DIOCESE OF VENICE IN FLORIDA, INC.

COMBINED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

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INDEPENDENT AUDITORS' REPORT

Most Reverend Frank J. Dewane, Bishop
Diocese of Venice in Florida, Inc.
Venice, Florida

Report on the Financial Statements

We have audited the accompanying combined financial statements of the Diocese of Venice in Florida, Inc. (a nonprofit organization), which comprise the combined statements of financial position as of June 30, 2017 and 2016, and the related combined statements of activities and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Basis for Qualified Opinion

As discussed in Note 18 to the combined financial statements, the accounts of the All Saints Catholic Cemetery, Inc. have not been included in the accompanying combined financial statements of the Diocese of Venice in Florida, Inc. In our opinion, accounting principles generally accepted in the United States of America require those accounts be included in the accompanying combined financial statements.

Qualified Opinion

In our opinion, except for the effects of not including the accounts of All Saints Catholic Cemetery, Inc., deemed to be an entity under common control, as discussed in the Basis for Qualified Opinion paragraph, the combined financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Diocese of Venice in Florida, Inc., as of June 30, 2017 and 2016, and the change in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Myers, Florida
November 27, 2017

DIOCESE OF VENICE IN FLORIDA, INC.
COMBINED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

	2017	2016
ASSETS		
Cash and Cash Equivalents	$ 31,012,211	$ 27,579,289
Accounts Receivable, Net	3,467,007	3,211,494
Investments (Parishes & Diocesan)	100,646,199	98,523,750
Loans and Accrued Interest Receivable from Diocesan Entities, Net	24,934,845	18,003,929
Mortgages and Other Notes Receivable	6,493,846	7,969,291
Land, Buildings, and Equipment, Net	6,466,384	6,800,964
Other Assets	1,675,706	1,665,225
Land Held for Expansion	41,517,565	33,798,155
Total Assets	$ 216,213,763	$ 197,552,097
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	$ 1,676,418	$ 1,813,735
Insurance Claims Payable	954,393	1,544,376
Savings on Deposit from Diocesan Entities	87,749,970	75,626,660
Deferred Revenue	13,867,657	13,411,645
Funds Held for Others	3,574,532	3,721,286
Other Liabilities	1,418,445	1,469,288
Mortgage Notes Payable	2,246,867	4,195,726
Total Liabilities	111,488,282	101,782,716
NET ASSETS		
Unrestricted:		
Designated for Outreach	470,692	458,180
Designated Endowment	5,262,309	4,676,355
Designated for Land, Buildings, and Equipment	6,466,384	6,800,964
Designated for Future Expansion	45,800,547	43,146,552
Undesignated	44,840,256	38,802,037
Total Unrestricted	102,840,188	93,884,088
Temporarily Restricted	285,293	285,293
Permanently Restricted	1,600,000	1,600,000
Total Net Assets	104,725,481	95,769,381
Total Liabilities and Net Assets	$ 216,213,763	$ 197,552,097

See accompanying Notes to Combined Financial Statements.

DIOCESE OF VENICE IN FLORIDA, INC.
COMBINED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING ACTIVITIES				
Support and Revenues:				
Parish Assessments	$ 12,596,547	$ -	$ -	$ 12,596,547
Insurance Program Revenue	14,642,448	-	-	14,642,448
Contributions and Collections	1,941,221	-	-	1,941,221
Change in Value of Gift Annuities	50,152	-	-	50,152
Investment Return	7,628,001	-	-	7,628,001
Loan Interest	888,533	-	-	888,533
Miscellaneous	334,511	-	-	334,511
Other Property Revenue	3,744,832	-	-	3,744,832
Total Support and Revenues	41,826,245	-	-	41,826,245
Net Assets Released from Restrictions	-	-	-	-
Total Support and Revenues	41,826,245	-	-	41,826,245
Expenses:				
Program Services:				
Outreach Programs and Faith Formation	3,313,751	-	-	3,313,751
Mission and Apostolate Support	4,479,578	-	-	4,479,578
Catholic School Support	2,602,250	-	-	2,602,250
Vocations and Clergy Formation	1,249,353	-	-	1,249,353
Insurance Program Expenses	13,700,154	-	-	13,700,154
Interest Paid	2,059,377	-	-	2,059,377
Property Revolving Program	1,024,823	-	-	1,024,823
Total Program Service Expenses	28,429,286	-	-	28,429,286
Support Services:				
Temporal Services	3,530,246	-	-	3,530,246
Stewardship and Development	419,417	-	-	419,417
Total Support Service Expenses	3,949,663	-	-	3,949,663
CHANGE IN NET ASSETS BEFORE NON-OPERATING ACTIVITIES	9,447,296	-	-	9,447,296
NON-OPERATING ACTIVITIES				
Doubtful Accounts Expense	491,196	-	-	491,196
CHANGE IN NET ASSETS	8,956,100	-	-	8,956,100
Net Assets - Beginning of Year	93,884,088	285,293	1,600,000	95,769,381
NET ASSETS - END OF YEAR	$ 102,840,188	$ 285,293	$ 1,600,000	$ 104,725,481

