



**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Consolidated Financial Statements with Supplemental Schedules

December 31, 2016 and 2015

(With Independent Auditors' Report Thereon)

**UNITED STATES CONFERENCE OF CATHOLIC BISHOPS
AND AFFILIATES**

Table of Contents

	Page
Independent Auditors' Report	1
Consolidated Statements of Financial Position as of December 31, 2016 and 2015	3
Consolidated Statement of Activities for the year ended December 31, 2016	4
Consolidated Statement of Activities for the year ended December 31, 2015	5
Consolidated Statements of Cash Flows for the years ended December 31, 2016 and 2015	6
Notes to Consolidated Financial Statements	7
Supplemental Schedules	31



KPMG LLP
1676 International Drive
McLean, VA 22102

Independent Auditors' Report

The Administrative Committee
United States Conference of Catholic Bishops:

We have audited the accompanying consolidated financial statements of the United States Conference of Catholic Bishops and affiliates, which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our 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 consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the United States Conference of Catholic Bishops and affiliates as of December 31, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.



Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The 2016 supplementary information included in Schedules 1 through 7 is presented for purposes of additional analysis and is not a required part of the 2016 consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2016 consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2016 consolidated financial statements or to the 2016 consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

KPMG LLP

McLean, Virginia
June 20, 2017

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS AND AFFILIATES

Consolidated Statements of Financial Position

December 31, 2016 and 2015

Assets	2016	2015
Cash and cash equivalents	\$ 12,175,264	7,243,961
Short-term investments (note 7)	5,197,951	212,160
Accounts receivable:		
Resettlement and other programs – government agencies, net (note 2i)	26,462,860	21,532,704
Other, net (note 2i)	3,981,391	3,266,410
Contributions receivable (note 2i)	47,733,802	44,753,806
Inventories, net, prepaid expenses and other assets	1,194,229	1,142,160
Long-term investments (note 7)	264,797,021	262,551,281
Property and equipment, net (note 4)	13,229,644	13,914,151
Total assets	\$ 374,772,162	354,616,633
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 27,606,919	21,105,226
National collections grants payable (note 2j)	49,743,968	43,245,326
Accrued pension liability (note 10)	39,616,699	41,426,420
Accrued postretirement benefit liability (note 11)	31,180,963	31,113,369
Total liabilities	148,148,549	136,890,341
Net assets:		
Unrestricted net assets:		
General and current operating funds (note 5)	33,101,256	29,599,310
National collections (note 6)	96,193,552	95,850,380
National Religious Retirement Office (note 6)	39,845,915	36,557,946
Total unrestricted net assets	169,140,723	162,007,636
Temporarily restricted net assets (note 6):		
Current operating fund	450,000	—
National collections	26,578,681	27,230,245
National Religious Retirement Office	30,222,919	28,262,327
Total temporarily restricted net assets	57,251,600	55,492,572
Permanently restricted net assets (note 9)	231,290	226,084
Total net assets	226,623,613	217,726,292
Commitments and contingencies (notes 12 and 13)		
Total liabilities and net assets	\$ 374,772,162	354,616,633

See accompanying notes to consolidated financial statements.

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS AND AFFILIATES

Consolidated Statement of Activities

Year ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Operating revenues, gains and other support:				
Contributions:				
Diocesan assessments	\$ 11,307,702	—	—	11,307,702
National collections	—	99,608,493	—	99,608,493
Grants, bequests and other	2,628,331	2,921,308	—	5,549,639
Government contracts and grants revenue (note 3)	95,256,272	—	—	95,256,272
Investment income (loss) (note 8)	19,899,978	12,173	5,206	19,917,357
Sale of publications	6,363,378	—	—	6,363,378
Royalty income	2,717,305	—	—	2,717,305
Collection fees on refugee loans	3,627,409	—	—	3,627,409
Contributed services	449,284	—	—	449,284
Other	1,736,582	—	—	1,736,582
	<u>143,986,241</u>	<u>102,541,974</u>	<u>5,206</u>	<u>246,533,421</u>
Net assets released from restrictions	<u>100,782,946</u>	<u>(100,782,946)</u>	<u>—</u>	<u>—</u>
Total operating revenues, gains and other support	<u>244,769,187</u>	<u>1,759,028</u>	<u>5,206</u>	<u>246,533,421</u>
Operating expenses:				
Program services:				
Pastoral activities	8,036,583	—	—	8,036,583
Migration and refugee services (note 3):				
Subrecipient government contract expense	83,982,655	—	—	83,982,655
Other	12,091,105	—	—	12,091,105
Total Migration refugee services	<u>96,073,760</u>	<u>—</u>	<u>—</u>	<u>96,073,760</u>
Communications, policy and advocacy activities	17,486,537	—	—	17,486,537
National collections:				
Grants and donations	98,852,386	—	—	98,852,386
Other	3,525,237	—	—	3,525,237
Total National collections	<u>102,377,624</u>	<u>—</u>	<u>—</u>	<u>102,377,624</u>
Total program expenses	<u>223,974,504</u>	<u>—</u>	<u>—</u>	<u>223,974,504</u>
Supporting services:				
Management and general	11,785,833	—	—	11,785,833
National collections - fundraising	2,268,683	—	—	2,268,683
Total supporting services expenses	<u>14,054,516</u>	<u>—</u>	<u>—</u>	<u>14,054,516</u>
Total expenses	<u>238,029,020</u>	<u>—</u>	<u>—</u>	<u>238,029,020</u>
Increase (decrease) in net assets from operations	<u>6,740,167</u>	<u>1,759,028</u>	<u>5,206</u>	<u>8,504,401</u>
Nonoperating activities:				
Unrealized appreciation (depreciation) on investments (note 8)	43,344	—	—	43,344
Pension related changes other than net periodic pension cost (notes 10 and 11)	349,576	—	—	349,576
Total nonoperating activities	<u>392,920</u>	<u>—</u>	<u>—</u>	<u>392,920</u>
Change in net assets	7,133,087	1,759,028	5,206	8,897,321
Net assets, beginning of year	162,007,636	55,492,572	226,084	217,726,292
Net assets, end of year	\$ <u>169,140,723</u>	<u>57,251,600</u>	<u>231,290</u>	<u>226,623,613</u>

See accompanying notes to consolidated financial statements.

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS AND AFFILIATES

Consolidated Statement of Activities

Year ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Operating revenues, gains and other support:				
Contributions:				
Diocesan assessments	\$ 10,961,362	—	—	10,961,362
National collections	—	88,999,330	—	88,999,330
Grants, bequests and other	3,761,666	2,995,100	—	6,756,766
Government contracts and grants revenue (note 3)	80,733,062	—	—	80,733,062
Investment income (loss) (note 8)	9,870,415	11,899	(12,707)	9,869,607
Sale of publications	7,152,314	—	—	7,152,314
Royalty income	2,734,195	—	—	2,734,195
Collection fees on refugee loans	3,524,395	—	—	3,524,395
Contributed services	425,430	—	—	425,430
Other	1,504,002	—	—	1,504,002
	<u>120,666,841</u>	<u>92,006,329</u>	<u>(12,707)</u>	<u>212,660,463</u>
Net assets released from restrictions	<u>110,329,447</u>	<u>(110,329,447)</u>	<u>—</u>	<u>—</u>
Total operating revenues, gains and other support	<u>230,996,288</u>	<u>(18,323,118)</u>	<u>(12,707)</u>	<u>212,660,463</u>
Operating expenses:				
Program services:				
Pastoral activities	7,646,310	—	—	7,646,310
Migration and refugee services (note 3):				
Subrecipient government contract expense	70,131,305	—	—	70,131,305
Other	13,712,153	—	—	13,712,153
Total Migration refugee services	83,843,458	—	—	83,843,458
Communications, policy and advocacy activities	22,261,294	—	—	22,261,294
National collections:				
Grants and donations	107,884,153	—	—	107,884,153
Other	3,304,940	—	—	3,304,940
Total National collections	111,189,093	—	—	111,189,093
Total program expenses	224,940,155	—	—	224,940,155
Supporting services:				
Management and general	14,269,807	—	—	14,269,807
National collections – fundraising	2,298,792	—	—	2,298,792
Total supporting services expenses	16,568,599	—	—	16,568,599
Total expenses	241,508,754	—	—	241,508,754
Increase (decrease) in net assets from operations	<u>(10,512,466)</u>	<u>(18,323,118)</u>	<u>(12,707)</u>	<u>(28,848,291)</u>
Nonoperating activities:				
Unrealized appreciation (depreciation) on investments (note 8)	(10,779,735)	—	—	(10,779,735)
Pension related changes other than net periodic pension cost (notes 10 and 11)	1,085,117	—	—	1,085,117
Total nonoperating activities	<u>(9,694,618)</u>	<u>—</u>	<u>—</u>	<u>(9,694,618)</u>
Change in net assets	<u>(20,207,084)</u>	<u>(18,323,118)</u>	<u>(12,707)</u>	<u>(38,542,909)</u>
Net assets, beginning of year	<u>182,214,720</u>	<u>73,815,690</u>	<u>238,791</u>	<u>256,269,201</u>
Net assets, end of year	\$ <u>162,007,636</u>	<u>55,492,572</u>	<u>226,084</u>	<u>217,726,292</u>

See accompanying notes to consolidated financial statements.

