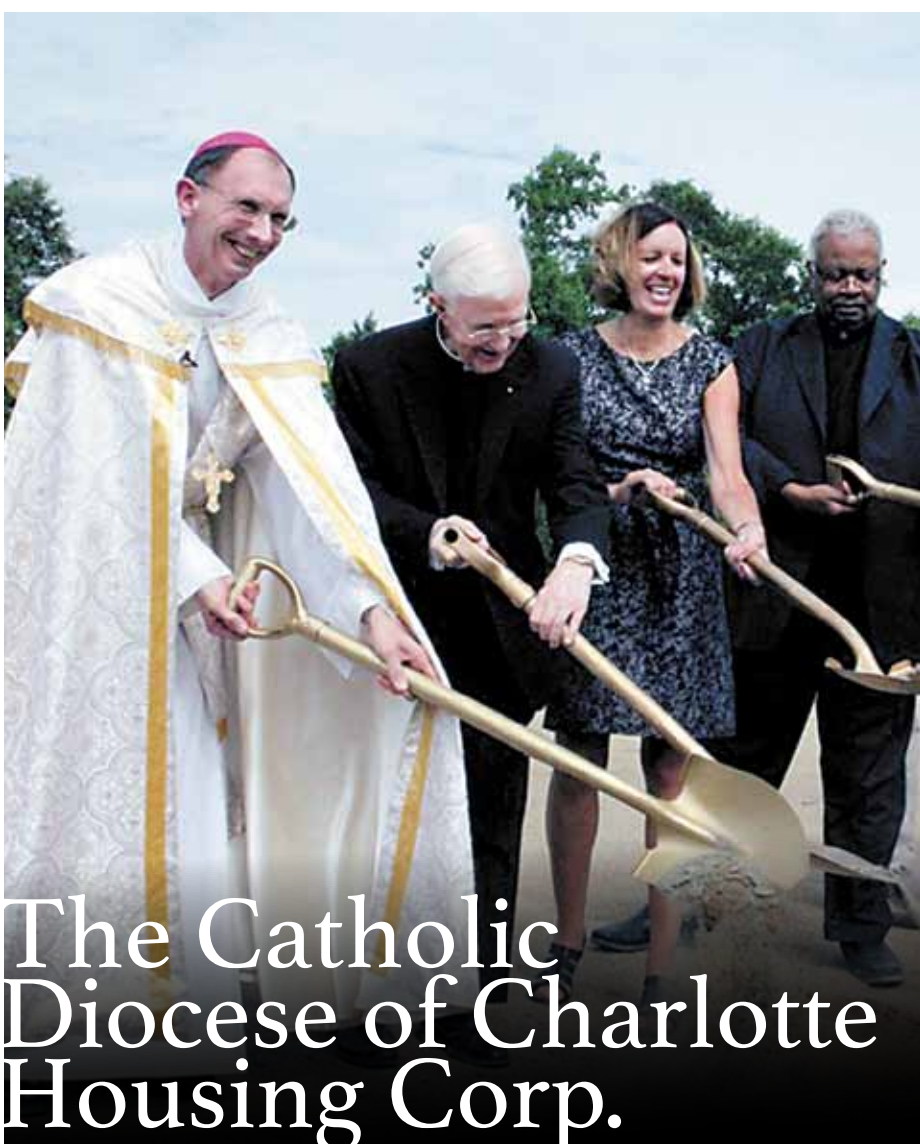
- Regional pantries in Asheville, Charlotte and Winston-Salem provided **431,670** pounds of food and **13,835** pounds of supplies to **14,658** people
- Regional offices in Asheville and Winston-Salem distributed **2,315** bags of clothing
- Thanks to help from parishes and other community groups, **1,605** people received food and other assistance for the holidays
- Burial Assistance program provided **96** dignified burials, including **12** children, for the especially destitute



CATHOLIC CHARITIES DIOCESE OF CHARLOTTE FINANCIAL HIGHLIGHTS FOR THE YEARS ENDING JUNE 30					
	2015	2014		2015	2014
REVENUE & OTHER SUPPORT	\$6,131,649	\$5,971,551	EXPENSES	\$6,116,134	\$5,820,201
Federal and state agency awards	1,866,118	1,860,501	Counseling program	383,205	364,787
Other grants, contracts & awards	515,243	351,812	Direct assistance	972,091	863,577
Contributions - Diocese of Charlotte:			Family Life program	202,103	176,348
DSA funding	1,761,102	1,738,172	Office of Economic Opportunity	113,953	137,547
Other support	46,039	26,000	Pregnancy Support & Adoption program	165,371	144,828
Contributions - Other	1,539,209	1,454,784	Refugee & Immigration Services	2,208,043	2,160,957
Fees	449,651	388,635	Teen Parenting Program	215,489	205,209
Other	(45,713)	151,647	Youth Counseling Program	306,140	250,943
			Other programs	318,022	244,018
			Administrative expenses	941,093	998,469
			Fundraising expenses and direct benefits to donors	290,624	273,518



Multicultural Ministries



The Catholic Diocese of Charlotte Housing Corp.

Multicultural Ministries

The mission of the Church is to build one community of faith, offering God's message of renewal and salvation to all of His people, inviting them to discover and deepen their relationship with Jesus Christ. The Church in western North Carolina is enriched by a diverse and increasing population that includes African, African American, Burmese, Hmong, Korean and Vietnamese communities, as well as a growing Spanish-speaking community of over 225,000 people.

The Vicariate for Hispanic Ministry continues to expand to meet the spiritual and temporal needs of Latino Catholics, especially at 68 parishes and missions which provide pastoral services assisted by coordinators in each of the diocese's 10 vicariates. In addition to regular Spanish-language Masses and celebration of the sacraments, programs include evangelization retreats, young adult ministry, faith formation, Los Consagrados a Maria, SEPI participation, and more.

The African American Affairs Ministry hosted the winter board meeting of the National Black Sisters Conference, partnered with Catholic Charities to present the opening prayer service for its national convention, and presented an educational program featuring Henry L. Gates Jr.'s "Many Rivers to Cross."

Vietnamese Catholics in Charlotte are served by St. Joseph Parish in Charlotte, as well as at other metro Charlotte and Greensboro area parishes and through a television outreach ministry.

Diocese of Charlotte Housing Corp.

Since 2001 Housing Corp. has operated with a mission of developing affordable housing for senior and special needs citizens. The housing

facilities administered by the Diocese of Charlotte are a physical witness of the Church in the modern world, providing safe and affordable housing for vulnerable members of our local communities.

During the past fiscal year, two facilities continued operations while construction on a third one was substantially completed:

- Curlin Commons Senior Apartments in Mooresville opened in 2010.
- Good Shepherd Gardens Senior Apartments in Salisbury opened in 2013.
- Mother Teresa Villa Apartments for adults with intellectual and physical disabilities who can live semi-independently opened in Charlotte in August 2015.

Human Capital

The thousands of employees and volunteers of the Diocese of Charlotte bring their unique gifts and talents to the work of the Church in western North Carolina. In a variety of roles they work to build up the kingdom of God, following Christ's words, "I am the Way and the Truth and the Life."

Diocesan policies and procedures are in place to ensure compliance with state and federal laws and to protect and support employees in the workplace. Every effort is made to help employees be successful in their positions.

The diocese provides various benefits programs for employees to enable them to care for themselves and their families. Core benefits include health, life and long-term disability insurance; and a 403(b) savings plan and pension. Employees may also choose from additional voluntary benefits that may be customized to meet their family's needs. Wellness programs for



Human Capital

The Diocese of Charlotte has

2,535 lay employees and more than

14,000 volunteers as of June 30, 2015.

employees encourage the development of healthy lifestyles.

The costs of the various employee benefits programs for all diocesan entities were as follows:

AMOUNTS FOR THE YEARS ENDING JUNE 30		
	2015	2014
Long Term Disability	158,552	153,945
Health and Life Insurance	7,458,999	7,917,246
Lay Pension Plan	4,033,547	3,913,900
403(b) Plan Contributions	720,251	697,273
FSA Administration Fees	6,858	8,460



Diocesan Support Appeal

We are called to follow Jesus Christ, who is the Way, the Truth and the Life. One of the ways we exercise this calling is by supporting the Diocesan Support Appeal and the ministries throughout the diocese that educate and assist those in need. The DSA funds more than 50 life-giving ministries, and each of them shows the way, shares the truth and welcomes the new life in those who are recipients of the support.

The 2014 Diocesan Support Appeal raised more than \$4,925,000 through contributions from 16,264 donors. Of that, \$340,019 was distributed to 51 parishes, representing funds collected that exceeded parish goals, and \$269,414 was contributed from parish funds by 39 parishes which fell short of their goal.

DSA MINISTRY FUNDING FOR THE YEARS ENDING JUNE 30					
	2015	2014		2015	2014
GRANTS TO CATHOLIC CHARITIES	\$1,761,102	\$1,714,221	EDUCATIONAL MINISTRIES	\$1,401,102	\$1,326,250
MULTICULTURAL MINISTRIES	\$718,792	\$703,554	Catholic Schools Office	77,191	85,868
Hispanic	671,596	652,121	Campus/Young Adult Ministry	562,950	539,433
Hmong	47,196	51,433	Faith Formation	384,158	378,572
VOCATIONS	\$313,863	\$622,720	Youth Ministry	101,814	100,424
Seminarian Formation	253,972	508,858	Evangelization/Ministry Formation	93,137	94,035
Permanent Diaconate	59,891	113,862	Media Resources	98,552	96,276
EUCCHARISTIC CONGRESS	235,900	165,407	Vicar's Office	83,300	31,642
			HOUSING MINISTRY	\$146,468	\$165,489
			CAMPAIGN COSTS	\$242,400	\$190,511

Special Collections

Special Collections are one way to participate in the global work of the Church. Contributions to special collections taken up throughout the year provided funds for

Catholic Relief Services, the Holy Land, Peter's Pence, Catholic University of America, the Catholic Communications Campaign,

the Church in Latin America, the Church in Central and Eastern Europe, the Church in Africa, Propagation of the Faith, Catholic Home Missions, the Catholic Campaign for Human Development, and the Retirement Fund for Religious. These organizations were able to move forward in their missions, and be "the way, the truth and the life" for our brothers and sisters in need, in this country and all over the world.

There were also two special collections this past fiscal year in direct response to global crises. In August 2014, more than \$90,000 was raised to provide humanitarian aid and support to the Christian victims of religious persecution in the Middle East. After the earthquake in Nepal in April 2015, parishes across the diocese responded by raising more than \$40,000 in aid for those affected.