See accompanying Notes to Combined Financial Statements.

DIOCESE OF VENICE IN FLORIDA, INC.
COMBINED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING ACTIVITIES				
Support and Revenues:				
Parish Assessments	$ 12,244,790	$ -	$ -	$ 12,244,790
Insurance Program Revenue	14,159,022	-	-	14,159,022
Contributions and Collections	368,008	-	-	368,008
Change in Value of Gift Annuities	(131,773)	-	-	(131,773)
Investment Return	576,249	-	-	576,249
Loan Interest	1,168,892	-	-	1,168,892
Miscellaneous	645,868	-	-	645,868
Other Property Revenue	2,690,973	-	-	2,690,973
Total Support and Revenues	31,722,029	-	-	31,722,029
Net Assets Released from Restrictions	164,097	(164,097)	-	-
Total Support and Revenues	31,886,126	(164,097)	-	31,722,029
Expenses				
Program Services				
Outreach Programs and Faith Formation	3,020,965	-	-	3,020,965
Mission and Apostolate Support	3,840,428	-	-	3,840,428
Catholic School Support	1,519,929	-	-	1,519,929
Vocations and Clergy Formation	1,136,254	-	-	1,136,254
Insurance Program Expenses	11,852,889	-	-	11,852,889
Interest Paid	1,704,360	-	-	1,704,360
Property Revolving Program	272,253	-	-	272,253
Total Program Service Expenses	23,347,078	-	-	23,347,078
Support Services:				
Temporal Services	4,220,846	-	-	4,220,846
Stewardship and Development	563,965	-	-	563,965
Total Support Service Expenses	4,784,811	-	-	4,784,811
CHANGE IN NET ASSETS BEFORE NON-OPERATING ACTIVITIES	3,754,237	(164,097)	-	3,590,140
NON-OPERATING ACTIVITIES				
Doubtful Accounts Expense	948,605	-	-	948,605
CHANGE IN NET ASSETS	2,805,632	(164,097)	-	2,641,535
Net Assets - Beginning of Year	91,078,456	449,390	1,600,000	93,127,846
NET ASSETS - END OF YEAR	$ 93,884,088	$ 285,293	$ 1,600,000	$ 95,769,381

See accompanying Notes to Combined Financial Statements.