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS AND AFFILIATES

Consolidated Statement of Cash Flows

Years ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ 8,897,321	(38,542,909)
Adjustments to reconcile change in net assets to net cash flows provided by operating activities:		
Allowance for doubtful accounts and obsolescence	16,505	3,567
Depreciation expense	1,342,826	1,503,845
Net realized and unrealized (gains) loss on long-term investments	(17,149,331)	3,671,165
(Increase) decrease in operating assets:		
Accounts receivable:		
Resettlement and other programs – government agencies	(4,930,156)	(1,821,529)
Other	(731,486)	(625,633)
Contributions receivable	(2,979,996)	2,131,110
Inventories, prepaid expenses and other assets	(52,069)	393,948
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	6,501,693	6,806,542
National collections grants payable	6,498,642	1,789,458
Accrued pension liability	(1,809,721)	(2,744,408)
Accrued postretirement benefit liability	67,594	625,822
Net cash used in operating activities	<u>(4,328,178)</u>	<u>(26,809,022)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(658,319)	(602,929)
Sales of investments	249,941,431	293,390,899
Purchases of investments	<u>(240,023,631)</u>	<u>(272,062,511)</u>
Net cash provided by investing activities	<u>9,259,481</u>	<u>20,725,459</u>
Increase (decrease) in cash and cash equivalents	4,931,303	(6,083,563)
Cash and equivalents, beginning of year	<u>7,243,961</u>	<u>13,327,524</u>
Cash and equivalents, end of year	\$ <u><u>12,175,264</u></u>	<u><u>7,243,961</u></u>

See accompanying notes to consolidated financial statements.

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

(1) Organization

The United States Conference of Catholic Bishops (USCCB or the Conference) is an assembly of the hierarchy of the United States and the U.S. Virgin Islands who jointly exercise certain pastoral functions on behalf of the Christian faithful of the United States. The purpose of the Conference is to promote the greater good that the Church offers humankind. This purpose is drawn from the universal law of the Church and applies to the Episcopal conferences which are established all over the world for the same purpose.

All Catholic bishops and eparchs in the United States constitute the membership of the Conference and are served by a staff of lay people, priests, deacons, and religious located at the Conference headquarters in Washington, D.C.

The accompanying consolidated financial statements include the accounts of the General Funds, the Current Operating Fund, which includes the various committees and activities of the Conference, the national collections including the National Religious Retirement Office (NRRO), the Confraternity of Christian Doctrine, Inc. (CCD), the Refugee Travel Assistance Program (RTAP), St. John's Hall (Staff House), collectively referred to as USCCB. CCD is a District of Columbia nonprofit corporation created in 1939, whose current activity is to hold and manage the copyrights on the New American Bible. RTAP is a single member limited liability company formed in the District of Columbia on November 17, 2016 to service refugee travel loans in jurisdictions which require licensing and/or registration to collect loans from persons therein. All intercompany accounts and transactions have been eliminated in the accompanying consolidated financial statements.

The General Fund is comprised of five funds: General Operating, Building, General Reserve, Catechism and Quasi-Endowment. The General Operating Fund derives revenue from diocesan assessments, investment income and other sources. This revenue is used primarily to finance the current operations of USCCB. The Building Fund includes the land, buildings, furniture and equipment of USCCB offices, the St. John's Hall staff house facility located in Washington D.C., improvements to the Villa Stritch staff house facilities in Rome and reserves for future maintenance and improvements on facilities. The General Reserve Fund was designated in 1993 for sudden, unusual, ad hoc and/or short term projects. The Catechism Fund was established in 1995 to account for operations related to the publishing, sale, promotion and distribution of the United States release of the *Catechism of the Catholic Church*. The Quasi-Endowment Fund was established in 1997 to supplement the diocesan assessments by applying an annual spending rate to use for current operations.

The Current Operating Fund represents the accumulated income or deficit from operations of USCCB's activities, after transfers from the General Operating Fund. The principal activities included in the Current Operating Fund are pastoral activities, management and general activities and communications, policy and advocacy.

Communications, policy and advocacy activities broadly categorized include, but are not limited to, the production of news, educational and catechetical content; the sharing of the teachings of the Church that have some bearing on public policy; and advocacy which is realized through the staff of the Government Relations Office.

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

National collections are summarized as follows:

- The Catholic Relief Services Collection (CRSC) is an annual appeal, which provides funding for Catholic Relief Services (CRS) and other identifiable overseas aid programs such as the relief works of the Holy Father, Migration and Refugee Services (MRS), Justice Peace and Human Development (JPHD), and the Catholic Legal Immigration Network, Inc. (CLINIC).
- Catholic Campaign for Human Development (CCHD) is the domestic anti-poverty social justice program of USCCB. Its mission is to address the root causes of poverty in the United States through promotion and support of community-controlled self-help organizations, and through transformative education. Seventy-five percent of the receipts from the CCHD national collection are remitted to USCCB. The remaining 25% of the collection is retained by the dioceses for use in local human development programs.
- Collection for the Church in Latin America (CLA) gives assistance to the Catholic Church within the countries of Latin America and the Caribbean.
- Catholic Communication Campaign (CCC) contributes to the process of evangelization by fostering activities related to television, radio, print, internet, and other media. CCC uses 50% for priority projects of the bishops for national and international distribution, following recommendations by the USCCB Communications Committee. The remaining portion of the collection is retained by dioceses for use in local communications projects.
- Catholic Home Missions Appeal (CHMA) gives financial support to missionary activities that strengthen and extend the presence of the Church in the United States and its dependencies.
- Aid to the Church in Central and Eastern Europe (AEE) helps restore pastoral capacity in that area.

The National Religious Retirement Office (NRRO) was established in 1987 by the Conference of Major Superiors of Men, the Leadership Conference of Women Religious and the United States Conference of Catholic Bishops. In 1995, the Council of Major Superiors of Women Religious became the fourth sponsoring entity. NRRO is responsible for coordinating the annual Retirement Fund for Religious national collection as authorized by the Bishops of the United States.

Separate financial records are maintained by other activities not directly under the control of USCCB, but related to the mission of the Catholic Church. The following activities are excluded from the accompanying consolidated financial statements and are audited separately:

- Catholic Legal Immigration Network, Inc. (CLINIC)
- Catholic Relief Services, Inc. (CRS)
- Catholic Climate Change Covenant
- Basilica of the National Shrine of the Immaculate Conception

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

(2) Significant Accounting Policies

(a) *Basis of Presentation*

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America using the accrual basis of accounting.

Net assets and related revenues, gains and other support are classified based upon the existence or absence of donor-imposed stipulations, as follows:

(i) *Unrestricted Net Assets*

Includes all resources that are expendable for carrying out USCCB's mission that are not subject to donor-imposed stipulations.

(ii) *Temporarily Restricted Net Assets*

Net assets whose use is limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by the actions of USCCB pursuant to those stipulations.

(iii) *Permanently Restricted Net Assets*

Net assets whose use is limited by donor-imposed stipulations requiring such resources to be maintained in perpetuity and the income utilized for operating or other donor-restricted purposes.

(b) *Cash and Cash Equivalents*

USCCB considers all highly liquid financial instruments having an original maturity of three months or less to be cash equivalents, except for cash or money market accounts held by external managers.

(c) *Short-Term and Long-Term Investments*

Pooled investments include those of CRSC, CCHD, CLA, CCC, CHM, AEE, and NRRO and consist of both short-term and long-term investments. The pooled investments are managed by independent investment managers, and the securities are held by bank custodians. Selected investment portfolios also include assets of CRS and CLINIC, however, proportional ownership of those portfolios is separately reported by the custodian bank and amounts owned by CRS and CLINIC are not reported in the accompanying consolidated financial statements. The pooled investment fund is comprised of domestic and foreign equity and fixed income securities, fund of funds, mortgage and asset-backed securities and U.S. government and agency securities. Investment income, including realized gains (losses) is included in operating revenues, gains and other support, while net unrealized appreciation (depreciation) is reported as nonoperating activity in the accompanying consolidated statements of activities.

Short-term investments, at fair value, consist of certificates of deposit.

Long-term investments included in the pooled investments are recorded at fair value.

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

All investments are exposed to various risks, such as interest rates, market and credit risks. Due to the level of risk associated with certain investments, it is at least possible that changes in the value of investment securities will occur in the near term and that such change could materially affect the amounts reported in the consolidated financial statements.

(d) Contributions

Diocesan assessments represent the current year's assessment to each diocese. National collections represent USCCB's share of the proceeds of the current year's collections. Grants and contributions received, including national collections, which are restricted by the donor for a specific purpose, are recorded as temporarily restricted in accordance with the donors' intent and are released to unrestricted net assets upon meeting the implicit time restrictions and expenditure of the funds in accordance with the donor's restricted purpose. Grants, bequests and other contributions are recorded as income when an unconditional promise to give is received.