SPECIAL COLLECTIONS AMOUNTS COLLECTED FOR THE YEARS ENDING JUNE 30		
	2015	2014
International/National Combined Collection	\$279,374	\$267,576
Catholic Campaign for Human Development	159,758	158,734
Religious Retirement Collection	310,075	282,891
Combined Mission Collection	276,822	285,102
World Mission Sunday	196,040	198,629
Middle East Victims of Persecution	92,658	-
Nepal Earthquake	42,646	-
TOTAL	\$1,357,373	\$1,192,932

The foundation has a total of **231** endowments for parishes, schools, Catholic Charities, priests' retirement, seminarian education and outreach programs

Income from four endowments provided grant funding of **\$47,323** for 21 programs in the diocese

Total endowment distributions from all funds for the year were **\$864,126**

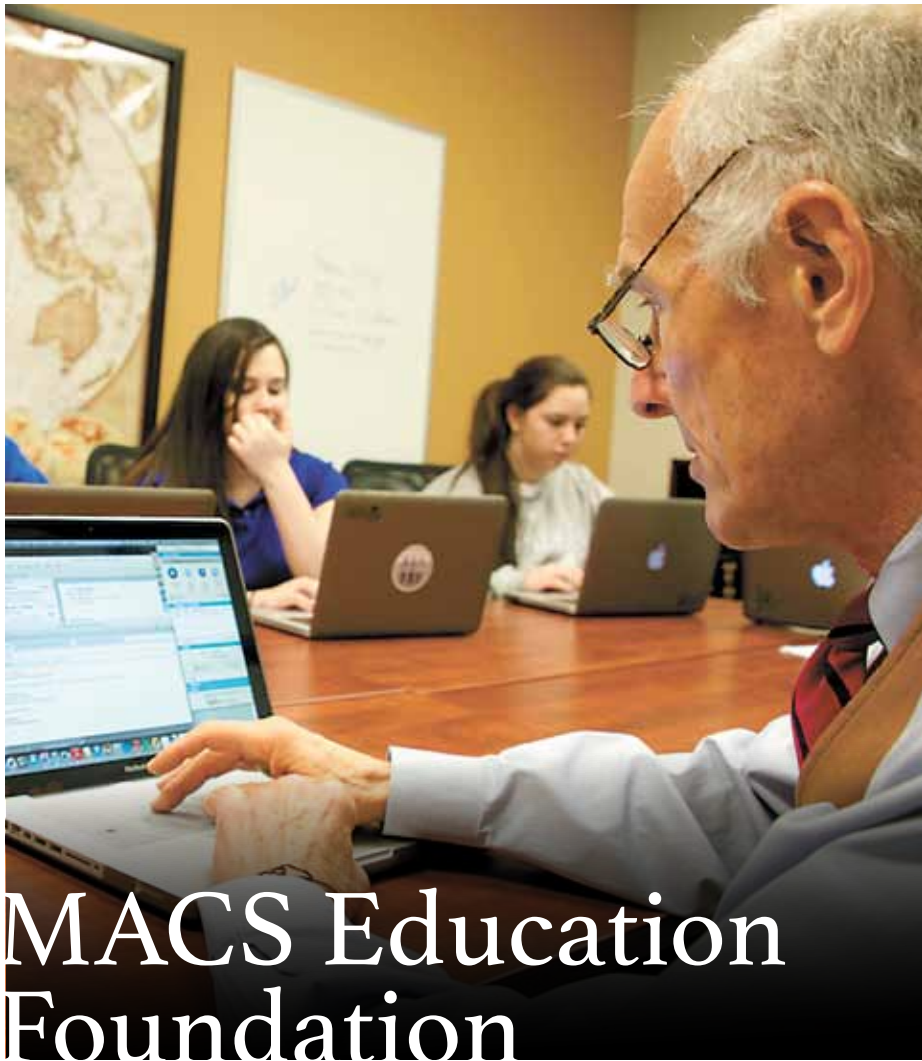
The Foundation of the Roman Catholic Diocese of Charlotte

Parishioners throughout the diocese continue to embrace Christ's words, "I am the Way and the Truth and the Life," with their generous support through gifts of endowments and bequests to the foundation.

Eleven new endowment funds were created this past year, including four received through bequest gifts for the benefit of parishes in the diocese. One of these bequest gifts came from the Estate of Adrienne Woehner Angeli to establish an endowment in memory of her parents to benefit St. Eugene Church in Asheville.

Principal additions to new and existing endowments for the year totaled \$5,297,073, of which \$4,388,300 represent distributions from the "Forward in Faith, Hope, and Love" campaign. The Diocese of Charlotte now has 231 endowments totaling \$31.5 million, including \$10.3 million held on behalf of parishes.

THE FOUNDATION OF THE DIOCESE OF CHARLOTTE FINANCIAL HIGHLIGHTS FOR THE YEARS ENDING JUNE 30					
	2015	2014		2015	2014
ASSETS	\$42,757,946	\$40,844,513	LIABILITIES	\$12,760,689	\$13,031,537
Cash	489,806	393,825	Payables & Unearned Income	25,973	38,056
Due from Advancement Corp. and other receivables	746,802	1,092,178	Custodial & annuity obligations	12,734,716	12,993,481
Beneficial Interest in Advancement Corp.	\$9,601,744	\$10,910,323	NET ASSETS	\$29,997,257	\$27,812,976
Assets held in trust	38,835	40,971	Unrestricted net assets	3,114,462	3,237,101
Investments	31,880,759	28,407,216	Temporarily restricted net assets	2,007,052	2,701,686
			Permanently restricted net assets	24,875,743	21,874,189



MACS Education Foundation

MACS Education Foundation

The Mecklenburg Area Catholic Schools (MACS) Education Foundation conducts and administers fundraising activities for the benefit of the Mecklenburg Area Catholic Schools. During the past fiscal year, the MACS Education Foundation received contributions totaling \$440,261 from 745 donors. In addition, the Foundation withdrew \$70,000 of accumulated earnings on endowments invested with the Foundation of the Roman Catholic Diocese of Charlotte, thus providing additional funds for grants. The Foundation awarded grants totaling \$288,326 to the nine Mecklenburg Area Catholic Schools, recorded losses on uncollectible pledges of \$27,616 and losses on investments with the diocesan foundation of \$35,899, and incurred administrative and fundraising expenses of \$169,351 during fiscal 2015.



TRIAD Catholic Schools Foundation

TRIAD Catholic Schools Foundation

The Triad Catholic Schools Foundation was established to conduct and administer fundraising activities for the benefit of Bishop McGuinness Catholic High School and the five parish-based Catholic elementary schools in the Triad region. During the past year, the Triad Catholic Schools Foundation received contributions totaling \$338,222 from 780 donors. In addition, the Foundation recorded interest income of \$1,038. The Foundation awarded grants totaling \$289,350 to the six Triad Catholic Schools, recorded losses on uncollectible pledges of \$11,024, and incurred administrative and fundraising expenses of \$52,797 during fiscal 2015.

In the fall of 2012 the Diocese of Charlotte launched an unprecedented campaign to renew, strengthen and advance the financial resources of the 92 parishes and missions in the Diocese of Charlotte, and to solidify the financial foundation of the Diocese. The “*Forward in Faith, Hope, and Love*” campaign was conceived after organized and diligent study, and much prayer. The \$65 million campaign aims to meet present needs across the diocese as well as to provide a solid financial base for the future.



Catholic Conference Center in Hickory and build up the Priest Retirement Fund. Plans are underway to renovate several College Campus Ministry centers and Living Waters Retreat Center. To date, over \$7 million has been added to the seven endowments benefiting seminarian education, faith formation, Catholic schools, College Campus Ministry, Catholic Charities, multicultural ministries, and parish/mission support services. Distributions for the fiscal year ending June 30, 2015, totaled \$9,427,000, bringing inception-to-date distributions to \$16,244,000, comprised of:

The campaign’s strategic objectives are:

- Strengthening parish life and ministries as the center of the Catholic community
- Ensuring the vitality of Catholic education
- Supporting seminarian formation and retired clergy
- Expanding the outreach of social services
- Guaranteeing the availability of pastoral and temporal resources

The \$65 million goal is allocated as follows:

PARISH LIFE AND MINISTRIES: \$16.25 million

BROADER MINISTRIES: \$48.75 million (comprised as follows):

CATHOLIC EDUCATION: \$12.75 million

- Expand Faith Formation Endowment: \$1 million
- Expand Tuition Assistance Endowment: \$6 million
- College Campus Ministry: \$1.75 million
- Renovate Existing Catholic Schools: \$4 million

PASTORAL AND TEMPORAL RESOURCES: \$11.5 million

- Parish and Mission Support Services Endowment: \$6 million
- St. Patrick Cathedral Renovations: \$4 million
- Retreat and Conference Center Renovations: \$1.5 million

CLERGY SUPPORT: \$13 million

- Expand Priest Retirement Fund: \$10 million
- Expand Vocation and Seminarian Support Endowment: \$3 million

CATHOLIC OUTREACH: \$11.5 million

- Expand Catholic Charities Diocese of Charlotte Endowment: \$6 million
- Expand Multicultural Ministries Endowment: \$3 million
- Housing Initiatives: \$2.5 million

In addition, campaign costs, which include educational materials, communications, accounting and fundraising staff, amount to approximately 6.5 percent of the total campaign goal, a total of \$4,225,000.

CAMPAIGN RESULTS

During the fiscal year ended June 30, 2015, the active solicitation phase of the campaign concluded with the campaign receiving pledges totaling \$12,694,000 for the year. Total revenue from the campaign during fiscal 2015 was \$9,938,000, after updating allowances for unfulfilled pledges and to discount future pledges to present value. Total FFHL pledges from inception of the campaign through June 30, 2015, are \$68,984,000.

All 92 parishes and mission have received distributions from campaign proceeds. In addition, funds have already been used to renovate the

PARISH LIFE & MINISTRIES	\$ 5,951,000
BROADER MINISTRIES:	
Catholic Education	\$ 2,301,000
Pastoral & Temporal Resources	\$ 1,998,000
Clergy Support	\$ 3,425,000
Catholic Outreach	<u>\$ 2,569,000</u>
TOTAL DISTRIBUTED	\$16,244,000
DISTRIBUTIONS PENDING for Capital Projects	\$ 3,624,000
APPLIED TO COVER CAMPAIGN EXPENSES	<u>\$ 1,753,000</u>
TOTAL PAYMENTS RECEIVED ON PLEDGES	\$21,621,000

During the fiscal year ended June 30, 2015, campaign costs amounted to \$631,000, bringing inception-to-date campaign costs to \$4,080,000.

Cash payments are expected to approximate \$58,800,000 upon conclusion of the redemption phase of the campaign allowing for pledges made that may not be fully collected. The following table shows the allocation of total expected cash payments for (1) parish life and ministries (including parish challenge campaigns, which are additional parish initiatives conducted in conjunction with the FFHL campaign), (2) broader ministries, and (3) to cover campaign expenses.

PARISH LIFE & MINISTRIES SHARE	\$20,914,000
BROADER MINISTRIES SHARE	\$33,661,000
CAMPAIGN EXPENSE SHARE	<u>\$ 4,225,000</u>
TOTAL	\$58,800,000

As reflected in the preceding table, distributions directly benefiting parishes totals over \$20 million, or 36% of total expected cash payments. The total raised for the broader ministries – indirectly benefiting parishes – amounts to approximately 69% of the \$48.75 million goal for the broader ministries. The actual amounts distributed for each campaign element may vary from the amounts shown in the table above due to changes in the estimate of unfulfilled pledges.

“With the FFHL campaign we are providing extraordinary resources that will better position the diocese to strengthen our parishes and the broader ministries that serve people in our parishes,” Bishop Peter Jugis said as we finished another year of parishioners making payments on their pledges to FFHL. “I ask God’s continued blessings on all those who are so faithfully fulfilling their commitments to the FFHL campaign. What you are doing will change thousands of lives for years to come.”

REPORT FROM CHIEF FINANCIAL OFFICER

I am pleased to report that the Catholic Diocese of Charlotte remains financially healthy. Your generous support has provided needed resources to fund the many ministries highlighted throughout this report. The financial statements of the diocese are presented on the following pages, and include all entities of the diocese except for parishes (and parish and inter-parochial schools), which report separately to their parishioners.

The diocese completed the year ended June 30, 2015 with an increase in net assets (surplus) from operating activities of \$13,392,489 consisting of:

- \$5,915,085 relating to the diocesan capital campaign, Forward in Faith, Hope and Love (FFHL), which is restricted for parish use and the priests' pension trust, endowments with the diocesan Foundation and various construction activities. See the previous page for additional information about FFHL activities.
- \$2,220,206 in interest and dividend income (other than interest on perpetual trusts).
- \$385,533 representing an increase in perpetual trust funds and endowment funds (excluding endowments relating to FFHL), which are permanent in nature and, thus, are not available for operations.
- \$4,871,665 representing the amount by which revenues exceeded expenses for all other diocesan activities. The preceding pages of this report provide information on the significant programs included here.

Cash generated from operating activities totaled \$17,219,852, which provided funds needed for the acquisition of property and equipment, which totaled \$11,633,466, for investment in endowments in accord with donor stipulations, totaling \$4,880,435, and for the repayment of long-term debt, which totaled \$2,320,000. At June 30, 2015, the diocese had outstanding long-term debt totaling \$3,090,000, down from \$5,410,000 at June 30, 2014.

Nonoperating activities, primarily mark-to-market adjustments on diocesan investments, decreased net assets by \$1,765,119. These losses are primarily due to downturns in the fixed income market, and the international equity and commodities markets during fiscal 2015.