DIOCESE OF VENICE IN FLORIDA, INC.
COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 8,956,100	$ 2,641,535
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	297,665	320,631
Provision for Doubtful Accounts	491,196	948,605
Net Realized and Unrealized (Gains) Losses on Investments	(5,837,700)	1,117,755
Gain on Sale of Land Held for Future Expansion	(3,590,960)	(2,471,305)
(Increase) Decrease in:		
Accounts Receivable	(337,704)	(378,371)
Accrued Interest Receivable	(224,456)	564,779
Other Assets	(10,481)	(73,636)
Accrued Interest on Notes Receivable	(172,795)	(161,240)
Increase (Decrease) in:		
Accounts Payable and Other Liabilities	(137,317)	(280,637)
Insurance Claims Payable	(589,983)	538,472
Deferred Revenue	456,012	115,325
Funds Held for Others	(146,754)	16,149
Other Liabilities	(50,843)	81,821
Net Cash Provided (Used) by Operating Activities	(898,020)	2,979,883
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Land, Buildings, and Equipment	(40,021)	(166,558)
Proceeds from Sales of Land Held for Future Expansion	97,735	4,555,696
Net (Increase) Decrease in Loans Receivable	(7,115,465)	1,679,542
Purchases of Land Held for Future Expansion	(4,149,249)	(1,483,789)
Mortgage Loans Made to Diocesan Entities	(334,657)	-
Collections on Mortgages and Other Notes	1,982,897	1,005,081
Proceeds from Sales of Investments	66,545,131	71,024,185
Purchase of Investments	(62,829,880)	(108,785,848)
Net Cash Used by Investing Activities	(5,843,509)	(32,171,691)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Increase in Savings on Deposit	12,123,310	13,597,088
Payments on Mortgage Notes Payable	(1,948,859)	(917,706)
Net Cash Provided by Financing Activities	10,174,451	12,679,382
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,432,922	(16,512,426)
Cash and Cash Equivalents - Beginning of Year	27,579,289	44,091,715
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 31,012,211	$ 27,579,289
SUPPLEMENTAL DISCLOSURES		
Cash Paid for Interest	$ 2,059,377	$ 1,704,360
Noncash Investing Activities: Exchange of Land Held for Future Expansion	$ 4,000,000	$ -

See accompanying Notes to Combined Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Diocese of Venice in Florida was established by Pope Saint John Paul II in 1984 from parts of the Archdiocese of Miami, Diocese of Orlando, and the Diocese of St. Petersburg, and is geographically comprised of the ten counties of Southwest Florida. The Chancery offices of the Diocese conduct business through the Diocese of Venice in Florida, Inc. (the Catholic Center), which consists of the Office of the Bishop and his Curia or support staff, who minister to parishes, schools, and other institutions within the geographical Diocese of Venice in Florida. The Catholic Center's accounts do not include the assets, liabilities, net assets, revenues, or expenses of parishes, missions, schools, Catholic Charities of the Diocese of Venice, and low income housing units, among others. Certain institutions within the geographical Diocese of Venice are separately incorporated as nonprofit corporations under the laws of the state of Florida. The Catholic Center does include assets, liabilities, net assets, revenues and expenses of the outreach and support service programs that are under the direct administrative operations of the Catholic Center.

The Most Reverend Frank J. Dewane, in his capacity as Bishop, holds title to real property within the geographical Diocese including its parishes, missions, schools, and certain Institutions under both the laws of the state of Florida and the laws of the Roman Catholic Church in trust for these entities. He is empowered under both civil and Ecclesiastical law to receive and hold title to real property, administer all real property, and to dispose of all real property of each and every entity in the geographical Diocese, for the benefit and use of those entities. Deeds for all real property for parishes and schools are in the name of "Frank J. Dewane as Bishop of the Diocese of Venice in Florida, His Successors in Office, a corporation sole." A corporation sole is not a statutory corporation. It exists under the common law doctrine that is recognized in the state of Florida by Florida Statute §2.01. Authority is referenced to Reid v. Barry, 112 So.846 (Fla). Under the doctrine, the Bishop "solely" is the corporation and is the only interested person. Since it is not a statutory corporation, there are no articles of incorporation, by-laws, or any officers or directors. Real property assets held by the Corporation Sole in trust for the Catholic Center are included in the accompanying combined financial statements.

The assets, liabilities, net assets, revenues, and expenses of Diocese of Venice Savings and Loan Trust Fund are included in the accompanying combined financial statements. This cooperative savings and loan program is governed by trustees and administered by the Catholic Center in trust for entities within the geographical Diocese. Its purpose is to manage deposits of medium to long-term funds and also to issue loans to participating members, primarily for construction projects.

The assets, liabilities, net assets, revenues, and expenses of Trinity Real Estate Trust are included in the accompanying combined financial statements. This property revolving program is governed by a trustee and administered by the Catholic Center. Its purpose is to hold and manage real property held for future expansion of parishes and schools within the geographical Diocese along with expendable resources designated for real property acquisitions.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nature of Organization (Continued)

The Catholic Center receives financial support from and provides financial support and services to approximately 85 parishes and schools in the geographical Diocese of Venice in Florida. In addition, under Canon Law, subject to certain specific restrictions, the Bishop of the Diocese is responsible for canonical oversight of all diocesan assets for the purpose of fulfilling the ministerial purposes of the Catholic Church.