(e) Inventories

Inventories are valued at the lower of cost or market with cost being determined on the average cost basis. At December 31, 2016 and 2015, inventories are comprised primarily of publications for sale and are reflected in the accompanying consolidated statements of financial position net of an allowance for obsolete inventory of \$115,333 and \$112,560, respectively.

(f) Property and Equipment, Net

USCCB owns its headquarters building and staff house facilities in Washington, D.C. and the Villa Stritch in Rome, Italy, which is used by American priests serving at the Vatican. Property and equipment, net, are stated at cost at date of acquisition or fair value at date of contribution, if donated. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets. Assets are depreciated over the following useful lives:

Buildings	40 years
Building improvements	10 years
Furniture and equipment	3–10 years

(g) Revenues

Revenues from government contracts and grants are recognized in the period when expenditures have been incurred or services have been performed in compliance with the respective contracts. Contracts awarded for the acquisition of long-lived assets are reported as deferred revenue until the assets are acquired, at which time the award is recorded as unrestricted revenue. Revenues from the sale of publications are recognized when the merchandise is shipped and title is transferred to an unrelated third party. Royalty income is recognized as earned.

Contract revenues are subject to examination and contractual adjustment, and amounts realizable may change due to periodic changes in the regulatory environment. It is management's opinion that any potential disallowances will not have a material effect on the accompanying consolidated financial statements.

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

(h) Resettlement Programs

Reimbursements from government grants for USCCB administrative costs and program services provided by MRS are included in the accompanying consolidated statements of activities.

(i) Accounts and Contributions Receivable

Accounts receivable consists primarily of amounts due from publication sales, royalties due and government contracts and grants. These amounts are expected to be collected within one year. Accounts receivable, net of allowance for doubtful accounts, not expected to be collected within one year of the statement of financial position date, are recorded at net present value. USCCB determines its allowance by considering a number of factors, including the length of time receivables are past due, USCCB's previous loss history, the donor's current ability to pay its obligation, and the condition of the general economy and the not-for-profit sector as a whole.

At December 31, 2016 and 2015, accounts receivables, primarily amounts due from publication sales, are reflected in the accompanying consolidated statement of financial position net of an allowance for doubtful accounts of \$78,056 and \$61,551, respectively.

Contributions receivable consists primarily of amounts due from dioceses for national collections. These amounts are also expected to be collected within one year. Management has determined that no reserves are necessary at December 31, 2016 and 2015 relating to contributions receivable. Contributions receivable is measured at net realizable value (Level 2 input).

At December 31, 2016 and 2015, Accounts receivable-Resettlement and other programs consisted of the following:

	<u>2016</u>	<u>2015</u>
U.S. Refugee Admissions Program	\$ 15,470,729	11,774,296
Refugee and Entrant Assistance-Voluntary Agency Program	5,680,395	5,083,183
Refugee and Entrant Assistance-Discretionary Grants	1,024,864	950,882
Unaccompanied Alien Children Program	1,814,814	2,614,595
Cuban/Haitian Entrant Resettlement Program	2,037,812	1,021,310
Anti-Trafficking	430,299	88,438
Nonfederal contracts	<u>3,947</u>	<u>—</u>
Total accounts receivable-resettlement and other programs	\$ <u>26,462,860</u>	<u>21,532,704</u>

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

At December 31, 2016 and 2015, contributions receivable consisted of the following:

	<u>2016</u>	<u>2015</u>
Catholic Campaign for Human Development	\$ 8,749,513	8,600,194
Catholic Communications Campaign	519,080	526,747
Catholic Homes Missions Appeal	987,582	1,179,027
Catholic Relief Service Collection	2,586,950	1,839,392
Collection for the Church in Latin America	620,195	611,145
Collection for Rebuild of Churches hit by Haiti earthquake	8,616,010	8,498,478
Aid to the Church in Central and Eastern Europe	961,329	1,015,309
National Religious Retirement Office	<u>24,693,143</u>	<u>22,483,514</u>
Total contributions receivable	\$ <u>47,733,802</u>	<u>44,753,806</u>

(j) National Collections Grants Payable

The Conference receives several funds through its National Collections Office. These funds are granted/dispensed upon approval of the respective subcommittees of bishops for each national collection. Unconditional grants are recorded when approved. Conditional grants are recorded when conditions are substantially met and the expenditures are approved.

At December 31, 2016 and 2015, grants payable consisted of the following:

	<u>2016</u>	<u>2015</u>
Catholic Campaign for Human Development	\$ 8,317,081	7,389,837
Catholic Communications Campaign	2,820,228	606,870
Catholic Homes Missions Appeal	9,310,802	10,050,000
Catholic Relief Service Collection	14,395,462	14,252,927
Collection for the Church in Latin America	3,030,574	2,153,402
Collection to Rebuild of Churches hit by Haiti earthquake	4,669,608	4,216,935
Aid to the Church in Central and Eastern Europe	1,383,826	2,612,096
National Religious Retirement Office	69,684	1,674,376
Other	<u>5,746,703</u>	<u>288,883</u>
Total grants payable	\$ <u>49,743,968</u>	<u>43,245,326</u>

(k) Concentration of Credit Risk

Cash and investments are exposed to various risks, such as interest rate, market and credit risks. To minimize such risks, USCCB maintains its cash in various bank deposit accounts which, at times, may exceed federally insured limits, and in a diversified investment portfolio.

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

(l) Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents and short-term investments approximate fair value due to the short-term maturity of these financial instruments. Cash, cash equivalents, and short term investments are classified as level one in the fair value hierarchy.

(m) Contributed Services

Contributed services revenue is recognized for staff positions filled by diocesan priests. The value of the contributed services is the difference between the amounts paid to or on behalf of the diocesan priests and the compensation that would be paid to lay persons for comparable positions and is recognized in operating revenues and expenses in the accompanying consolidated statements of activities.

(n) Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(o) Income Taxes

USCCB is exempt from federal income taxes, under Section 501(a) of the Internal Revenue Code (the Code) as an organization described in Section 501(c)(3). USCCB is also exempt from tax in the District of Columbia under the applicable statute. Management annually reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition or disclosure in the consolidated financial statements.

(p) Recent Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14: *Presentation of Financial Statements of Not for Profit Entities* (Topic 958), which updates financial statement presentation requirements, including replacing the current three classes of net assets (Unrestricted, Temporarily Restricted, and Permanently Restricted) with only two classes – With Donor imposed Restrictions and Without Donor imposed Restrictions; requiring entities to present expenses by their natural and functional classifications in one location in the financial statements; and requiring entities to provide quantitative and qualitative information about management of liquid resources and availability of financial assets to meet cash needs within one year of the balance sheet date. The ASU is effective for annual reporting periods beginning after December 15, 2017 and early adoption is permitted. USCCB has not elected to early adopt the guidance and is currently evaluating the impact on the consolidated financial statements and related disclosures.

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

(3) Migration and Refugee Services and Programs

Since 1975, USCCB has entered into various agreements with the United States government to assist in the resettlement of refugees immigrating to the United States and to provide specialized services to particularly vulnerable migrants, such as unaccompanied minors and victims of human trafficking. The resettlement activities are financed by government agencies, principally the U.S. Department of Health and Human Services and the U.S. Department of State under the authority of the Immigration and Nationality Act, as amended. Government funds received must generally be paid for the designated contractual purposes no later than three months following the end of the contract period. Unless an extension is approved by the government agencies, the funds are subject to reversion after the three-month period. However, for the majority of programs, funds are drawn down after expenditures have been incurred and paid, thereby limiting exposure to the reversion requirements.