In addition to the above, the diocese recorded a \$12,987,611 charge to (decrease in) net assets in fiscal 2015 related to our pension and postretirement benefit plans' most recent actuarial valuations. Approximately \$12 million of this charge is the result of implementing the newly adopted mortality table which reflects people living longer than the previous table. After reflecting this charge, the cumulative charge against net assets related to our pension and postretirement benefit plans totals approximately \$43 million, leaving a balance in Unrestricted Net Assets of \$44 million. Additionally, the accrued liability for these programs is approximately \$61 million at June 30, 2015. In addition to the steps already taken to reduce the gap between retirement plan liabilities and assets, the diocese is planning further increases in the funding of the plans to improve their financial health.

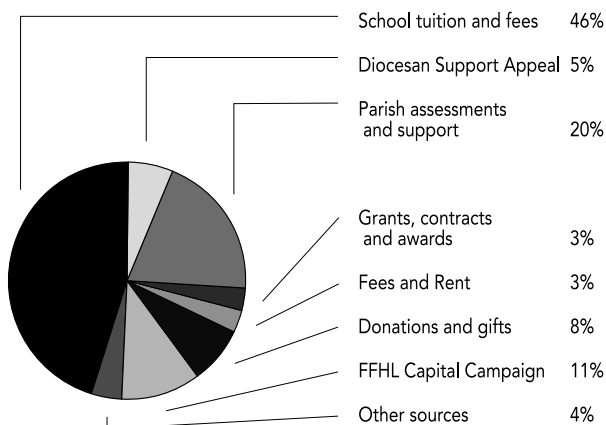
While the pension and postretirement benefit liabilities have a significant impact on our unrestricted net assets, they do not affect our liquidity in the short-term. As the Statement of Financial Position shows, the total of cash and investments at June 30, 2015 exceeded diocesan liabilities (excluding accrued pension and priests' postretirement benefit liabilities, which are long-term in nature) by more than \$37 million. There is \$27 million in restricted net assets for which cash and investments are needed to satisfy donor stipulations, after taking into consideration restricted net assets relating to pledges receivable and parish advances, and the beneficial interests in perpetual trusts. This leaves a balance of \$10 million in cash and investments available for future operations and pension liabilities. As receivables are collected and other current assets converted to cash, these funds will also be available for operations and pension liabilities.

The pie charts depict the major sources of revenues and summarize expenditures for the fiscal year just ended. Additional detail about revenues and a break-out of expenses by functional area, along with a comparison to fiscal 2014, are presented within the Statement of Activities.

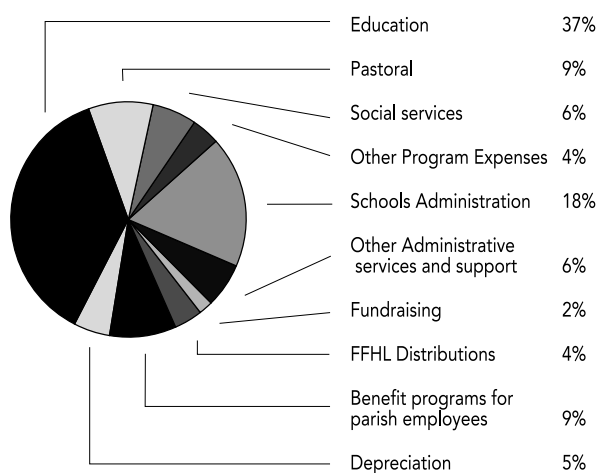
The diocesan Finance Office remains committed to the highest standards of fiscal integrity and accountability. To this end, the diocese has enumerated principles for strong financial governance, which can be found on the diocesan website. It is the responsibility of the diocesan Finance Office to ensure that accounting policies and procedures are being adhered to, and internal controls are in place and operating so as to safeguard Church assets and ensure that all financial activity is accounted for properly. Financial oversight is provided by routine financial statement audits and the diocesan Finance Council, which is directly responsible to the bishop.

The combined financial statements of the Diocese of Charlotte for the years ended June 30, 2015 and 2014 are presented on the following pages for your review. The integrity of these statements and the integrity of the underlying financial systems are the responsibility of the diocese. The public accounting firm of Deloitte and Touche, LLP was engaged to perform an independent audit of these combined financial statements. Their audit report is also included in the financial report that follows.

Sources of Revenue
Year Ended June 30, 2015



Uses of Our Resources
Year Ended June 30, 2015



William G. Weldon

William G. Weldon, CPA
Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

To the Most Reverend Peter J. Jugis, Bishop of Charlotte:

We have audited the accompanying combined financial statements of The Roman Catholic Diocese of Charlotte (the "Diocese"), which comprise the combined statements of financial position as of June 30, 2015 and 2014, and the related combined statements of activities and cash flows for the years then ended, and the related notes to the combined financial statements. The combined financial statements include the accounts of the affiliated diocesan entities described in Note 1 to the combined financial statements, which operate under the auspices of the Diocese.

Management's Responsibility for the Combined 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 the combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including

the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Diocese'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 Diocese's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 Diocese as of June 30, 2015 and 2014, and the combined 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.

Deloitte & Touche LLP

October 9, 2015

THE ROMAN CATHOLIC DIOCESE OF CHARLOTTE COMBINED STATEMENTS OF FINANCIAL POSITION AS OF JUNE 30, 2015 AND 2014

ASSETS	2015	2014
CASH AND CASH EQUIVALENTS	\$5,249,060	\$8,532,333
PLEDGES RECEIVABLE—Net	37,109,139	38,326,590
OTHER ACCOUNTS RECEIVABLE—Net	2,344,507	1,406,110
NOTES RECEIVABLE—Net	16,293,202	13,613,934
DEFERRED RENT	1,503,732	1,516,713
ADVANCES TO PARISHES—Net	2,194,464	1,690,620
BENEFICIAL INTERESTS IN PERPETUAL TRUSTS	4,838,509	5,042,791
INVESTMENTS	91,815,074	89,602,671
PROPERTY AND EQUIPMENT—Net	68,308,593	60,233,727
OTHER ASSETS	512,438	493,140
TOTAL	\$230,168,718	\$220,458,629
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	\$4,222,741	\$4,068,826
Accrued salaries, wages, and benefits	3,352,252	3,304,715
Accrued pension and postretirement benefits	60,845,121	47,801,769
Unearned revenue	9,091,432	8,734,183
Bonds payable	3,090,000	5,410,000
Fair value of interest rate swap agreements	116,682	284,660
Custodial, annuity and other obligations	39,967,379	40,011,124
Total liabilities	120,685,607	109,615,277
CONTINGENCIES (Note 13)		
NET ASSETS:		
Unrestricted net assets:		
Undesignated	60,018,286	53,204,497
Net asset charge—Priest and lay retirement plans	(43,023,053)	(30,035,442)
Total undesignated unrestricted net assets	16,995,233	23,169,055
Designated	26,808,597	25,501,049
Total unrestricted net assets	43,803,830	48,670,104
Temporarily restricted net assets	30,993,663	30,515,052
Permanently restricted net assets	34,685,618	31,658,196
Total net assets	109,483,111	110,843,352
TOTAL	\$230,168,718	\$220,458,629

See notes to combined financial statements.

THE ROMAN CATHOLIC DIOCESE OF CHARLOTTE COMBINED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$(1,360,241)	\$42,073,744
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	3,900,085	3,832,675
Net realized and unrealized (gains)/losses on investments	1,933,096	(4,208,748)
Change in fair value of interest rate swap agreements	(167,977)	(261,269)
Loss (gain) on sale property	60,942	(62,749)
Net asset charge—Lay and Priest Retirement Plans and Retired Clergy Health Plan	12,987,611	1,956,118
Increase in discounts and allowances on advances, notes, and pledges receivable	789,802	590,598
Changes in operating assets and liabilities:		
Other accounts receivable	(938,397)	748,944
Deferred rent	12,981	2,989
Pledges receivable	271,359	(31,664,767)
Other assets	(19,298)	161,553
Accounts payable and accrued expenses	(710,638)	932,913
Accrued salaries, wages, and benefits	47,537	(80,848)
Accrued pension and postretirement benefits	55,741	(4,929,791)
Unearned revenue	357,249	(23,355)
Net cash provided by operating activities	17,219,852	9,068,007
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(11,633,466)	(5,301,407)
Proceeds from the sale of property	462,126	122,204
Purchase of investments	(23,685,590)	(26,284,822)
Proceeds from maturity and sales of investments	19,354,191	33,491,672
Issuance of advances and notes	(9,115,936)	(2,559,066)
Payments received on advances and notes	6,089,114	1,298,527
Increase (decrease) in custodial obligations	1,045,938	(2,327,595)
Net cash used in investing activities	(17,483,623)	(1,560,487)
CASH FLOWS FROM FINANCING ACTIVITIES—		
Repayment of bonds and capital lease	\$(3,019,502)	\$(4,813,010)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(3,283,273)	2,694,510
CASH AND CASH EQUIVALENTS:		
Beginning of year	8,532,333	5,837,823
End of year	\$5,249,060	\$8,532,333
SUPPLEMENTAL DATA:		
Interest paid	\$234,678	\$397,198
Purchases of property and equipment included in accounts payable	\$864,553	\$ -

See notes to combined financial statements.