Basis of Presentation

These combined financial statements, which are prepared on the accrual basis of accounting, have been prepared to focus on the Catholic Center as a whole. Net assets and revenues, gains, and losses are classified based on donor imposed restrictions. Accordingly, net assets of the Catholic Center and changes therein are classified and reported as follows:

Unrestricted – Net assets not subject to donor-imposed restrictions. Included in unrestricted net assets are net assets designated for specific programs based upon the nature and types of programs. Such designations are subject to change.

Temporarily Restricted – Those resources subject to donor imposed restrictions which will be satisfied by actions of the Catholic Center or the passage of time.

Permanently Restricted – Those resources subject to a donor imposed restriction that they be maintained permanently by the Catholic Center. The donors of these resources typically would permit the Catholic Center to use all or part of the income earned, including capital appreciation on related investments, for unrestricted or temporarily restricted purposes.

Liquidity

Assets are presented in the accompanying combined statements of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

Use of Estimates

The preparation of 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 financial statements. Estimates also affect the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates include the allowances for doubtful loans and the reserves for insurance claims.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the combined statements of cash flows, the Catholic Center considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

The Catholic Center places its cash with financial institutions. At times, such cash balances may be in excess of federally insured limits.

Investments

Investments in marketable securities with readily determinable fair values and investments in debt and other securities are reported at fair value in the combined statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying combined statements of activities.

Receivables

Receivables are stated at the amount management expects to collect from outstanding balances. The Catholic Center uses the allowance method of accounting for doubtful accounts, which is based on management judgment using historical information. Additions to the allowance are based on several factors which include, but are not limited to, analytical review of loss experience in relation to outstanding receivables, a continuing review of economically disadvantaged and other parishes which are currently unable to meet their financial obligations, and overall adequacy of collateral on the existing receivable balances. Accounts receivable includes self-insurance premiums and other assessments and fees due from parishes at June 30, 2017 and 2016.

Land, Buildings, and Equipment, Net

All land, buildings, and equipment of the Catholic Center are recorded at their historical cost. Donated assets are recorded at fair market value at the date of the gift. Donated assets are treated as unrestricted in the absence of stipulations by the donor about how long the asset may be used. All maintenance and repair of assets are charged to operations as incurred. Depreciation of buildings and equipment is provided for by charges to operations using straight-line methods over the estimated useful lives ranging from 3 to 40 years. All land, buildings, and equipment are capitalized unless the asset has a value less than $5,000 in which case it is expensed in the period incurred.

Land Held for Future Expansion

The Catholic Center purchases real estate for the purpose of providing future parish sites. The property is recorded at cost and the related real estate taxes, maintenance, legal and other costs are expensed as incurred. When a parish is established, the cost and a 6% annual market appreciation are charged to the parish. Proceeds from the sale of land held for future expansion are designated for future property acquisitions. At June 30, 2017 and 2016, the Catholic Center had $80,401 and $82,328, respectively, of deferred revenue related to real estate sales recorded under the installment method of revenue recognition. This deferred revenue is related to property sales in which the Catholic Center has accepted a note receivable as payment, and will be recorded to revenue as cash is received.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Split-Interest Agreements

The Catholic Center is named residual beneficiary of certain charitable remainder trusts. In addition, the Catholic Center is a named beneficiary for bequests under existing will and trust instruments. The assets of these trusts and bequests are not included in the combined statements of financial position of the Catholic Center because the designation of ultimate beneficiary is revocable at the discretion of the grantor/testator.

Annuity Obligations

The Catholic Center is obligated under charitable gift annuity agreements. The obligations were calculated based on actuarial assumptions and the fair values at the dates of receipt. The Catholic Center has recorded a gift annuity obligation equal to the present value of the total anticipated future payments to the beneficiaries. Gains or losses resulting from changes in actuarial assumptions are included in change in value of gift annuities on the combined statement of activities.

Donated Materials and Services

Donated materials are recorded as contributions at their estimated fair value at the date of receipt. The Catholic Center has adopted a policy which recognizes donated services provided by individuals possessing specialized skills which would typically need to be purchased if not provided by donation. No such services were donated during the years ended June 30, 2017 and 2016. Many volunteers have donated their time to Diocesan program services and administrative functions performing tasks that do not require specialized skills.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are transferred to unrestricted net assets and reported in the combined statements of activities as net assets released from restrictions.