USCCB was reimbursed \$11,504,703 and \$10,763,587 for direct administrative costs and program services provided for resettlement activities for the years ended December 31, 2016 and 2015. USCCB incurred sub-recipient expenses under these government contracts of \$83,759,514 and \$69,800,930 for the years ended December 31, 2016 and 2015, respectively, and corresponding revenue has been recognized. Government contracts and grants revenue consisted of the following:

	<u>2016</u>	<u>2015</u>
U.S. Refugee Admissions Program	\$ 53,372,935	41,136,234
Refugee and Entrant Assistance-Voluntary Agency Programs	20,587,627	18,780,367
Refugee and Entrant Assistance-Discretionary Grants	2,303,284	2,138,187
Unaccompanied Alien Children Program	10,120,286	13,258,534
Cuban/Haitian Entrant Resettlement Program	7,754,027	5,331,301
Anti-Trafficking	<u>1,118,113</u>	<u>88,439</u>
Total government contract and grants revenue	<u>\$ 95,256,272</u>	<u>80,733,062</u>

(4) Property and Equipment, Net

At December 31, 2016 and 2015, property and equipment, net, consisted of the following:

	<u>2016</u>	<u>2015</u>
Land	\$ 1,448,535	1,448,535
Buildings and improvements	34,517,392	33,863,517
Furniture and equipment	3,584,647	3,580,202
Fine artwork and paintings	<u>512,025</u>	<u>512,025</u>
Total property and equipment	40,062,599	39,404,279
Less accumulated depreciation and amortization	<u>(26,832,955)</u>	<u>(25,490,128)</u>
Total property and equipment, net	<u>\$ 13,229,644</u>	<u>13,914,151</u>

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

(5) General and Current Operating Funds Net Assets

At December 31, 2016 and 2015, General and Current Operating Funds consisted of the following:

	<u>2016</u>	<u>2015</u>
Unrestricted net assets:		
Building fund	\$ 38,139,281	36,044,366
Quasi-endowment fund (note 9)	28,816,496	28,311,413
General reserve fund	5,000,000	3,628,171
Catechism fund	1,127,397	1,048,839
General and current operating funds	<u>(39,981,918)</u>	<u>(39,433,479)</u>
Total unrestricted general and current operating funds	33,101,256	29,599,310
Temporarily restricted net assets:		
General and current operating funds	<u>450,000</u>	<u>—</u>
Total general and current operating funds	\$ <u><u>33,551,256</u></u>	<u><u>29,599,310</u></u>

(6) National Collections and NRRO Net Assets

At December 31, 2016 and 2015, unrestricted and temporarily restricted net assets for national collections and NRRO were as follows:

	<u>2016</u>		<u>2015</u>	
	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Unrestricted</u>	<u>Temporarily restricted</u>
National Religious Retirement Office Retirement Fund for Religious	\$ 39,845,915	30,222,919	36,557,946	28,262,327
National collections:				
CRSC	10,896,591	2,586,950	9,972,838	1,839,392
CCHD	37,176,597	8,749,512	37,467,535	8,600,194
CLA – Regular collection	8,770,811	620,195	10,044,312	611,145
CLA – Haiti recovery fund	2,879,192	8,632,011	2,179,584	10,661,494
CCC	6,601,586	519,080	8,530,907	526,747
CHM	15,404,596	1,891,372	13,575,503	2,571,049
Church in Africa	2,752,518	—	2,631,501	162,110
AEE	10,904,758	1,049,333	10,001,726	1,015,309
Special collections –Disaster relief	<u>806,903</u>	<u>2,530,228</u>	<u>1,446,474</u>	<u>1,242,805</u>
National collections	<u>96,193,552</u>	<u>26,578,681</u>	<u>95,850,380</u>	<u>27,230,245</u>
Total	\$ <u><u>136,039,467</u></u>	<u><u>56,801,600</u></u>	<u><u>132,408,326</u></u>	<u><u>55,492,572</u></u>

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

(7) Investments and Fair Value Measurements

Fair value is 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. As required by U.S. generally accepted accounting principles for fair value measurement, USCCB uses a fair value hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

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

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

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

Level 3 – Pricing inputs are unobservable for the assets or liabilities and include situations where there is little, if any, market activity for the assets or liabilities. The inputs into the determination of fair value require significant management judgment or estimation. USCCB held no assets where fair value was determined using Level 3 inputs during 2016 or 2015.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. The following valuation techniques and inputs were used to determine the fair value of the long-term investments listed below:

Fixed income securities (including the related receivables for securities sold and liabilities for securities purchased) include, but are not limited to, U.S. government and agency securities, corporate bonds, mortgage-backed securities and asset-backed securities. U.S. government and agency securities and certain mortgage-backed securities are valued using quoted prices in principal active markets for identical assets and are classified as Level 1. The remainder of these securities are valued using quoted prices in active markets for similar securities and are classified as Level 2.

Equity securities are valued using quoted prices in principal active markets for identical assets and are classified as Level 1. Cash equivalents consisting of money market accounts and overnight deposits are also classified as Level 1.

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

Institutional mutual funds are valued using the net asset value (NAV) or its equivalent to determine the fair value of all the underlying investments. These institutional mutual funds are classified at Level 2 as they are redeemable at NAV at or near year-end.

Short-term investments, consisting of certificates of deposit, are classified as Level 1.

At December 31, 2016, the following table summarizes long-term investments within the fair value hierarchy:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash equivalents	\$ 4,438,951	—	4,438,951
U.S. government and agency securities	16,374,021	—	16,374,021
Corporate Bonds	—	—	—
Domestic equity securities	136,480,069	8,934,220	145,414,289
Institutional mutual funds:			
Domestic equity funds	—	12,246,627	12,246,627
Foreign equity funds	—	41,311,454	41,311,454
Fixed income funds:		—	—
U.S. government portfolio	—	15,127,081	15,127,081
International portfolio	—	—	—
Mortgage fund	—	11,054,024	11,054,024
Asset-backed fund	—	848,061	848,061
Mortgage-backed securities	—	13,925,898	13,925,898
Asset-backed securities	2,697,535	5,793,500	8,491,035
Receivables for securities sold	716,597	273,442	990,039
Liabilities for securities purchased	<u>(2,698,453)</u>	<u>(2,726,006)</u>	<u>(5,424,459)</u>
Total long-term investments	\$ <u>158,008,720</u>	<u>106,788,301</u>	<u>264,797,021</u>

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

At December 31, 2015, the following table summarizes long-term investments within the fair value hierarchy:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash equivalents	\$ 3,030,621	—	3,030,621
U.S. government and agency securities	15,314,227	—	15,314,227
Corporate bonds	—	8,090,698	8,090,698
Domestic equity securities	131,623,813	—	131,623,813
Institutional mutual funds:			
Domestic equity funds	—	12,827,510	12,827,510
Foreign equity funds	—	21,239,518	21,239,518
Fixed income funds:			
U.S. government portfolio	—	16,978,485	16,978,485
International portfolio	—	18,367,301	18,367,301
Mortgage fund	—	12,385,749	12,385,749
Asset-backed fund	—	1,032,950	1,032,950
Mortgage-backed securities	2,573,205	14,947,656	17,520,861
Asset-backed securities	—	7,168,769	7,168,769
Receivables for securities sold	224,081	1,220,328	1,444,409
Liabilities for securities purchased	<u>(97,390)</u>	<u>(4,376,240)</u>	<u>(4,473,630)</u>
Total long-term investments	\$ <u>152,668,557</u>	<u>109,882,724</u>	<u>262,551,281</u>

Investments valued at NAV or its equivalent as of December 31, 2016 and 2015 consisted of the following:

<u>Investment</u>	<u>Investment strategy</u>	<u>2016 NAV</u>	<u>2015 NAV</u>	<u>Redemption restrictions/ liquidity provisions</u>
Institutional mutual funds:				
International portfolio	Approximate total return in excess of MSCI All Countries ex-US Index	\$ —	18,367,301	Daily/30 days prior notice
U.S. government portfolio	Approximate performance of both Bloomberg Barclays U.S. Intermediate and Long Government Bond Index	15,127,081	16,978,485	Daily/2 day prior notice

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

Investment	Investment strategy	2016 NAV	2015 NAV	Redemption restrictions/ liquidity provisions
Mortgage fund	Approximate performance of Bloomberg Barclay U.S. MBS Index over the long term	11,054,024	12,385,749	Daily/2 day prior notice
Foreign equity funds	Invest in equity securities of well-established companies based in those countries included in the Morgan Stanley Capital International All Country World Ex-USA Index	41,311,454	21,239,518	Daily/No prior notice
Domestic equity funds	Approximate the performance of Bloomberg Barclays U.S. Credit Bond Index	12,246,627	12,827,510	Daily/2 day prior notice
Asset-backed fund	Approximate the performance of Bloomberg Barclays U.S. ABS Index/Barclays U.S. CMBS (ERISA Only) Index	\$ 848,061	1,032,950	Daily/No prior notice

The above funds have no unfunded commitments as of December 31, 2016 and 2015.

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

(8) Investment Income and Unrealized Appreciation/Depreciation

For the years ended December 31, 2016 and 2015, investment income consisted of the following:

	<u>2016</u>	<u>2015</u>
Investments:		
Interest	\$ 1,150,959	1,164,729
Dividends	2,500,699	2,623,255
Realized gains	<u>17,105,987</u>	<u>7,108,570</u>
Gross investment income	20,757,645	10,896,554
Less investment management fees	<u>(840,288)</u>	<u>(1,026,947)</u>
Net investment income	19,917,357	9,869,607
Unrealized appreciation (depreciation)	<u>43,344</u>	<u>(10,779,735)</u>
Total return on investments	<u>\$ 19,960,701</u>	<u>(910,128)</u>

(9) Endowments

FASB requires the portion of a donor-restricted endowment fund that is not classified as permanently restricted net assets to be classified as temporarily restricted net assets until appropriated for expenditure. USCCB is subject to the District of Columbia enacted version of the Uniform Prudent Management of Institutional Funds Act. Management has interpreted the District of Columbia law as requiring the preservation of the fair value of the original gift, as of the gift date, of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

In 2010, USCCB established the Villa Stritch Endowment fund as a permanently restricted fund for the sole purpose of providing support for U.S. diocesan priests serving the Universal Church in various ministries of the Holy See.