**THE ROMAN CATHOLIC DIOCESE OF CHARLOTTE
COMBINED STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED**

	JUNE 30, 2015				JUNE 30, 2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING:								
REVENUES AND OTHER SUPPORT:								
School tuition and fees	\$42,254,065	\$ -	\$ -	\$ 42,254,065	\$40,818,544	\$ -	\$ -	\$40,818,544
Contributions—Diocesan Support Appeal (DSA)	5,119,116			5,119,116	4,927,659			4,927,659
Other support—DSA programs	399,194			399,194	511,187			511,187
Other donations and gifts	3,642,537	3,583,692	275,546	7,501,775	3,896,053	2,618,826	272,366	6,787,245
Parish assessments:								
Employee benefit programs	7,324,518			7,324,518	7,087,970			7,087,970
Property liability insurance	1,665,520			1,665,520	1,690,741			1,690,741
Catholic News Herald	928,800			928,800	911,660			911,660
Central office	3,831,589			3,831,589	3,827,770			3,827,770
Parish support of schools	4,265,297			4,265,297	4,273,327			4,273,327
Federal and state agency awards	2,086,226			2,086,226	2,044,257			2,044,257
Other grants and awards	9,160	636,525		645,685	7,145	485,845		492,990
Fees for services rendered	1,299,384			1,299,384	1,162,700			1,162,700
Rental income	1,267,565			1,267,565	1,416,207			1,416,207
Interest and dividend income	1,958,750	261,456	114,677	2,334,883	2,439,561	260,858	201,870	2,902,289
Other income (loss)	2,352,210	(764)	(3,421)	2,348,025	1,733,842	20,495	47,040	1,801,377
Net assets released from restrictions—satisfaction of program restrictions	5,779,124	(5,777,855)	(1,269)	-	4,498,118	(4,496,524)	1,594)	-
Total revenues and other support	<u>84,183,055</u>	<u>(1,296,946)</u>	<u>385,533</u>	<u>83,271,642</u>	<u>81,246,741</u>	<u>(1,110,500)</u>	<u>519,682</u>	<u>80,655,923</u>
EXPENSES:								
Program expenses:								
Pastoral:								
Clergy, vocations, and support for retired priests	4,688,182			4,688,182	5,177,575			5,177,575
Multicultural ministries	967,554			967,554	947,732			947,732
Contributions, grants, and subsidies	694,310			694,310	1,597,022			1,597,022
Other	429,051			429,051	362,061			362,061
Education:								
Regional and diocesan schools	28,082,453			28,082,453	27,456,242			27,456,242
Other education and faith formation	1,731,035			1,731,035	1,715,567			1,715,567
Social service programs	4,902,709			4,902,709	4,590,504			4,590,504
Benefit programs for lay parish employees	6,780,600			6,780,600	6,550,205			6,550,205
Property and liability insurance programs for parishes	719,328			719,328	1,428,638			1,428,638
Publication of Catholic News Herald	1,073,136			1,073,136	1,056,251			1,056,251
Conference/Retreat Centers	692,831			692,831	645,806			645,806
Tribunal	487,592			487,592	475,814			475,814
Total program expenses	<u>51,248,781</u>	<u>-</u>	<u>-</u>	<u>51,248,781</u>	<u>52,003,417</u>	<u>-</u>	<u>-</u>	<u>52,003,417</u>
Administrative:								
Central office administration	\$2,804,251	\$ -	\$ -	\$2,804,251	\$2,842,711	\$ -	\$ -	\$2,842,711
Regional and diocesan schools administration	14,638,730			14,638,730	14,509,740			14,509,740
Social services administration	905,510			905,510	953,531			953,531
Interest—parish savings and investments	204,110			204,110	219,617			219,617
Interest—long-term debt	231,507			231,507	385,441			385,441
Depreciation and amortization	3,900,085			3,900,085	3,832,675			3,832,675
Other	755,684			755,684	817,833			817,833
Total administrative expenses	<u>23,439,877</u>	<u>-</u>	<u>-</u>	<u>23,439,877</u>	<u>23,561,548</u>	<u>-</u>	<u>-</u>	<u>23,561,548</u>
Fundraising	1,105,580			1,105,580	993,030			993,030
Total expenses	<u>75,794,238</u>	<u>-</u>	<u>-</u>	<u>75,794,238</u>	<u>76,557,995</u>	<u>-</u>	<u>-</u>	<u>76,557,995</u>
CHANGE IN NET ASSETS BEFORE CAPITAL CAMPAIGN AND NONOPERATING ACTIVITIES AND NET ASSET CHARGE	8,388,817	(1,296,946)	385,533	7,477,404	4,688,746	(1,110,500)	519,682	4,097,928
CAPITAL CAMPAIGN ACTIVITIES:								
Contributions—FFHL	1,602,774	7,314,940	2,735,698	11,653,412	2,396,011	23,935,805	14,064,612	40,396,428
Losses on uncollectible contributions—FFHL		(1,715,062)		(1,715,062)				
Net assets released from restrictions—FHL	3,392,645	(3,392,645)		-	2,412,601	(2,412,601)		-
Distributions to parishes—FFHL	(3,392,645)			(3,392,645)	(2,412,601)			(2,412,601)
Fundraising and other expenses—FFHL	(630,620)			(630,620)	(2,521,910)			(2,521,910)
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	<u>9,360,971</u>	<u>910,287</u>	<u>3,121,231</u>	<u>13,392,489</u>	<u>4,562,847</u>	<u>20,412,704</u>	<u>14,584,294</u>	<u>39,559,845</u>
NONOPERATING:								
Net realized and unrealized losses on investments	(1,407,611)	(431,676)	(93,809)	(1,933,096)	2,476,228	1,388,417	344,103	4,208,748
Change in fair value of interest rate swap agreements	167,977			167,977	261,269			261,269
CHANGE IN NET ASSETS FROM NONOPERATING ACTIVITIES	<u>(1,239,634)</u>	<u>(431,676)</u>	<u>(93,809)</u>	<u>(1,765,119)</u>	<u>2,737,497</u>	<u>1,388,417</u>	<u>344,103</u>	<u>4,470,017</u>
CHANGE IN NET ASSETS BEFORE NET ASSET CHARGE	8,121,337	478,611	3,027,422	11,627,370	7,300,344	21,801,121	14,928,397	44,029,862
NET ASSET CHARGE—Lay and Priest Retirement Plans and Retired Clergy Health Plan								
	<u>(12,987,611)</u>			<u>(12,987,611)</u>	<u>(1,956,118)</u>			<u>(1,956,118)</u>
CHANGE IN NET ASSETS	<u>(4,866,274)</u>	<u>478,611</u>	<u>3,027,422</u>	<u>(1,360,241)</u>	<u>5,344,226</u>	<u>21,801,121</u>	<u>14,928,397</u>	<u>42,073,744</u>
NET ASSETS:								
Beginning of year	48,670,104	30,515,052	31,658,196	110,843,352	43,325,878	8,713,931	16,729,799	68,769,608
End of year	<u>\$43,803,830</u>	<u>\$30,993,663</u>	<u>\$34,685,618</u>	<u>\$109,483,111</u>	<u>\$48,670,104</u>	<u>\$30,515,052</u>	<u>\$31,658,196</u>	<u>\$110,843,352</u>

See notes to combined financial statements.

THE ROMAN CATHOLIC DIOCESE OF charlotte
NOTES TO COMBINED FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

1. ORGANIZATION

The Roman Catholic Diocese of Charlotte (the “Diocese”) serves the Roman Catholic Church (the “Church”) in western North Carolina. The Diocese comprises a geographic area of 20,470 square miles covering 46 counties ranging from the North Carolina piedmont region to the North Carolina mountain region. The accompanying combined financial statements do not include the assets, liabilities (including the parish notes discussed in Note 10), or activities of individual parishes and interparochial schools. These excluded activities are operating entities distinct from the offices and organizations included herein, maintain separate accounts, and carry on their own programs.

The accompanying combined financial statements include the accounts of the following organizations, which operate under the auspices of the Diocese:

- The Central Administration, which provides administrative and other services to parishes, schools, and agencies of the Diocese. Services include coordination and support of educational programs and multicultural ministries; the vocations program; continuing formation of priests and support of retired priests; employee benefit program; property/casualty insurance program; diocesan tribunal; operation of the Catholic Conference Center, Living Waters Reflection Center and Cathedral Publishing, Inc., the publisher of the Catholic News Herald.
- Bishop McGuinness Catholic High School (BMCHS), which provides Catholic secondary education for the Winston-Salem, Greensboro, and High Point areas.
- Mecklenburg Area Catholic Schools (MACS), which operates nine schools throughout Mecklenburg County as of June 30, 2015 and 2014.
- The Mecklenburg Area Catholic Schools Education Foundation, which conducts and administers fundraising activities for the benefit of MACS.
- The Triad Area Catholic Schools Education Foundation, which conducts and administers fundraising activities for the benefit of BMCHS and the parish-based Catholic schools in the Winston-Salem, Greensboro, and High Point area.
- Catholic Charities Diocese of Charlotte (CCDOC), a professional human services agency that provides counseling, adoption support, pregnancy support, foster care, crisis intervention, material assistance, burial assistance, immigration services, refugee resettlement, justice and peace advocacy, and education, along with family enrichment services.
- The Foundation of the Roman Catholic Diocese of Charlotte, Inc. (the “Foundation”), which receives, administers, and disburses funds through the creation of endowments for educational, religious, and charitable purposes for the benefit of the Diocese and its various parishes, schools, and agencies.
- The Catholic Diocese of Charlotte Housing Corporation (the “Housing Corporation”), whose mission is to create, maintain, promote, and operate housing facilities and provide accompanying services for seniors, individuals, and families with low incomes, and other vulnerable populations.
- DL Catholic, Inc. (“DL Catholic”), which holds funds on deposit from the Central Administration, parishes, schools, and other Catholic institutions in the Diocese. These amounts generally represent funds in excess of current operating needs that have been set aside to fund future programs and/or facility needs. Interest on deposits is paid based on rates established for the terms of the deposits selected by the depositors. DL Catholic also provides loans to the Central Administration, parishes, schools, and other Catholic institutions in the Diocese, which are primarily for funding the purchase of property and acquisition or construction of facilities.
- The Catholic Diocese of Charlotte Advancement Corporation (the “Advancement Corporation”), which conducts diocesan-wide fundraising campaigns (the Forward in Faith, Hope and Love (FFHL) capital campaign and the annual Diocesan Support Appeal (DSA)) to support operating, capital, and endowment activities of the Central Administration and other entities of the Diocese of Charlotte.

The activities of the above organizations have been combined by functional area in the accompanying combined statements of activities. All significant intradiocesan transactions have been eliminated in combination.

2. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Basis of Presentation—The combined financial statements have been prepared under the accrual basis in accordance with accounting principles generally accepted in the United States of America as set forth in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), including FASB ASC 958, *Not-for-Profit Entities*. FASB ASC 958 requires the reporting of total assets, liabilities, and net assets in a statement of financial position; reporting the change in net assets in a statement of activities; and reporting the sources and uses of cash in a statement of cash flows.

Use of Estimates in the Preparation of Financial Statements—The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates and assumptions are used for, but not limited to valuation of pledges receivable, notes receivable and advances to parishes; valuation of beneficial interests in perpetual trusts, investments, and interest rate swap instruments; accrued pension benefits, and accrued health benefits for retired priests. Actual results could differ from those estimates.

Operating Activities—Transactions that are part of the ongoing major or central activities of the combined entities are reported as operating in the accompanying combined statements of activities. All other transactions are reported as nonoperating.

Cash and Cash Equivalents—The Diocese considers all highly liquid instruments with an original maturity of three months or less at the time of purchase to be cash equivalents. Cash equivalents are stated at cost, which approximates fair value. As of June 30, 2015, the Diocese has designated \$450,000 of cash for property and liability self-insurance reserves. At various times throughout the year, the Diocese may maintain bank accounts in excess of the FDIC-insured limit.

Allowance for Doubtful Accounts—The Diocese recognizes an allowance when information available prior to the issuance of the combined financial statements indicates that it is probable that a receivable has been impaired as of the date of the combined financial statements and the amount of loss can be reasonably estimated.

Beneficial Interests in Perpetual Trusts—Beneficial interests in perpetual trusts represent irrevocable interests in assets held by third parties under split-interest agreements and are measured at fair value, with the change in fair value reported within net realized and unrealized gains and losses on investments in the accompanying combined statements of activities.

Investments—Investments consist primarily of marketable debt and equity securities and are measured at fair value in the accompanying combined statements of financial position, with the net realized and unrealized gains and losses reported in the accompanying combined statements of activities. The Diocese utilizes financial institutions to provide custodial and recordkeeping services, in addition to investment managers with full discretionary authority, subject to the Diocese’s investment policies, to provide investment management services.

Property and Equipment—Property and equipment is stated at cost when purchased and at estimated fair value when donated. Depreciation expense is determined by using the straight-line method over the estimated useful lives of the assets. Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset group to future net undiscounted cash flows expected to be generated by the asset group. If such assets are considered to be impaired, the impairment recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. No impairment charges related to property and equipment were recognized during fiscal years 2015 and 2014.

The major classes of property and equipment represented as of June 30, 2015 and 2014, are as follows:

	2015	2014	Life (In Years)
Land	\$14,214,177	\$13,979,607	N/A
Land improvements	9,110,016	8,941,489	5–15
Buildings	65,149,791	63,969,839	30–40
Furniture and equipment	8,713,014	10,173,178	3–10
Vehicles	2,210,469	1,956,988	5
Interest in St. Matthew Education Center	5,561,331	5,561,331	Varies
Construction in progress	10,063,663	274,318	N/A
	<u>115,022,461</u>	<u>104,856,750</u>	
Less accumulated depreciation	<u>(46,713,868)</u>	<u>(44,623,023)</u>	
Total	<u>\$68,308,593</u>	<u>\$60,233,727</u>	

The construction in progress as of June 30, 2015 consists primarily of amounts expended by MACS for the construction of a multi-level parking garage at Charlotte Catholic High School, which was under construction at June 30, 2015. The project was completed and placed in service during September 2015.

The interest in St. Matthew Education Center shown above represents the total amount paid by MACS for the acquisition and construction of property and equipment in accordance with a joint-usage agreement with St. Matthew Catholic Church. It is being amortized over the useful lives of the assets in which MACS has an interest. The amortization is included in accumulated depreciation shown above.

Interest expense incurred that relates to the acquisition or construction of property and equipment is capitalized. No interest expense was capitalized in fiscal years 2015 or 2014.

Custodial Obligations—Custodial funds are managed by the Diocese, as agent, on behalf of the originating organization. These funds are not recorded as contributions or net assets of the Diocese but rather are included as assets and corresponding custodial obligations in the accompanying combined statements of financial position.

Pension and Other Retirement Benefit Plans—The Diocese accounts for its defined benefit pension and other postretirement benefit plans by recording an asset (liability) for the excess (deficit) of plan assets over the actuarially determined projected benefit obligation, with the net periodic benefit cost allocated to program and administrative expenses based on related salaries and wages. Changes in the funded status of the plans, other than net periodic benefit costs, are reported as a net asset credit (charge) in the accompanying combined statements of activities. The net asset charge of \$12,987,611 for the year ended June 30, 2015 primarily reflects the impact of revised mortality assumptions resulting from longevity improvements of the plan participants. The Diocese’s defined benefit pension and other postretirement benefit plans are described below:

Lay Noncontributory Defined Benefit Pension Plan—The Diocese sponsors a noncontributory defined benefit pension plan (the “Lay Plan”) for all eligible diocesan lay employees. The Lay Plan provides for benefits based on an employee’s years of service and compensation. During fiscal years 2015 and 2014, each diocesan entity was assessed 8.0% and 7.8%, respectively, of lay employees’ salaries to fund the contribution to the Lay Plan and certain other employee benefits. In addition to contributing the actuarially recommended contribution amount to the Lay Plan for both fiscal years 2015 and 2014, the Central Administration contributed \$889,261 and \$760,313 in additional contributions to the Lay Plan during fiscal 2015 and 2014, respectively.

Priest Retirement Plan—The Diocese sponsors the Diocese of Charlotte Priest Retirement Plan (the “Priest Plan”) to provide pension benefits for diocesan priests. The Priest Plan provides benefits for priests who are fully vested, in a uniform monthly amount that is increased annually based on the change in the Consumer Price Index. The Priest Plan received contributions directly from the Advancement Corporation of \$1,687,808 and \$880,945 during the years ended June 30, 2015 and 2014, respectively. In addition, the Central Administration also contributed the actuarially recommended contribution amount to the Priest Plan for both fiscal years 2015 and 2014.

Retired Clergy Health Plan—In addition to providing the Priest Plan discussed above, the Diocese sponsors the Diocese of Charlotte Retired Clergy Health Plan, which provides retired diocesan priests certain health and long-term care benefits. The Diocese of Charlotte Retired Clergy Health Plan Trust was established on July 1, 2013 to hold, invest and administer assets to provide benefits under the Diocese of Charlotte Retired Clergy Health Plan. The trustee, Wells Fargo Bank, N.A., has full discretionary authority, subject to the plan’s investment policies. During fiscal 2014, the Central Administration transferred \$5,890,698 to the trustee, representing the initial funding of the Trust. In addition to the initial funding and to contributing the actuarially recommended contribution amount to the Retired Clergy Health Plan for both fiscal years 2015 and 2014, the Central Administration contributed \$495,222 in additional contributions to the Plan in fiscal 2015.

An annual collection is held at each parish to raise funds for the Priest Retirement Plan, the Retired Clergy Health Plan and other priest benefits. Each parish was assigned 3.5% of annual offertory as their goal for this collection for fiscal years 2015 and 2014. Any shortfall from goal in the amount collected is paid by the parish. Annual collections from the parishes for this purpose are reported as temporarily restricted revenues in the accompanying combined statements of activities.

The Diocese also sponsors a tax-deferred defined contribution plan under Section 403(b) of the Internal Revenue Code (IRC) for all eligible diocesan employees. Employer-matching contributions to the plan are based on a percentage of employee contributions. Each diocesan entity is responsible for payment of the matching contribution directly to the tax-deferred defined contribution plan. Matching contributions to this plan amounted to \$422,986 and \$401,090 in fiscal years 2015 and 2014, respectively, and are reported within expenses in the accompanying combined statements of activities.

Derivative Instruments—The Diocese uses derivative financial instruments to manage its exposure to movements in interest rates. Interest rate swaps are measured at fair value in the accompanying combined statements of financial position, with the change in fair value reported in the accompanying combined statements of activities. The Diocese does not enter into derivative financial instruments for trading purposes.

Net Assets—Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets consist of the following:

Unrestricted—Unrestricted net assets consist of all resources of the Diocese that have no donor-imposed restrictions. The Diocese has designated \$26,808,597 and \$25,501,049 of unrestricted net assets as of June 30, 2015 and 2014, respectively, primarily for future expenses relating to Diocesan Support Appeal (DSA) program agencies, the pastoral center, employee benefit programs, self-insured programs, retired clergy benefit programs, debt service, grant awards, endowments and investments.

Temporarily Restricted—Temporarily restricted net assets consist of contributions received and investment income from permanently restricted endowment funds whose use by the Diocese is limited by donor-imposed stipulations that expire by passage of time or can be fulfilled by actions of the Diocese. When a donor restriction is fulfilled or expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying combined statements of activities as net assets released from restrictions. At June 30, 2015 and 2014, temporarily restricted net assets included \$25,721,245 and \$25,504,287, respectively, related to the Forward in Faith, Hope and Love capital campaign. The remainder of the temporarily restricted net assets primarily relates to spendable income on endowments that are limited as to use by the governing documents and funding from grants for outreach and other ministries.

Permanently Restricted—Permanently restricted net assets consist of contributions received from donors whose use by the Diocese is limited permanently by donor-imposed stipulations. At June 30, 2015 and 2014, permanently restricted net assets consist primarily of endowments held by the Foundation, the Diocese’s pro rata interest in perpetual trusts established by third parties, and resources which are to be held in perpetuity and used to provide advances to small or needy parishes at no interest (see Note 16).

School Tuition and Fees and Parish Support—Tuition and related fees represent amounts paid by students’ families, net of applied tuition assistance, and are recognized over the school year in which earned. Parish support of schools represents contributions made by the participating parishes of the Diocese. Tuition and fees received in the current year for the following school year’s tuition are recorded as unearned revenue in the accompanying combined statements of financial position.

Contribution Revenue and Pledges Receivable—Contribution revenue is recognized upon receipt of assets (financial or nonfinancial) or an unconditional promise to give from a donor, and is measured at fair value. Fair value for unconditional

promises to give is measured at net realizable value for pledges due within one year and at net present value for pledges to be collected in future years. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the periods in which the promises are received. Management evaluates the value of pledges receivable on an ongoing basis for changes in the estimated timing or amounts of cash flows. Any decrease in the value of pledges receivable after initial recognition would be recognized as bad debt expense or losses on uncollectible contributions. Recoveries of previously recognized decreases in value (up to the amount of decreases previously recognized) would be recognized as a reduction of bad debt expense or a reduction of losses on uncollectible contributions.

Capital Campaign Contributions and Distributions—FFHL contributions are limited in their use to the specific purposes outlined in the fundraising materials. As such, contributions are classified as temporarily restricted, except for contributions allocated to cover campaign costs, which are classified as unrestricted, designated for fundraising and administrative costs. FFHL distributions to beneficiary entities are recorded based on the capital campaign's distribution policy, which generally provides for distribution to beneficiary entities upon receipt of cash payments by the Advancement Corporation and satisfaction of donor restrictions by the beneficiary entity. Proceeds received for construction activities are not recorded as distributions until commencement of the project. Proceeds received for the Priest Retirement Plan Trust are recorded as a reduction in accrued pension and postretirement benefits at the time of distribution to the Trust. Distributions to the Priest Retirement Plan Trust during fiscal 2015 and 2014 amounted to \$1,687,808 and \$880,945, respectively, and have been reflected in accrued pension and postretirement benefits in the accompanying combined statements of financial position.

Income Taxes—The Diocese and the entities comprising the combined financials are exempt from federal income tax under Section 501(c)(3) of the IRC and is generally exempt from federal and state income taxes.

Accounting principles generally accepted in the United States of America prescribe a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. Although these principles are primarily applicable to taxable business enterprises, an uncertain tax position may also include the characterization of income, such as a characterization of income as passive, a decision to exclude reporting taxable income in a tax return, or a decision to classify a transaction, entity, or other position in a tax return as exempt. The tax benefit from uncertain tax positions is recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits.

The Diocese and the entities comprising the combined financials had no unrecognized tax positions as of and during the years ended June 30, 2015 and 2014. The Diocese does not expect that unrecognized tax benefits will materially increase within the next 12 months. Fiscal years from 2012 through 2014 are subject to examination by the federal and state taxing authorities. There are no income tax examinations currently in process.

Interest and penalties related to uncertain tax positions, if any, would be recognized in the combined financial statements as income tax expense.

Risks and Uncertainties—The Diocese's investments consist of various combinations of equity securities, fixed income securities, money market funds, and other investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect the Diocese's investment balances reported in the combined balance sheets.

Reclassifications—During 2015, the Diocese changed the presentation of net assets released from restrictions related to the FFHL capital campaign to include such amounts within Capital Campaign Activities in the combined statements of activities. These amounts were previously reported within Total Revenues and Other Support. Accordingly, the corresponding prior year amounts have been reclassified to conform to the current year presentation. This reclassification had no impact on the previously reported change in net assets from operating activities or the change in net assets.

Subsequent Events—The Diocese has evaluated subsequent events from the end of the most recent fiscal year through October 9, 2015, the date the combined financial statements were available to be issued.

Adoption of New Accounting Guidance—In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606) ("ASU 2014-09"). ASU 2014-09 affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards. The core principle of the guidance in ASU 2014-09 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance provided in ASU 2014-09 is effective for fiscal years beginning after December 15, 2017. Management is currently evaluating the provisions of this update and their impact on the combined financial statements.

3. PLEDGES RECEIVABLE—NET

The following unconditional promises to give are included in pledges receivable in the accompanying statement of financial position as of June 30, 2015:

	FFHL	DSA	Other	Total
Unconditional promises at face value	\$45,886,382	\$1,536,177	\$1,327,222	\$48,749,781
Less allowance for uncollectible pledges	8,588,696		44,545	8,633,241
Less unamortized discount	3,007,401			3,007,401
Net unconditional promises to give	<u>\$34,290,285</u>	<u>\$1,536,177</u>	<u>\$1,282,677</u>	<u>\$37,109,139</u>
Amounts due in:				
Less than one year	\$14,770,035	\$1,536,177	\$775,363	\$17,081,575
One to five years	29,575,120		547,984	30,123,104
More than five years	1,541,227		3,875	1,545,102
Total	<u>\$45,886,382</u>	<u>\$1,536,177</u>	<u>\$1,327,222</u>	<u>\$48,749,781</u>

The following unconditional promises to give are included in pledges receivable in the accompanying statement of financial position as of June 30, 2014:

	FFHL	DSA	Other	Total
Unconditional promises at face value	\$46,551,628	\$1,501,298	\$417,483	\$48,470,409
Less allowance for uncollectible pledges	6,324,464		34,814	6,359,278
Less unamortized discount	3,779,272		5,269	3,784,541
Net unconditional promises to give	<u>\$36,447,892</u>	<u>\$1,501,298</u>	<u>\$377,400</u>	<u>\$38,326,590</u>
Amounts due in:				
Less than one year	\$11,036,923	\$1,501,298	\$417,483	\$12,955,704
One to five years	33,761,379			33,761,379
More than five years	1,753,326			1,753,326
Total	<u>\$46,551,628</u>	<u>\$1,501,298</u>	<u>\$417,483</u>	<u>\$48,470,409</u>

The change in the FFHL allowance for uncollectible pledges for the year ended June 30, 2015 reflects additions of \$1,798,152 related to initial measurement of unconditional promises to give received in 2015 and \$1,715,062 related to additional allowances provided on unconditional promises to give received in previous years and outstanding at June 30, 2014, less actual write-offs of \$1,248,982.