The following illustrates the Villa Stritch Endowment fund net assets for the year ended December 31, 2016:

	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Balance as of January 1, 2016	\$ —	226,084	226,084
Investment income (loss)	12,173	5,206	17,379
Distribution	<u>(12,173)</u>	<u>—</u>	<u>(12,173)</u>
Balance as of December 31, 2016	<u>\$ —</u>	<u>231,290</u>	<u>231,290</u>

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

The following illustrates the Villa Stritch Endowment fund net assets for the year ended December 31, 2015:

	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Balance as of January 1, 2015	\$ —	238,791	238,791
Investment income (loss)	11,899	(12,707)	(808)
Distribution	<u>(11,899)</u>	<u>—</u>	<u>(11,899)</u>
Balance as of December 31, 2015	\$ <u>—</u>	<u>226,084</u>	<u>226,084</u>

The following illustrates the changes in unrestricted, board-designated Quasi-Endowment fund net assets for the years ended December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Unrestricted, board-designated Quasi-Endowment funds, beginning of year	\$ 28,311,413	30,061,255
Investment return – investment income	2,182,233	(102,088)
Transfer to General Operating Fund (spending rate 5.5%)	<u>(1,677,150)</u>	<u>(1,647,754)</u>
Unrestricted, board-designated Quasi-Endowment funds, end of year	\$ <u>28,816,496</u>	<u>28,311,413</u>

Realized and unrealized appreciation (depreciation) is allocated to the Quasi-Endowment fund. In 2016 and 2015, USCCB directed a transfer to the General Operating Fund of an amount equal to 5.5% of the Quasi-Endowment fund year-end balance. This amount was established to supplement the annual diocesan assessment.

(10) Retirement Benefits

Substantially all of the employees participate in a noncontributory, defined benefit retirement plan. The plan also covers some employees of the National Council of Catholic Women and the CLINIC. Benefits under the plan are based on years of service and final average pay.

In 2013, the Executive Committee approved an amendment to the plan to freeze benefit accruals as of December 31, 2013 for all current employees.

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

The actuarial valuation of this retirement plan for 2016 and 2015 were as follows:

	<u>2016</u>	<u>2015</u>
Accumulated benefit obligation	\$ 99,708,734	99,313,629
Change in benefit obligation:		
Benefit obligation, beginning of year	\$ 99,313,629	105,416,271
Interest cost	4,154,432	4,115,729
Actuarial loss (gain)	966,935	(5,561,019)
Benefits paid	<u>(4,726,262)</u>	<u>(4,657,352)</u>
Benefit obligation, end of year	<u>99,708,734</u>	<u>99,313,629</u>
Change in plan assets:		
Fair value of plan assets, beginning of year	57,887,209	61,245,443
Actual return on plan assets	4,455,412	(499,931)
Employer contributions	2,475,676	1,799,049
Benefits paid	<u>(4,726,262)</u>	<u>(4,657,352)</u>
Fair value of plan assets, end of year	<u>60,092,035</u>	<u>57,887,209</u>
Funded status – underfunded	\$ <u>39,616,699</u>	<u>41,426,420</u>
	<u>2016</u>	<u>2015</u>
Items not yet recognized as a component of net periodic pension benefit cost:		
Net actuarial loss	\$ 27,937,270	28,244,523
Net periodic benefit cost:		
Interest cost	\$ 4,154,432	4,115,729
Expected return on plan assets	(3,838,725)	(4,088,965)
Amortization of net actuarial loss	<u>657,501</u>	<u>696,707</u>
Net periodic benefit cost	\$ <u>973,208</u>	<u>723,471</u>
	<u>2016</u>	<u>2015</u>
Other changes in plan assets and benefit obligation:		
Net actuarial loss (gain)	\$ 350,248	(972,123)
Amortization of actuarial net loss	<u>(657,501)</u>	<u>(696,707)</u>
Total other changes in plan assets and benefit obligation	\$ <u>(307,253)</u>	<u>(1,668,830)</u>

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

The assumptions used to determine the benefit obligation in the actuarial valuations at December 31, 2016 and 2015 were as follows:

	<u>2016</u>	<u>2015</u>
Discount rate	4.06 %	4.30 %

The assumptions used to determine the net periodic benefit cost in the actuarial valuations at December 31, 2016 and 2015 were as follows:

	<u>2016</u>	<u>2015</u>
Discount rate	4.30 %	3.97 %
Expected return on plan assets	6.60	6.85

In October 2016, the Society of Actuaries released new data regarding observed mortality rate improvements (the RP-2014 Mortality Tables and the MP-2016 Mortality Improvement Scale). The updated mortality tables and the scale were considered by USCCB and adopted as of December 31, 2016.

Estimated amounts to be amortized into net periodic benefit cost in 2016 are \$662,967 from net actuarial loss. There is no prior service cost that will be amortized next year.

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

2017	\$ 5,201,000
2018	5,418,000
2019	5,633,000
2020	5,825,000
2021	5,935,000
2022–2026	30,123,000

USCCB plans to make a contribution of \$1,504,300 to the pension plan in 2017.

Plan Assets

The assets of the plan are invested primarily in a diversified mix of domestic and foreign equities and fixed income securities. The assets are managed by independent investment managers in accordance with stated investment policies and subject to USCCB's socially responsible investment guidelines. The investment objective of the pension fund is to equal or exceed a benchmark rate of return comprised of appropriate market indices and to achieve an above-median ranking in a universe of balanced funds with similar investment policies over reasonable measurement periods.

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

At December 31, 2016, the following table summarizes the plan assets within the fair value hierarchy (see note 7):

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash equivalents	\$ 936,483	—	936,483
U.S. government and agency securities	4,439,482	—	4,439,482
Corporate bonds	—	2,089,566	2,089,566
Domestic equity securities	28,469,955	—	28,469,955
Institutional mutual funds:			
Domestic equity funds	—	3,124,543	3,124,543
Foreign equity funds	—	9,714,476	9,714,476
Fixed income funds:			
U.S. government portfolio	—	3,859,448	3,859,448
Mortgage fund	—	2,820,269	2,820,269
Asset-backed fund	—	216,370	216,370
Mortgage-backed securities	521,882	3,293,069	3,814,951
Asset-backed securities	—	1,209,987	1,209,987
Receivables for securities sold	425,017	49,731	474,748
Liabilities for securities purchased	<u>(520,450)</u>	<u>(557,793)</u>	<u>(1,078,243)</u>
Total plan assets	\$ <u>34,272,369</u>	<u>25,819,666</u>	<u>60,092,035</u>

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

At December 31, 2015, the following table summarizes the plan assets within the fair value hierarchy (see note 7):

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash equivalents	\$ 1,252,328	—	1,252,328
U.S. government and agency securities	3,687,144	—	3,687,144
Corporate bonds	—	2,008,301	2,008,301
Domestic equity securities	25,882,747	—	25,882,747
Institutional mutual funds:			
Domestic equity funds	—	3,228,517	3,228,517
Foreign equity funds	—	4,558,371	4,558,371
Fixed income funds:			
U.S. government portfolio	—	9,019,692	9,019,692
Mortgage fund	—	3,117,332	3,117,332
Asset-backed fund	—	259,980	259,980
Mortgage-backed securities	516,491	3,596,052	4,112,543
Asset-backed securities	—	1,421,478	1,421,478
Receivables for securities sold	221,400	282,053	503,453
Liabilities for securities purchased	<u>(19,437)</u>	<u>(1,145,240)</u>	<u>(1,164,677)</u>
Total plan assets	\$ <u>31,540,673</u>	<u>26,346,536</u>	<u>57,887,209</u>

The actual asset allocations for 2016 and 2015 and target allocation ranges by asset category for 2016 and 2015 for the pension plan assets were as follows:

	<u>2016</u>	<u>2015</u>	<u>Target allocation range</u>
Cash and cash equivalents	2 %	2 %	<5%
U.S. equity securities	55	51	46-54%
Institutional mutual funds	32	35	13-17%
Fixed income securities	11	12	31-39%

The expected long-term rate of return assumption of 6.6% and 6.85%, for 2016 and 2015, is selected by management as a reasonable expectation based on historical performance of both the pension fund and the investment markets in general. The selection of this rate is periodically revisited by USCCB as the administrator of the pension plan.

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

(11) Postretirement Benefits Other Than Pensions

USCCB provides health care and life insurance benefits to retired employees who have attained certain age and service requirements or age 65. Subsequent to attaining age 65, health care benefits to retired employees are noncontributory and are integrated with Medicare according to the Coordination of Benefits method. The life insurance benefit consists of a \$5,000 level death benefit and is noncontributory. Postretirement benefits are funded on a pay-as-you-go basis.

In 2013, the Executive Committee approved changes to the plan to change the level of benefits available for certain groups of eligible participants effective January 1, 2014. Unless grandfathered, employees retiring from the Conference after January 1, 2014 will be required to pay a percentage of the premiums.

	<u>2016</u>	<u>2015</u>
Change in benefit obligation:		
Benefit obligation, beginning of year	\$ 31,113,369	30,487,547
Service cost	433,639	524,737
Interest cost	1,328,481	1,235,892
Plan amendments	—	—
Medicare Part D benefit subsidy	81,788	77,641
Actuarial (gain) loss	(902,957)	(238,553)
Benefits paid	(873,357)	(973,895)
Fair value of plan assets	—	—
Benefit obligation, end of year – underfunded	\$ <u>31,180,963</u>	<u>31,113,369</u>
	<u>2016</u>	<u>2015</u>
Net periodic benefit cost:		
Service cost	\$ 433,639	524,737
Interest cost	1,328,481	1,235,892
Amortization of prior service (credit)	(1,575,163)	(1,707,109)
Amortization of actuarial net loss	714,529	884,843
Net periodic benefit cost	\$ <u>901,486</u>	<u>938,363</u>

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

Amounts recognized in the accompanying consolidated financial statements consisted of the following:

	<u>2016</u>	<u>2015</u>
Other changes in plan assets and benefit obligation:		
Net actuarial gain	\$ (902,957)	(238,553)
Amortization of prior service credit	1,575,163	1,707,109
Amortization of actuarial net loss	<u>(714,529)</u>	<u>(884,843)</u>
Total other changes in plan assets and benefit obligation	\$ <u>(42,323)</u>	<u>583,713</u>

Estimated amounts to be amortized into net periodic benefit cost in 2016 are \$627,616 from net actuarial loss and \$1,500,503 from prior service credit.

(a) Actuarial Assumptions

The following assumptions were used in calculating the actuarial valuations at December 31, 2016:

	<u>Benefit obligation</u>	<u>Net periodic benefit cost</u>
Discount rate	4.20 %	4.48 %
Health care cost trend rate – medical	7.04	7.60
Health care cost trend rate – prescription drug	8.31	9.00
Ultimate trend rate	4.50	4.50
Year ultimate trend rate is reached	2025/2025	2024/2024

The following assumptions were used in calculating the actuarial valuations at December 31, 2015:

	<u>Benefit obligation</u>	<u>Net periodic benefit cost</u>
Discount rate	4.48 %	4.09 %
Health care cost trend rate – medical	7.60	7.75
Health care cost trend rate – prescription drug	9.00	7.00
Ultimate trend rate	4.50	5.00
Year ultimate trend rate is reached	2024/2024	2024/2024

In October 2016, the Society of Actuaries released new data regarding observed mortality rate improvements (the RP-2014 Mortality Tables and the MP-2016 Mortality Improvement Scale). The updated mortality tables and the scale were considered by USCCB and adopted as of December 31, 2016.

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

The assumed health care cost trend rates have a significant effect on the amounts reported for health-related postretirement benefits. A one percentage-point increase in the assumed health care cost trend rate would increase the 2016 postretirement benefit service cost and interest cost by approximately \$327,000 and increase the accumulated postretirement benefit obligation by approximately \$4,867,000. A one percentage-point decrease in the assumed health care cost trend rate would decrease the 2016 postretirement benefit service cost and interest cost by approximately \$258,000, and decrease the accumulated postretirement benefit obligation by approximately \$3,971,000.

(b) Contributions and Benefit Payments

Postretirement benefits are funded on a pay-as-you-go basis. Therefore, employer contributions are equal to benefits paid in each year. For the years ended December 31, 2016 and 2015, the following benefits were paid from plan assets:

	2016	2015
Benefits paid	\$ 873,357	973,895
Employer contribution	791,569	896,254
Medicare Part D benefit subsidy	81,788	77,641

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

	Gross benefit payments	Medicare subsidy receipts	Net benefit payments
2017	\$ 1,315,000	141,000	1,174,000
2018	1,411,000	157,000	1,254,000
2019	1,503,000	172,000	1,331,000
2020	1,569,000	144,000	1,425,000
2021	1,661,000	151,000	1,510,000
2022-2026	9,440,000	840,000	8,600,000
Total	\$ 16,899,000	1,605,000	15,294,000

USCCB plans to make a contribution of \$1,173,727 to the postretirement benefit plan in 2016.

(12) Legal Contingencies

USCCB has been named in several lawsuits in the normal course of business. In the opinion of management, these claims are not expected to have a material adverse effect on USCCB's consolidated financial position, changes in net assets or cash flows.

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

(13) Commitments

USCCB leases certain office space and office equipment under various operating lease arrangements with terms in excess of one year. Future minimum lease payments as of December 31, 2016, under scheduled operating leases that have initial or remaining terms in excess of one year, are as follows:

2017	\$	310,707
2018		298,588
2019		240,057
2020		243,617
2021		<u>200,317</u>
Total	\$	<u><u>1,293,286</u></u>

For the years ended December 31, 2016 and 2015, rent expense under operating leases was \$386,354 and \$596,350, respectively.

USCCB has employment contracts with diocesan priests and for the services of religious men and women usually for periods not to exceed three years.

As of December 31, 2016 and 2015, the total aggregate payment of multi-year employment contracts consists of the following:

	<u>2016</u>	<u>2015</u>
Contracts extend through	2019	2018
Approximate aggregate payments	\$ 1,171,000	1,055,000

(14) Related Parties

As discussed in note 2(j), the Conference grants funds to several organizations upon approval by the respective subcommittees of the Bishops. Two of the organizations that receive grant funds from the Conference, CLINIC and CRS are determined to be related parties. Specifically, the President of the Conference, or his designee, serves as the chairman and the ex-officio chairman of CLINIC's and CRS's board of directors, respectively.

For the years ended December 31, 2016 and 2015, the Conference incurred expenses, primarily related to grant awards as follows:

	<u>2016</u>	<u>2015</u>
CLINIC	\$ 2,185,738	2,267,547
CRS	<u>11,446,088</u>	<u>19,765,404</u>
Total expenses for related parties	\$ <u><u>13,631,826</u></u>	<u><u>22,032,951</u></u>

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

(15) Subsequent Events

USCCB evaluated its December 31, 2016 consolidated financial statements for subsequent events through June 20, 2017, the date the consolidated financial statements were available to be issued. There were no items that required disclosure or recognition.

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS AND AFFILIATES

Consolidated Schedule of Revenue, Expenses, and Other Changes in Net Assets

Year ended December 31, 2016

	Current operating fund							National collections
	Total	General funds	Villa Stritch Endowment	Total current operating fund	Pastoral activities	Policy activities	Management and general	
Revenue:								
Contributions:								
Diocesan assessment	\$ 11,307,702	11,307,702	—	—	—	—	—	—
National collections	99,608,493	—	—	—	—	—	—	99,608,493
Grants, bequests, and other	5,549,639	12,759	—	3,065,572	1,120,577	1,875,145	69,850	2,471,308
Government contracts and grants revenue	95,256,272	—	—	95,256,272	—	95,256,272	—	—
Income on investments	19,917,357	6,103,396	17,341	—	—	—	—	13,796,620
Sale of publications	6,363,378	—	—	6,363,378	124,140	6,238,539	699	—
Royalty income	2,717,305	—	—	2,717,305	—	519,166	2,198,139	—
Collection fees on refugee loans	3,627,409	—	—	3,627,409	—	3,627,409	—	—
Contributed services	449,284	—	—	449,284	140,827	—	308,457	—
Other	1,736,582	111,918	—	1,507,132	729,554	191,155	586,423	117,532
Total revenue	246,533,421	17,535,775	17,341	112,986,352	2,115,098	107,707,686	3,163,568	115,993,953
Expenses:								
Grants and donations	99,505,789	137,487	—	515,919	64,841	396,426	54,652	98,852,383
Sub-recipient government contract expenses	83,982,655	—	—	83,982,655	—	83,982,655	—	—
Promotion and fundraising expenses	2,268,683	—	—	—	—	—	—	2,268,683
Salaries, taxes and benefits	32,926,229	(1,329,775)	—	32,864,162	4,828,793	19,067,141	8,968,228	1,391,842
Travel and meetings	4,198,111	57,331	—	3,510,260	920,512	1,671,525	918,223	630,520
Professional and contract services	7,928,922	118,721	—	7,384,584	1,020,346	3,210,864	3,153,374	425,617
Printing and mailing	2,314,074	251	—	2,282,980	157,404	944,124	1,181,452	30,843
Other program and operating expenses	4,904,557	103,180	—	4,612,996	1,044,687	4,287,811	(719,502)	188,381
Interfund charges	—	(6,887,733)	—	5,556,993	129,018	5,962,022	(534,047)	1,330,740
Total expenses	238,029,020	(7,800,538)	—	140,710,549	8,165,601	119,522,568	13,022,380	105,119,009
Fund transfers	—	1,175,434	(12,172)	4,801,536	783,935	4,937,865	(920,264)	(5,964,798)
Changes in net assets from operations	8,504,401	26,511,747	5,169	(22,922,661)	(5,266,568)	(6,877,017)	(10,779,076)	4,910,146
Nonoperating activities:								
Unrealized appreciation (depreciation) on investments	43,344	13,283	38	—	—	—	—	30,023
Pension related changes other than net periodic pension cost	349,576	349,576	—	—	—	—	—	—
Total nonoperating activities	392,920	362,859	38	—	—	—	—	30,023
Changes in net assets before general funds subsidy	8,897,321	26,874,606	5,207	(22,922,661)	(5,266,568)	(6,877,017)	(10,779,076)	4,940,169
General funds subsidy to cover deficit	—	(85,200,365)	—	85,200,365	5,266,568	18,250,213	61,683,584	—
Changes in net assets	8,897,321	(58,325,759)	5,207	62,277,704	—	11,373,196	50,904,508	4,940,169
Net assets at the beginning of the year	217,726,292	86,298,570	226,083	(56,699,260)	—	(5,794,752)	(50,904,508)	187,900,899
Net assets at the end of the year	\$ 226,623,613	27,972,811	231,290	5,578,444	—	5,578,444	—	192,841,068

See accompanying independent auditors' report.