4. NOTES RECEIVABLE

Notes receivable include loans from DL Catholic to parishes and schools totaling \$15,987,419 and \$13,294,547 at June 30, 2015 and 2014, respectively, primarily for funding the purchase of property and acquisition or construction of facilities. These notes bear interest at rates ranging from 1.95% to 5.67% at June 30, 2015 and June 30, 2014. The Central Administration has also provided funding for the construction of Curlin Commons, a 40-unit apartment community for seniors located in Mooresville, North Carolina, by providing a loan to Curlin Commons, LLC. The Housing Corporation has a 49% ownership interest in Curlin Commons Housing of Mooresville, Inc. (CCHM), the managing member of Curlin Commons, LLC. As of June 30, 2015 and 2014, the note receivable due from Curlin Commons, LLC, net of allowances, totaled \$247,556 and \$302,444, respectively. The note is secured by a deed of trust on the Curlin Commons apartment community.

5. ADVANCES TO PARISHES

The Diocese maintains a revolving loan fund that was established primarily from resources provided by bequests stipulated for advances to small or needy parishes at no interest. Advances outstanding at June 30, 2015 and 2014, totaled \$3,279,839 and \$2,466,970, respectively. These advances are long-term in nature and are reflected, net of allowances, at their estimated present value of \$2,194,464 and \$1,690,620 in the accompanying combined statements of financial position at June 30, 2015 and 2014, respectively.

6. INVESTMENTS

The cost and fair value of investments as of June 30, 2015 and 2014, are summarized below:

	2015		2014	
	Cost	Fair Value	Cost	Fair Value
Foundation:				
Endowment funds (including unrestricted and temporarily restricted):				
Money market funds	\$1,733,309	\$1,733,309	\$851,752	\$851,752
Equity funds and securities	18,303,530	20,570,376	15,203,804	19,157,980
Bonds funds	9,606,095	9,195,285	6,464,332	6,614,812
Annuity funds:				
Money market funds	6,176	6,176	4,420	4,420
Equity securities	222,770	227,233	247,121	277,367
Bonds and bond funds	151,807	148,380	165,881	171,494
Other mutual funds			1,343,000	1,307,157
Other investments			19,773	22,235
Total Foundation investments	<u>30,023,687</u>	<u>31,880,759</u>	<u>24,300,083</u>	<u>28,407,217</u>
Other:				
Cash	1,878,772	1,878,772	2,020,935	2,020,935
Money market funds	243,477	243,477	154,227	154,227
Certificates of deposit	1,670,520	1,670,520	1,664,210	1,664,210
Variable rate demand notes	3,020,429	3,020,429	4,110,000	4,110,000
Equity funds and securities	12,134,609	13,734,426	11,241,541	13,970,460
Bonds and bond funds	40,626,362	39,361,072	39,921,926	39,250,003
Other investments	25,619	25,619	25,619	25,619
Total other investments	<u>59,599,788</u>	<u>59,934,315</u>	<u>59,138,458</u>	<u>61,195,454</u>
Total investments	<u>\$89,623,475</u>	<u>\$91,815,074</u>	<u>\$83,438,541</u>	<u>\$89,602,671</u>

The Diocese had no unfunded commitments to purchase investments as of June 30, 2015.

7. SAVINGS PROGRAMS

DL Catholic administers savings and investment programs for the benefit of the Central Administration, parishes, schools, and other Catholic institutions in the Diocese. These amounts generally represent funds in excess of current operating needs that have been set aside to fund future programs and/or facility needs. Demand funds on deposit earned interest at the prime rate minus 3.5%, with a minimum rate of 0.5% during fiscal years 2015 and 2014. Funds on deposit with an 18-month minimum investment period earned interest at the prime rate minus 2.5%, with a minimum rate of 1.0% during fiscal years 2015 and 2014. The prime rate was 3.25% at June 30, 2015 and 2014. Funds on deposit from non-combined entities along with accrued interest totaled \$29,479,226 and \$28,524,110 at June 30, 2015 and 2014, respectively, and are reflected as custodial obligations in the accompanying combined statements of financial position.

8. PENSION AND RETIREMENT PLANS

The funded status and other information of the Lay and Priest plans as of June 30, 2015 and 2014, is set forth in the following tables (in thousands):

	2015		2014	
	Lay	Priest	Lay	Priest
Funded status and amounts recognized in the combined statements of financial position:				
Projected benefit obligation	\$(78,238)	\$(25,729)	\$(68,208)	\$(22,988)
Fair value of plan assets—end of year	40,315	8,523	40,031	7,101
Funded status	<u>\$(37,923)</u>	<u>\$(17,206)</u>	<u>\$(28,177)</u>	<u>\$(15,887)</u>
Accrued pension expense liability—end of year	<u>\$(37,923)</u>	<u>\$(17,206)</u>	<u>\$(28,177)</u>	<u>\$(15,887)</u>
Amounts recognized in unrestricted net assets (net asset charge) not yet recognized as net periodic benefit cost consist of the following:				
Unrecognized transition obligation	\$ -	\$ 345	\$ -	\$ 414
Unrecognized prior service (credit) cost	(1,550)	1,290	(2,308)	1,487
Cumulative unrecognized net loss	28,505	9,193	19,975	7,259
Net asset charge—end of year	<u>\$26,955</u>	<u>\$10,828</u>	<u>\$17,667</u>	<u>\$9,160</u>
Amounts recognized in the combined statements of activities—net periodic benefit cost	<u>\$4,034</u>	<u>\$1,930</u>	<u>\$3,914</u>	<u>\$1,948</u>

(Continued next page)

	2015		2014	
	Lay	Priest	Lay	Priest
Other changes in plan assets and benefit obligations recognized in unrestricted net assets:				
Net loss	10,528	2,193	3,713	650
Amortization of transition obligation		(70)		(70)
Amortization of prior service credit (cost)	758	(197)	758	(197)
Amortization of net loss	(1,998)	(259)	(1,720)	(298)
Total net asset charge	9,288	1,667	2,751	85

Total net asset charge and net periodic benefit cost recognized in unrestricted net assets	<u>\$13,322</u>	<u>\$3,597</u>	<u>\$6,665</u>	<u>\$2,033</u>
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Amounts included in unrestricted net assets (net asset charge) that are expected to be recognized as net periodic benefit cost during the next year are as follows:

Amortization of transition obligation	\$ -	\$ 69	\$ -	\$ 69
Amortization of prior service (credit) cost	(758)	197	(758)	197
Amortization of unrecognized net loss	3,010	364	1,860	259
	<u>\$2,252</u>	<u>\$630</u>	<u>\$1,102</u>	<u>\$525</u>

Other information:

Actuarially recommended annual contribution	\$2,686	\$591	\$2,705	\$868
Additional employer contribution	889		760	
Contributions from Advancement Corporation		1,688		881
Benefits paid	2,623	716	2,122	766
Accumulated benefit obligation	77,126	21,704	67,410	22,988

Assumptions used to determine benefit obligations as of June 30:

Discount rate	4.66 %	4.83 %	4.49 %	4.70 %
Expected return on plan assets	7.00	7.00	7.50	7.50
Rate of compensation increase	2.50		2.50	

Assumptions used to determine net benefit cost for the years ended June 30:

Discount rate	4.49 %	4.70 %	5.15 %	5.30 %
Expected return on plan assets	7.00	7.50	7.50	7.50
Rate of compensation increase	2.50		2.50	

The funded status and other information for the Retired Clergy Health Plan as of June 30, 2015 and 2014, is as follows:

	2015	2014
Funded status and amounts recognized in the combined statements of financial position—projected benefit obligation	\$(12,905,479)	\$(10,519,653)
Fair value of plan asset—end of year	<u>7,189,185</u>	<u>6,781,599</u>
Funded status	(5,716,294)	(3,738,054)
Accrued pension expense liability—end of year	<u>\$ (5,716,294)</u>	<u>\$ (3,738,054)</u>
Amounts recognized in the combined statements of activities—net periodic benefit cost	\$722,381	\$906,903
Other changes in plan assets and benefit obligations recognized in unrestricted net assets	2,031,987	(880,033)
Total net asset charge and net periodic benefit cost recognized in unrestricted net assets	\$ 2,754,368	\$ 26,870

Amounts recognized in unrestricted net assets (net asset charge) not yet recognized as net periodic benefit cost	<u>\$ 5,239,088</u>	<u>\$ 3,207,101</u>
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Other information:

Benefits paid	\$ 262,258	\$ 408,475
Actuarially recommended annual contribution	280,906	594,654

Additional employer contributions	495,222	
Initial funding of Trust		5,890,698

Assumptions used to determine benefit obligations as of June 30:

Discount rate	5.00 %	4.76 %
Expected return on plan assets	7.00	7.50

Assumptions used to determine net benefit cost for the years ended June 30:

Discount rate	4.76	5.35
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The assumed health care cost trend rates used to measure the expected cost of benefits covered by the plan, the ultimate trend rate, and the fiscal year when that rate is expected to be achieved for the years ended June 30, 2015 and 2014, are as follows:

	2015		2014	
	Long-Term Care	Health	Long-Term Care	Health
Health care cost trend rate	5 %	8 %	5 %	7.5 %
The ultimate trend rate to which the cost trend rate is assumed to decline	5 %	5 %	5 %	5 %
Fiscal year that the rate reaches the ultimate trend rate		2021		2021

The assumed long-term rate of return for the Lay, Priest and Retired Clergy Health plan is based on the respective target asset allocation and is determined using forward-looking assumptions in the context of historical returns for each asset class.

As of June 30, 2015 and 2014, the plan investments are maintained in trust accounts managed by Wells Fargo Bank, N.A. (the "Trustee"). The Trustee has full discretionary authority, subject to the plans' investment policies. The percentage of total investments by asset class for each plan as of June 30, 2015 and 2014, is as follows:

	2015			2014		
	Lay Pension	Priest Pension	Retired Clergy Health	Lay Pension	Priest Pension	Retired Clergy Health
Domestic large cap equity securities	28%	26%	27%	27%	27%	27%
Domestic small and mid cap equity funds	10	10	10	10	10	10
International equity funds	22	22	22	22	22	22
Other equities	8	9	7	10	10	10
Domestic fixed income	20	18	20	21	19	20
International fixed income	8	8	8	7	6	7
Cash and cash equivalents	4	7	6	3	6	4
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

The Lay, Priest, and Retired Clergy Health plan investment policies stipulate allowable asset classes for inclusion in the portfolio and minimum and maximum allowable ranges at June 30, 2015 and 2014 as follows:

	Lay Pension	Priest Pension	Retired Clergy Health
Domestic large cap equity securities	30–60%	30–60%	30–60%
Domestic small and mid cap equity funds	0–20	0–20	0–20
International equity funds	0–30	0–30	0–30
Domestic fixed income	20–60	20–60	20–60
International fixed income	0–10	0–10	0–10
Alternative investments	0–15	0–15	0–15
Cash and cash equivalents	0–20	0–20	0–20

In addition, the policies stipulate socially responsible investment guidelines, investment return objectives, both in the aggregate and relative to applicable investment benchmarks, minimum standards for investment holdings, and other guidelines for the investment of plan assets.

The estimated contributions to the Lay, Priest, and Retired Clergy Health plan for fiscal year 2016 are approximately \$3,312,000, \$939,000, and \$446,000, respectively.

Benefits expected to be paid over the next 10 fiscal years as of June 30, 2015, are as follows:

Years Ending June 30	Lay Pension	Priest Pension	Retired Clergy Health
2016	\$3,103,975	\$906,895	\$365,799
2017	3,349,335	910,404	388,022
2018	3,571,802	941,672	417,896
2019	3,817,115	995,532	448,608
2020	4,080,908	1,051,364	480,453
2021–2025	<u>24,235,778</u>	<u>6,334,772</u>	<u>3,057,888</u>
Total	<u>\$42,158,913</u>	<u>\$11,140,639</u>	<u>\$5,158,666</u>

9. EMPLOYEE HEALTH BENEFITS

The Central Administration administers medical and dental insurance coverage for eligible employees of the Diocese. The Central Administration charges each organization premiums for the coverage of its employees on a monthly basis. The individual organizations have no liability for claims in excess of the premiums to be paid. The Central Administration has an arrangement with a third party to administer the medical and dental plans. During fiscal years 2015 and 2014, approximately 13% and 12%, respectively, of the premiums submitted by diocesan entities were paid to the third-party administrator for administrative services and the premiums for specific and aggregate stop-loss coverages in fiscal years 2015 and 2014. The remaining portion of the premiums is designated by the Central Administration to pay claims, which are processed by the third-party administrator. The Central Administration has specific stop-loss coverage at \$150,000 per employee in fiscal years 2015 and 2014, and aggregate coverage beginning at 125% of the actuarially projected total individual claims under \$150,000 for fiscal years 2015 and 2014. The total expense incurred for employee health benefits was approximately \$11,420,000 and \$10,850,000 during fiscal years 2015 and 2014, respectively.