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS AND AFFILIATES

Schedule of Revenue, Expenses and Other Changes in Net Assets

General Funds

Year ended December 31, 2016

	Total general funds	Operating fund	Building fund	General reserve fund	Catechism fund	Quasi – Endowment fund
Revenue:						
Diocesan assessment	\$ 11,307,702	11,307,702	—	—	—	—
Grants, bequests, and other	12,759	12,759	—	—	—	—
Income on investments	6,103,396	2,168,425	1,679,088	—	78,387	2,177,496
Other	111,918	111,918	—	—	—	—
Total revenue	<u>17,535,775</u>	<u>13,600,804</u>	<u>1,679,088</u>	<u>—</u>	<u>78,387</u>	<u>2,177,496</u>
Expenses:						
Grants and donations	137,487	137,487	—	—	—	—
Salaries, taxes and benefits	(1,329,775)	(1,329,775)	—	—	—	—
Travel and meetings	57,331	57,331	—	—	—	—
Professional and contract services	118,721	118,721	—	—	—	—
Printing and mailing	251	251	—	—	—	—
Other program and operating expenses	103,180	103,180	—	—	—	—
Interfund charges	(6,887,733)	(6,887,733)	—	—	—	—
Total expenses	<u>(7,800,538)</u>	<u>(7,800,538)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund transfers	<u>1,175,434</u>	<u>1,068,583</u>	<u>412,173</u>	<u>1,371,829</u>	<u>—</u>	<u>(1,677,151)</u>
Changes in net assets from operations	<u>26,511,747</u>	<u>22,469,925</u>	<u>2,091,261</u>	<u>1,371,829</u>	<u>78,387</u>	<u>500,345</u>
Nonoperating activities:						
Unrealized gain on investments	13,283	4,719	3,654	—	171	4,739
Pension related expenses other than net periodic pension cost	349,576	349,576	—	—	—	—
Total nonoperating activities	<u>362,859</u>	<u>354,295</u>	<u>3,654</u>	<u>—</u>	<u>171</u>	<u>4,739</u>
Changes in net assets before general funds subsidy	<u>26,874,606</u>	<u>22,824,220</u>	<u>2,094,915</u>	<u>1,371,829</u>	<u>78,558</u>	<u>505,084</u>
General funds subsidy to cover deficit	<u>(85,200,365)</u>	<u>(85,200,365)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Changes in net assets	<u>(58,325,759)</u>	<u>(62,376,145)</u>	<u>2,094,915</u>	<u>1,371,829</u>	<u>78,558</u>	<u>505,084</u>
Net assets at the beginning of the year	<u>86,298,570</u>	<u>17,265,782</u>	<u>36,044,366</u>	<u>3,628,171</u>	<u>1,048,839</u>	<u>28,311,412</u>
Net assets at the end of the year	<u>\$ 27,972,811</u>	<u>(45,110,363)</u>	<u>38,139,281</u>	<u>5,000,000</u>	<u>1,127,397</u>	<u>28,816,496</u>

See accompanying independent auditors' report.

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS AND AFFILIATES

Schedule of Revenue, Expenses and Other Changes in Net Assets
Pastoral Activities

Year ended December 31, 2016

	Total pastoral activities	Cultural diversity	Child & youth protection	Canonical affairs & church governance	Divine worship	Doctrine & pastoral practices	Ecumenical & interreligious affairs	Evangelization & catechesis	Laity marriage & family life	Clergy consecrated life & vocation
Revenue:										
Grants, bequests and other	\$ 1,120,577	398,085	—	—	—	65,000	—	—	657,492	—
Government contract revenue	—	—	—	—	—	—	—	—	—	—
Sale of publications	124,140	1,190	—	—	95,799	—	—	—	27,151	—
Contributed services	140,827	3,323	—	—	66,893	14,223	—	—	12,189	44,199
Other	729,554	79,180	648,859	—	1,370	—	—	71	74	—
Total revenue	2,115,098	481,778	648,859	—	164,062	79,223	—	71	696,906	44,199
Expenses:										
Grants and donations	64,841	50,967	—	—	—	—	—	13,861	13	—
Salaries, taxes and benefits	4,828,793	1,103,367	459,349	—	360,957	445,832	639,289	696,038	942,662	181,299
Travel and meetings	920,512	334,068	215,441	9,442	34,967	81,199	94,824	85,283	12,335	52,953
Professional and contract services	1,020,346	198,172	636,060	150	4,323	6,766	1,000	27,896	101,779	44,200
Printing and mailing	157,404	51,258	13,113	1,498	46,155	4,772	4,716	5,926	27,710	2,256
Other program and operating expenses	1,044,687	245,041	80,820	231	171,532	82,048	92,334	79,646	185,186	107,849
Interfund charges	129,018	129,018	—	—	—	—	—	—	—	—
Total expenses	8,165,601	2,111,891	1,404,783	11,321	617,934	620,617	832,163	908,650	1,269,685	388,557
Fund transfers	783,935	638,935	—	—	—	—	—	(52,500)	197,500	—
Changes in net assets before general funds subsidy	(5,266,568)	(991,178)	(755,924)	(11,321)	(453,872)	(541,394)	(832,163)	(961,079)	(375,279)	(344,358)
General funds subsidy to cover deficit	5,266,568	991,178	755,924	11,321	453,872	541,394	832,163	961,079	375,279	344,358
Changes in net assets	—	—	—	—	—	—	—	—	—	—
Net assets at the beginning of the year	—	—	—	—	—	—	—	—	—	—
Net assets at the end of the year	\$ —	—	—	—	—	—	—	—	—	—

See accompanying independent auditors' report.

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS AND AFFILIATES

Schedule of Revenue, Expenses and Other Changes in Net Assets

Policy Activities

Year ended December 31, 2016

	<u>Total policy activities</u>	<u>Migration and Refugee Services</u>	<u>Communications Department</u>	<u>Office of Sec-Policy</u>	<u>Catholic Education</u>	<u>Pro-Life activities</u>	<u>Development and World Peace</u>
Revenue:							
Grants, bequests, and other	\$ 1,875,145	617,725	—	350,000	55,000	757,420	95,000
Government contract revenue	95,256,272	95,256,272	—	—	—	—	—
Royalty income	519,166	—	519,166	—	—	—	—
Sale of publications	6,238,539	1,782	6,032,211	—	—	204,546	—
Collection fees on refugee loans	3,627,409	3,627,409	—	—	—	—	—
Other	191,155	5,705	1,531	—	7,076	8,997	167,846
Total revenue	<u>107,707,686</u>	<u>99,508,893</u>	<u>6,552,908</u>	<u>350,000</u>	<u>62,076</u>	<u>970,963</u>	<u>262,846</u>
Expenses:							
Grants and donations	396,426	183,241	200	2,500	200	460	209,825
Sub-recipient government contract expenses	83,982,655	83,982,655	—	—	—	—	—
Salaries, taxes, and benefits	19,067,141	9,291,927	4,557,427	739,910	666,958	1,075,522	2,735,397
Travel and meetings	1,671,525	448,366	274,468	26,415	102,869	221,226	598,181
Professional and contract services	3,210,864	805,943	1,645,169	126,203	71,537	446,432	115,580
Printing and mailing	944,124	254,128	528,741	3,937	5,726	110,341	41,251
Other program and operating expenses	4,287,811	1,107,750	2,189,969	119,276	129,557	226,651	514,608
Interfund charges	5,962,022	3,110,708	1,517,592	28,983	—	365,691	939,048
Total expenses	<u>119,522,568</u>	<u>99,184,718</u>	<u>10,713,566</u>	<u>1,047,224</u>	<u>976,847</u>	<u>2,446,323</u>	<u>5,153,890</u>
Fund transfers	<u>4,937,865</u>	<u>1,428,268</u>	<u>3,319,403</u>	<u>(114,737)</u>	<u>—</u>	<u>(428)</u>	<u>305,359</u>
Changes in net assets before general funds subsidy	<u>(6,877,017)</u>	<u>1,752,443</u>	<u>(841,255)</u>	<u>(811,961)</u>	<u>(914,771)</u>	<u>(1,475,788)</u>	<u>(4,585,685)</u>
General funds subsidy to cover deficit	<u>18,250,213</u>	<u>—</u>	<u>10,476,816</u>	<u>797,153</u>	<u>914,771</u>	<u>1,475,788</u>	<u>4,585,685</u>
Changes in net assets	<u>11,373,196</u>	<u>1,752,443</u>	<u>9,635,561</u>	<u>(14,808)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net assets at the beginning of the year	<u>(5,794,752)</u>	<u>3,826,001</u>	<u>(9,635,561)</u>	<u>14,808</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net assets at the end of the year	<u>\$ 5,578,444</u>	<u>5,578,444</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

See accompanying independent auditors' report.