10. NOTES PAYABLE

The Diocese has certain notes outstanding with a bank ("Parish Notes"). The proceeds from the Parish Notes are being used to finance various parish construction and capital improvement projects, as well as the purchase of equipment. Principal and interest payments on the Parish Notes are currently being paid to the bank directly by the specific parishes benefiting from the use of the proceeds. As of June 30, 2015, all principal and interest payments were current. However, if any parishes default on payments of principal and interest in the future, it is possible that the Diocese would look to the Central Administration for funding. The outstanding amount under these notes was \$3,674,305 and \$8,339,417 at June 30, 2015 and 2014, respectively. In addition, the Diocese has entered into interest rate swap agreements related to the Parish Notes with notional amounts totaling \$3,674,305 and \$8,339,417 as of June 30, 2015 and 2014, respectively. All of the interest rate swap agreements were in a liability position as of June 30, 2015 and 2014. The fair value of these interest rate swap agreements was \$(156,757) and \$(336,407) as of June 30, 2015 and 2014, respectively. The Diocese did not recognize any liabilities related to Parish Notes or the related interest rate swaps in the accompanying combined financial statements as of June 30, 2015 and 2014.

11. BONDS PAYABLE

Series 2000 Bonds—In June 2000, the North Carolina Educational Facilities Financial Agency issued \$19,700,000 of variable rate educational facilities revenue bonds (the "Series 2000 Bonds") with final maturity, subject to prior redemption, on June 1, 2017. The proceeds therefrom have been loaned to the Bishop of the Diocese, and are administered by the Central Administration. Such proceeds have been used to finance the acquisition, construction, installation, and equipping of the current campus of BMCHS, and to refinance the construction and equipping of a MACS entity, as well as to pay a portion of the interest on the bonds and to pay bond issue costs. The Central Administration has

allocated a pro rata portion of the Series 2000 Bonds to BMCHS and MACS. These affiliated entities have recorded their pro rata interest expense and resulting payable to the Central Administration within their respective financial statements.

At June 30, 2015 and 2014, the amount of Series 2000 Bonds outstanding totaled \$3,090,000 and \$5,410,000, respectively. Principal and interest payments on the Series 2000 Bonds are supported by an irrevocable, direct pay letter of credit by a bank. The letter of credit, which expires on November 5, 2016 (subject to earlier termination or extension in accordance with the letter-of-credit agreement), supports the entire loan amount. The annual fee associated with this letter of credit is 0.32% through August 4, 2010, and 0.85% from August 5, 2010 to November 5, 2016.

Interest accrues at a variable rate and is due quarterly. The interest rate is adjusted weekly as the bonds are remarketed and was 0.11% and 0.05% at June 30, 2015 and 2014, respectively. In June 2004, the Central Administration entered into an 11-year interest rate swap agreement for a portion of the Series 2000 Bonds, with an effective date of June 1, 2006. The notional amount of the agreement at June 30, 2015, was \$2,317,500. The agreement requires the Diocese to pay the counterparty a 4.50% fixed rate of interest on the notional amount. In return, the counterparty will pay the Diocese interest at a variable rate based on the published BMA ("Bond Market Association") index in accordance with the swap agreement. The fair value of this interest rate swap agreement was \$(116,682) and \$(284,660) at June 30, 2015 and 2014, respectively. Changes in the fair value are reflected as the change in fair value of interest rate swap agreements in the accompanying combined statements of activities. Interest expense amounted to \$224,952 and \$316,265 during fiscal years 2015 and 2014, respectively.

The Diocese has covenanted that it will cause the bonds to be redeemed from June 2002 through June 2017. As of June 30, 2015, the Diocese has made the required principal payments according to the redemption schedule.

The future repayment requirements of the Series 2000 Bonds, assuming the bonds continue to be remarketed and mature over their scheduled repayment terms, are as follows:

2016	\$2,550,000
2017	540,000
Total	<u>\$3,090,000</u>

The estimated fair value of the bonds payable approximates its carrying value. The fair value has been estimated based on rates currently available to the Diocese for debt with similar terms and remaining maturities.

The fair value has been estimated based on observable inputs (Level 2), such as rates currently available to the Diocese for debt with similar terms and remaining maturities.

Series 2002 Bonds—In November 2002, Mauricio W. West, as Administrator of the Diocese, issued variable rate demand bonds for the benefit of MACS ("Series 2002 Bonds"). The initial issuance was in the principal amount of \$3,000,000 with subsequent issuances, so that the maximum amount authorized of \$15,800,000 was issued. The proceeds therefrom have been used to finance the construction and equipping of new MACS' facilities and to pay bond issuance costs. The Series 2002 Bonds matured, on May 1, 2014, at which time they were repaid in full.

In December 2002, the Diocese entered into a 12-year interest rate swap agreement for the benefit of MACS for a portion of the Series 2002 Bonds, which expired on May 1, 2014. The agreement required the Diocese to pay the counterparty a 4.4% fixed rate of interest on the notional amount. In return, the counterparty paid the Diocese interest at a variable rate based on the published London Interbank Offered Rate index in accordance with the swap agreements. Interest expense amounted to \$56,114 during fiscal year 2014.

12. FACILITIES USAGE AND LEASE AGREEMENTS

MACS has agreements with participating parishes for their use of various facilities. These agreements provide for contingent rentals based on usage and may be amended or modified at any time. Expenses totaled \$555,170 and \$550,168 for fiscal years 2015 and 2014, respectively, and are reported within regional and diocesan schools administration expense in the accompanying combined statements of activities.

MACS entered into an agreement to lease the former All Saints School to a third party for a 10-year period. The lease commenced on September 1, 2011. Rental revenue is recognized on a straight-line basis over the term of the lease agreement. As revenue recognized as of June 30, 2015 and 2014 exceeded rental payments received, a deferred rent asset of \$762,250 and \$740,474 is recorded in the statements of financial position as of June 30, 2015 and 2014, respectively.

The Diocese is the lessor in a ground lease agreement and the lessee in a space lease agreement with the same third party. In fiscal year 2003, the third party paid to the Diocese the net amount due for the entire terms of these lease agreements of \$290,128. The Diocese is also responsible for monthly payments relating to the operating costs associated with the space lease agreement. Prepaid rent relating to the space lease of \$741,482 and \$776,239 at June 30, 2015 and 2014, respectively, is included in deferred rent in the accompanying combined statements of financial position. Unearned revenue relating to the ground lease of \$866,192 and \$906,795 at June 30, 2015 and 2014, respectively, is reflected in the accompanying combined statements of financial position. The prepaid rent expense on the space lease and the unearned revenue related to the ground lease are both being amortized on a straight-line basis over the lives of the respective leases.

13. CONTINGENCIES

From time to time, the Diocese is subject to various disputes and legal proceedings arising in the ordinary course of business. In addition, the Diocese is subject to pending legal claims related to allegations of past misconduct by priests for which the Diocese does not have third-party insurance coverage. The trial court has granted the Diocese's motion to dismiss and the appellate court has upheld the trial court's ruling; however, the plaintiffs have appealed the appellate court's decision. The outcome of the appeal is not presently determinable, but in the opinion of management, the ultimate liability, if any, will not have a material effect on the Diocese's combined financial position, change in net assets, or cash flows.

The Housing Corporation has guaranteed various contingent payment obligations of its equity method investee, CCHM, related to an affordable housing project located in Mooresville, North Carolina. The maximum amount of the Housing Corporation's guarantee obligation was approximately \$4,000,000 as of June 30, 2015; however, management believes the likelihood that the Housing Corporation will have to make any such payments is remote.

14. FAIR VALUE MEASUREMENTS

In accordance with accounting principles generally accepted in the United States of America, certain assets and liabilities are required to be measured at fair value on a recurring basis. For the Diocese, the assets and liabilities that are adjusted to fair value on a recurring basis are investments in debt and equity securities, investments in funds, beneficial interests in perpetual trusts, and interest rate swap agreements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Additionally, the inputs used to measure fair value are prioritized based on a three-level hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1—Valuations based on unadjusted quoted prices for identical instruments in active markets that are available as of the measurement date

Level 2—Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly

Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement
The assets and liabilities measured at fair value on a recurring basis as of June 30, 2015 and 2014, based on the three levels of inputs within the fair value hierarchy, are summarized as follows:

	Fair Value Measurement as of June 30, 2015			
	Total	Level 1	Level 2	Level 3
Investments:				
Money market funds	\$1,982,962	\$ -	\$1,982,962	\$ -
Investments in certificates of deposit	1,670,520		1,670,520	
Variable rate demand notes	3,020,429		3,020,429	
Domestic large cap equity securities	13,656,609	13,656,609		
Domestic small and mid cap equity funds	5,301,190	5,301,190		
International equity funds	11,610,425	11,610,425		
United States treasury notes	3,804,856		3,804,856	
Municipal bonds	228,981		228,981	
Agency securities	8,948,743		8,948,743	
Mortgage backed securities	3,235,315		3,235,315	
Domestic bonds and bond funds	24,374,567	10,636,300	13,738,267	
International bonds and bond funds	8,112,275	4,421,824	3,690,451	
Commodity natural resource funds	3,088,605	3,088,605		
Other investments	900,824		900,824	
Total investments	89,936,301	48,714,953	41,221,348	-
Beneficial interest in perpetual trust	4,838,509		4,838,509	
Interest rate swap agreement	(116,682)		(116,682)	
Total	<u>\$94,658,128</u>	<u>\$48,714,953</u>	<u>\$45,943,175</u>	<u>\$ -</u>

	Fair Value Measurement as of June 30, 2014			
	Total	Level 1	Level 2	Level 3
Investments:				
Money market funds	\$1,010,399	\$ -	\$1,010,399	\$ -
Investments in certificates of deposit	1,664,210		1,664,210	
Variable rate demand notes	4,110,000		4,110,000	
Domestic large cap equity securities	12,790,567	12,790,567		
Domestic small and mid cap equity funds	4,750,786	4,750,786		
International equity funds	11,047,519	11,047,519		
United States treasury notes	2,802,690		2,802,690	
Municipal bonds	298,122		298,122	
Agency securities	8,023,478		8,023,478	
Mortgage backed securities	3,824,475		3,824,475	
Domestic bonds and bond funds	26,602,531	10,531,688	16,070,843	
International bonds and bond funds	5,792,170	3,516,213	2,275,957	
Commodity natural resource funds	2,527,372	2,527,372		
Other investments	2,337,417	2,311,798	25,619	
Total investments	87,581,736	47,475,943	40,105,793	-
Beneficial interest in perpetual trust	5,042,791		5,042,791	
Interest rate swap agreement	(284,660)		(284,660)	
Total	<u>\$92,339,867</u>	<u>\$47,475,943</u>	<u>\$44,863,924</u>	<u>\$ -</u>

The fair value of investments classified within Level 2 of the fair value hierarchy are measured using standard valuation techniques, such as the income or market approach, based on inputs that are observable for the assets, including the stated interest rate and maturity and credit risk. The fair value of beneficial interests in perpetual trusts is measured primarily based on the fair values of the underlying assets, which consist primarily of marketable debt and equity securities. The fair value of the interest rate swap agreement is determined using a standard valuation model based on significant inputs that are readily available in public markets or can be derived from observable market transactions.

Transfers Between Levels—The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in the availability of observable market data may require the transfer of financial instruments from one fair value level to another. In such instances, transfers are reported at the end of the reporting period. There were no transfers between levels during 2015 and 2014.

Accounting principles generally accepted in the United States of America also require that certain assets and liabilities be measured at fair value on a nonrecurring basis, generally as the result of impairment charges. The Diocese had no assets or liabilities adjusted to fair value on a nonrecurring basis as of June 30, 2015 and 2014.

The level within the fair value hierarchy used to determine the fair value of the pension and post retirement plan assets, excluding cash deposits measured at cost, as of June 30, 2015 and 2014, respectively, is summarized as follows:

	Fair Value Measurement as of June 30, 2015 for the Lay Plan			
	Total	Level 1	Level 2	Level 3
Money market funds	\$ 1,896,756	\$ -	\$1,896,756	\$ -
Domestic large cap equity securities	11,061,630	11,061,630		
Domestic small and mid cap equity funds	4,240,769	4,240,769		
International equity funds	8,672,100	8,672,100		
Domestic bond funds	8,020,580	8,020,580		
International bond funds	3,245,744	3,245,744		
Commodity/natural resource funds	1,394,517	1,394,517		
Other	1,779,922	1,779,922		
Total	<u>\$40,312,018</u>	<u>\$38,415,262</u>	<u>\$1,896,756</u>	<u>\$ -</u>

	Fair Value Measurement as of June 30, 2014 for the Lay Plan			
	Total	Level 1	Level 2	Level 3
Money market funds	\$1,668,133	\$ -	\$1,668,133	\$ -
Domestic large cap equity securities	10,382,968	10,382,968		
Domestic small and mid cap equity funds	3,999,442	3,999,442		
International equity funds	8,916,144	8,916,144		
Domestic bond funds	8,337,674	8,337,674		
International bond funds	2,783,635	2,783,635		
Commodity/natural resource funds	2,026,286	2,026,286		
Other	1,915,618	1,915,618		
Total	<u>\$40,029,900</u>	<u>\$38,361,767</u>	<u>\$1,668,133</u>	<u>\$ -</u>

	Fair Value Measurement as of June 30, 2015 for the Priest Plan			
	Total	Level 1	Level 2	Level 3
Money market funds	\$ 656,883	\$ -	\$ 656,883	\$ -
Domestic large cap equity securities	2,170,334	2,170,334		
Domestic small and mid cap equity funds	834,980	834,980		
International equity funds	1,900,698	1,900,698		
Domestic bond funds	1,561,539	1,561,539		
International bond funds	673,542	673,542		
Commodity/natural resource funds	391,298	391,298		
Other	333,048	333,048		
Total	\$ 8,522,322	\$7,865,439	\$ 656,883	\$ -

	Fair Value Measurement as of June 30, 2014 for the Priest Plan			
	Total	Level 1	Level 2	Level 3
Money market funds	\$ 486,202	\$ -	\$486,202	\$ -
Domestic large cap equity securities	1,825,445	1,825,445		
Domestic small and mid cap equity funds	704,856	704,856		
International equity funds	1,568,471	1,568,471		
Domestic bond funds	1,365,774	1,365,774		
International bond funds	455,676	455,676		
Commodity/natural resource funds	356,717	356,717		
Other	337,227	337,227		
Total	\$7,100,368	\$6,614,166	\$486,202	\$ -

	Fair Value Measurement as of June 30, 2015 for the Retired Clergy Health Plan			
	Total	Level 1	Level 2	Level 3
Money market funds	\$ 507,936	\$ -	\$ 507,936	\$ -
Domestic large cap equity securities	1,879,151	1,879,151		
Domestic small and mid cap equity funds	712,131	712,131		
International equity funds	1,578,802	1,578,802		
Domestic bond funds	1,422,840	1,422,840		
International bond funds	554,302	554,302		
Commodity/natural resource funds	239,756	239,756		
Other	288,676	288,676		
Total	\$7,183,594	\$6,675,658	\$ 507,936	\$ -

	Fair Value Measurement as of June 30, 2014 for the Retired Clergy Health Plan			
	Total	Level 1	Level 2	Level 3
Money market funds	\$ 363,928	\$ -	\$ 363,928	\$ -
Domestic large cap equity securities	1,739,818	1,739,818		
Domestic small and mid cap equity funds	677,333	677,333		
International equity funds	1,515,680	1,515,680		
Domestic bond funds	1,361,262	1,361,262		
International bond funds	454,637	454,637		
Commodity/natural resource funds	342,764	342,764		
Other	324,550	324,550		
Total	\$ 6,779,972	\$6,416,044	\$ 363,928	\$ -

15. ENDOWMENT FUNDS

The Diocese's endowment funds consist of donor-restricted funds and internally designated funds established for a variety of purposes, as well as custodial funds established by organizations affiliated with the Diocese, all of which are held and managed by the Foundation. Custodial endowments are not recorded as contributions and, therefore, are not reflected as net assets of the Diocese.

Management has interpreted the State of North Carolina's enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as allowing the Diocese to appropriate for expenditure or accumulate so much of an endowment fund as the Diocese determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. As a result, the Diocese classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent contributions to the permanent endowment, and (c) other accumulations to the permanent endowment as required by donor gift instruments. The remaining portion of donor restricted endowment funds that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Diocese consistent with the donor's wishes. Losses on the investments of donor-restricted endowment funds are recorded as a reduction of temporarily restricted net assets to the extent that donor-imposed temporary restrictions on net appreciation of the fund have not been met before the loss occurs. Any remaining losses reduce unrestricted net assets. Investment losses on donor-restricted endowment funds totaling \$18,847 and \$157 as of June 30, 2015 and 2014, respectively, have been recorded as a reduction in unrestricted net assets.

The Foundation has developed an investment policy for all its investable assets whose general purpose is to preserve the capital and purchasing power of the endowments and to produce sufficient investment earnings for current and future spending needs. The Foundation has adopted a total return strategy whose asset allocation is designed to give balance to the overall structure of the Foundation's investment program over a long-term period. The Foundation has adopted a spending policy that limits the amount of funds available for distribution each year to 5% of the endowment funds' average fair value over the prior 12 quarters, determined on a quarterly basis. In establishing this policy, the Foundation considered the long-term expected return on its investments and the objective to preserve purchasing power.

The endowment net asset composition by fund type as of June 30, 2015 and 2014, is as follows:

	2015	Temporarily Restricted	Permanently Restricted	Total
Designated	Unrestricted			
Donor restricted:	\$4,148,032	\$ -	\$ -	\$ 4,148,032
Purpose restrictions	(18,847)	2,103,242	14,875,806	16,960,201
No purpose restriction—time restriction only	(696)	75,667		74,971
Total funds	\$4,128,489	\$2,178,909	\$14,875,806	\$21,183,204

2014	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Designated	\$4,281,183	\$ -	\$ -	\$ 4,281,183
Donor restricted:				
Purpose restrictions	(157)	2,811,816	10,165,208	12,976,867
No purpose restriction—time restriction only		81,081		81,081
Total funds	\$4,281,026	\$2,892,897	\$10,165,208	\$17,339,131

Changes in endowment assets for the year ended June 30, 2015, consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets—beginning of year	\$4,281,026	\$2,892,898	\$10,165,207	\$17,339,131
Investment loss	(69,883)	(177,809)		(247,692)
Additions	184,747		4,710,599	4,895,346
Distributions	(182,993)	(286,335)		(469,328)
Other changes:				
Grants awarded		(47,323)		(47,323)
Administrative fees	(48,956)	(164,698)		(213,654)
Management fees	(16,763)	(56,513)		(73,276)
Transfer of income on donor-restricted assets below amount required to be held in perpetuity at beginning of year	(18,689)	18,689		-
Endowment net assets—end of year	\$4,128,489	\$2,178,909	\$14,875,806	\$21,183,204

Changes in endowment assets for the year ended June 30, 2014, consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets—beginning of year	\$3,856,533	\$1,749,592	\$7,301,340	\$12,907,465
Investment income	663,844	1,666,698		2,330,542
Additions			2,863,868	2,863,868
Distributions	(151,815)	(338,098)		(489,913)
Other changes:				
Grants awarded	(33,100)	(19,750)		(52,850)
Administrative fees	(44,606)	(114,720)		(159,326)
Management fees	(16,834)	(43,821)		(60,655)
Transfer of income on donor-restricted assets below amount required to be held in perpetuity at beginning of year	7,004	(7,004)		-
Endowment net assets—end of year	\$4,281,026	\$2,892,897	\$10,165,208	\$17,339,131

16. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of contributions received from donors whose use by the Diocese is limited permanently by donor-imposed stipulations. The permanently restricted amounts as of June 30, 2015 and 2014, and the corresponding purposes for which the income is expendable are as follows:

	2015	2014
Endowments (including endowment receivables):		
Parishes	\$3,901,214	\$2,753,860
Education	4,985,865	3,665,522
Clergy/vocations	2,197,301	1,694,400
Outreach programs and services	3,184,319	1,709,198
Other diocesan purposes	970,709	1,050,106
Nondiocesan	380,175	379,921
	15,619,583	11,253,007
FFHL gifts restricted for endowments:		
Education	2,954,382	3,357,023
Clergy/vocations	1,107,894	1,258,883
Outreach programs and services	3,323,681	3,776,650
Other Diocesan Purposes	2,215,787	2,517,767
	9,601,744	10,910,323
Beneficial interest in perpetual trust—parishes	4,838,509	5,042,791
Permanent loan fund—parishes	4,473,843	4,248,694
Annuity funds:		
Parishes	67,398	68,809
Clergy/vocations	22,853	23,425
Outreach programs	22,853	23,425
Other diocesan purposes		46,751
	113,104	162,410
Assets held in trust	38,835	40,971
Total permanently restricted net assets	\$34,685,618	\$31,658,196

Protecting God's Children 2015

In the 2011 revision of the Charter for the Protection of Children and Young People, the U.S. Conference of Catholic Bishops reaffirmed their deep commitment to creating a safe environment within the Church for children and youth. Thirteen years after the Charter was first issued, the Diocese of Charlotte continues its commitment to creating and maintaining safe environments for the young and the vulnerable who are under our care.

In August 2015, the Diocese of Charlotte participated in a compliance audit conducted by StoneBridge Business Partners, an agency contracted by the U.S. Conference of Catholic Bishops to ascertain and document the progress made by dioceses in the United States in the implementation of the Charter. The audit included the period of July 2014 through June 2015 and required the diocese to submit data regarding Charter Articles 1, 4, 5, 12 and 13. At the conclusion of the audit, the diocese was found to be in compliance with the reporting requirements of the Charter.

Pope Francis has said, "Children and the elderly are the two poles of life and the most vulnerable as well, often most forgotten." The diocese's safe environment program includes policies and procedures to protect children and the vulnerable. All clergy, religious, employees and volunteers must comply with these requirements. In addition, criminal background checks are required for these individuals on an ongoing basis. During the past year, 5,134 criminal background checks were processed by the diocese.

The educational awareness program "Protecting God's Children" helps adults learn to recognize the warning signs of abuse and the many ways that sexual abuse harms victims, families, parishes and communities. During the past fiscal year, approximately 3,500 diocesan personnel attended sessions, and to date more than 41,000 members of the diocese have participated in the program at more than 2,100 workshops. Continuing education is provided online for adults and programs are available for children in our Catholic schools and faith formation programs.

The diocese also provides resources to support victims of abuse. The diocesan Victim Assistance Coordinator is a professional counselor who can assist victims. The Review Board serves as a confidential consultative body to the bishop. The board reviews cases of sexual abuse that are reported to the diocese. Information regarding the reporting of suspected abuse is available on the diocesan website and is disseminated in the diocesan newspaper and in parish bulletins.

These activities represent a significant financial commitment on the part of the diocese. The cost of the various programs and measures outlined herein totaled \$122,596 during the fiscal year ended June 30, 2015. The diocese also provided financial assistance to victims and their families. During the past year, \$23,660 was provided for medical and counseling services. Additionally, the diocese incurred costs in connection with sexual misconduct lawsuits totaling \$95,490 during fiscal 2015. As in the past, none of these funds came from the Diocesan Support Appeal or from parish savings.

Through these safe environment programs, the Diocese of Charlotte remains dedicated to protecting the young and the vulnerable, and responding compassionately to those victimized by sexual abuse.