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS AND AFFILIATES

Schedule of Revenue, Expenses and Other Changes in Net Assets

Migration and Refugee Services

Year ended December 31, 2016

	Total Migration and Refugee Services	Government grant/contract activity	Other	Unrestricted funds
Revenue:				
Grants, bequests, and other	\$ 617,725	—	617,414	311
Government contracts and grants revenue	95,256,272	95,247,942	8,330	—
Sale of publications	1,782	—	—	1,782
Collection fees on refugee loans	3,627,409	—	—	3,627,409
Other	5,705	—	—	5,705
	<u>99,508,893</u>	<u>95,247,942</u>	<u>625,744</u>	<u>3,635,207</u>
Total revenue				
Expenses:				
Sub-recipient government contract expenses	83,982,655	83,769,214	180,998	32,443
Grants and donations	183,241	—	88,462	94,779
Salaries, taxes, and benefits	9,291,927	7,651,570	279,339	1,361,018
Travel and meetings	448,366	310,611	66,480	71,275
Professional and contract services	805,943	465,432	15,612	324,899
Printing and mailing	254,128	19,580	22,518	212,030
Other program and operating expenses	1,107,750	795,294	46,336	266,120
Interfund charges	3,110,708	2,009,476	93,640	1,007,592
	<u>99,184,718</u>	<u>95,021,177</u>	<u>793,385</u>	<u>3,370,156</u>
Total expenses				
Fund transfers	1,428,268	(226,765)	532,853	1,122,180
	<u>1,752,443</u>	<u>—</u>	<u>365,212</u>	<u>1,387,231</u>
Changes in net assets				
Net assets at the beginning of the year	3,826,001	79,192	282,163	3,464,646
Net assets at the end of the year	<u>\$ 5,578,444</u>	<u>79,192</u>	<u>647,375</u>	<u>4,851,877</u>

See accompanying independent auditors' report.

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS AND AFFILIATES

Schedule of Revenue, Expenses and Other Changes in Net Assets

Communications Department

Year ended December 31, 2016

	Total Communications Department	General Communication	Catholic News Service	Customer and Client Relations
Revenue:				
Sale of publications	\$ 6,032,211	—	3,373,833	2,658,378
Royalty income	519,166	114	—	519,052
Other	1,531	—	1,531	—
Total revenue	<u>6,552,908</u>	<u>114</u>	<u>3,375,364</u>	<u>3,177,430</u>
Expenses:				
Grants and donations	200	—	200	—
Salaries, taxes, and benefits	4,557,427	1,044,542	2,725,790	787,095
Travel and meetings	274,468	68,252	159,688	46,528
Professional and contract services	1,645,169	426,744	597,208	621,217
Printing and mailing	528,741	2,341	171,440	354,960
Other program and operating expenses	2,189,969	516,797	558,460	1,114,712
Interfund charges	1,517,592	357,704	890,231	269,657
Total expenses	<u>10,713,566</u>	<u>2,416,380</u>	<u>5,103,017</u>	<u>3,194,169</u>
Fund transfers	<u>3,319,403</u>	<u>2,290,786</u>	<u>850,113</u>	<u>178,504</u>
Changes in net assets before general funds subsidy	(841,255)	(125,480)	(877,540)	161,765
General funds subsidy to cover deficit	<u>10,476,816</u>	<u>4,528,591</u>	<u>9,190,728</u>	<u>(3,242,503)</u>
Changes in net assets	9,635,561	4,403,111	8,313,188	(3,080,738)
Net assets at the beginning of the year	<u>(9,635,561)</u>	<u>(4,403,111)</u>	<u>(8,313,188)</u>	<u>3,080,738</u>
Net assets at the end of the year	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>

See accompanying independent auditors' report.

UNITED STATES CONFERENCE OF CATHOLIC BISHOPS AND AFFILIATES

Schedule of Revenue, Expenses and Other Changes in Net Assets

National Collections

Year ended December 31, 2016

	Total National Collections	CRS	CCHD	CLA	Haiti Earthquake	CCC	CHM	AEE	SFCA	NRRO	Special Collections - Disaster Relief									
											Hurricane	Tornado	Prior years calamities	Storms	Philippine Typhoon	Middle East	2015-2016 Camanities	Louisiana Flood	Hurricane Matthew	
Revenue:																				
National collection contributions	\$ 99,608,493	17,452,048	10,645,605	7,192,426	—	4,103,836	9,738,672	7,853,204	2,457,598	30,136,714	—	61,985	—	1,712	25,926	297,915	3,259,322	5,197,162	1,184,368	—
Grants, bequests, and other	2,471,308	—	16,865	—	—	—	—	—	—	2,454,443	—	—	—	—	—	—	—	—	—	—
Income on investments	13,796,620	1,786,255	3,252,551	866,511	580,812	668,501	1,825,122	901,072	217,591	3,280,828	150	2,061	31,750	1,172	60,594	33,650	49,588	194,218	44,194	—
Sale of publications	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Contributed services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other	117,532	—	—	—	117,532	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total revenue	115,993,953	19,238,303	13,915,021	8,058,937	698,344	4,772,337	11,563,794	8,754,276	2,675,189	35,871,985	150	64,046	31,750	2,884	86,520	331,565	3,308,910	5,391,380	1,228,562	—
Expenses:																				
Grants and donations	98,852,383	14,475,217	14,593,723	8,018,772	1,699,608	2,799,112	9,664,936	6,990,386	2,350,836	28,460,780	—	—	849,650	—	1,270,570	183,639	2,504,899	4,314,351	675,904	—
Promotion and fundraising expenses	2,268,683	211,957	326,567	232,154	1,584	190,633	301,197	229,833	139,993	634,954	—	—	—	—	—	—	—	—	(189)	—
Salaries, taxes and benefits	1,391,842	—	—	250,975	184,197	—	200,250	244,290	—	512,130	—	—	—	—	—	—	—	—	—	—
Travel and meetings	630,520	—	914	50,698	18,443	—	18,573	93,877	24,363	423,652	—	—	—	—	—	—	—	—	—	—
Professional and contract services	425,617	—	—	2,850	1,500	—	—	1,600	125,272	294,395	—	—	—	—	—	—	—	—	—	—
Printing and mailing	30,843	—	—	4,290	—	—	1,132	743	1,146	23,532	—	—	—	—	—	—	—	—	—	—
Other program and operating expenses	188,381	—	64,884	10,271	1,839	—	915	954	23	109,495	—	—	—	—	—	—	—	—	—	—
Interfund charges	1,330,740	55,117	58,321	307,768	122,312	51,631	231,347	297,497	75,121	171,626	—	—	—	—	—	—	—	—	—	—
Total expenses	105,119,009	14,742,291	15,044,409	8,877,778	2,029,483	3,041,376	10,418,350	7,819,180	2,716,754	30,630,564	—	—	849,650	—	1,270,570	183,639	2,504,899	4,314,162	675,904	—
Fund transfers	(5,964,798)	(2,828,588)	980,689	(447,496)	—	(3,669,403)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Changes in net assets from operations	4,910,146	1,667,424	(148,699)	(1,266,337)	(1,331,139)	(1,938,442)	1,145,444	935,096	(41,565)	5,241,421	150	64,046	(817,900)	2,884	(1,184,050)	147,926	804,011	1,077,218	552,658	—
Nonoperating activities:																				
Unrealized gain on investments	30,023	3,887	7,078	1,886	1,264	1,455	3,972	1,961	472	7,140	—	4	69	3	132	73	108	423	96	—
Changes in net assets	4,940,169	1,671,311	(141,621)	(1,264,451)	(1,329,875)	(1,936,987)	1,149,416	937,057	(41,093)	5,248,561	150	64,050	(817,831)	2,887	(1,183,918)	147,999	804,119	1,077,641	552,754	—
Net assets at the beginning of the year	187,900,899	11,812,230	46,067,730	10,655,457	12,841,078	9,057,653	16,146,552	11,017,034	2,793,611	64,820,273	2,019	(3,416)	849,650	14,832	1,433,085	393,111	—	—	—	—
Net assets at the end of the year	\$ 192,841,068	13,483,541	45,926,109	9,391,006	11,511,203	7,120,666	17,295,968	11,954,091	2,752,518	70,068,834	2,169	60,634	31,819	17,719	249,167	541,110	804,119	1,077,641	552,754	—

See accompanying independent auditors' report.