Parish assessments primarily fund the various outreach programs of the Catholic Center. Assessments are based on a standard formula, which is largely based on parish offertory income. The assessment goals are issued to parishes each January for the fiscal year starting in July. All receipts received after the goal is issued and prior to the start of the fiscal year are recorded as deferred revenue.

All Diocesan entities, including parishes and schools, are required to participate in the insurance programs that are administered through the Self Insurance and Employee Benefit Programs. Participating individuals and entities are charged premiums based upon the estimated costs of the programs, including insurance premiums paid for stop-loss coverage, self-insured claims expenses, and professional program administration.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

All land sales to parishes are recorded under the installment method which apportions each cash receipt and principal payment by the buyer on debt assumed between cost recovered and profit. The apportionment is in the same ratio as total cost and total profit bear to the sales value.

Functional Expenses

The costs of providing the various programs and other activities of the Catholic Center have been summarized on a functional basis in the combined statements of activities.

Fair Value Measurement of Investments and Annuity Obligations

The Catholic Center categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Catholic Center has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

Subsequent to initial recognition, the Catholic Center may remeasure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

Professional standards allow entities the irrevocable option to elect to measure certain financial instruments and other items at fair value for the initial and subsequent measurement on an instrument-by-instrument basis. The Catholic Center has not elected to measure any existing financial instruments at fair value. However, it may elect to measure newly acquired financial instruments at fair value in the future.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement of Investments and Annuity Obligations (Continued)

Investments are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the investment's credit rating, prepayment assumptions, and other factors such as credit loss assumptions.

Investments valued using Level 1 inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. Government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets. Investments valued using Level 2 inputs include investments such as private collateralized mortgage obligations, municipal bonds, and corporate debt securities. Investments valued using Level 3 inputs would include private equity funds.

Income Taxes

In an annually updated ruling, the Internal Revenue Service held that the agencies, instrumentalities and educational, charitable, and religious institutions operated, supervised, or controlled by or in connection with the Roman Catholic Church in the United States, its territories or possessions appearing in "The Official Catholic Directory" are exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. The Diocese of Venice in Florida is listed in "The Official Catholic Directory" and therefore is exempt from income tax. Accordingly, the accompanying combined financial statements reflect no provision for income taxes.

Reclassifications

Certain amounts in the 2016 financial statements have been reclassified to conform with the 2017 presentation. These reclassifications do not affect net assets as previously reported.

Subsequent Events

In preparing these financial statements, the Catholic Center has evaluated events and transactions for potential recognition or disclosure through November 27, 2017, the date the financial statements were available to be issued.

NOTE 2 ACCOUNTS RECEIVABLE

Accounts receivable consist of the following at June 30:

	2017	2016
Self Insurance Premiums	$ 2,909,502	$ 2,597,741
Other Receivables	464,895	238,706
Employee Benefit Premiums	384,813	613,753
Allowance for Doubtful Accounts	(292,203)	(238,706)
Accounts Receivable, Net	$ 3,467,007	$ 3,211,494

During the years ended June 30, 2017 and 2016, doubtful accounts expense was recorded totaling $82,191 and $70,316, respectively.

NOTE 3 INVESTMENTS

Investments consist of the following at June 30:

	2017	
	Market Value	Cost
Domestic Equities	$ 25,017,288	$ 17,628,874
Foreign Equities	23,255,878	21,245,394
Corporate Bonds	5,395,294	5,392,960
Government Bonds	9,469,988	9,486,677
Government Backed Securities	187,525	185,238
Mortgage Backed Securities	1,946,242	1,960,524
Certificates of Deposit	28,595,841	28,595,841
Commodity Funds	3,062,625	3,399,102
Exchange Traded Funds	209,966	152,519
Real Estate Investment Funds	3,505,552	3,500,745
Total Investments	$ 100,646,199	$ 91,547,874

	2016	
	Market Value	Cost
Domestic Equities	$ 29,626,207	$ 24,301,738
Foreign Equities	13,146,322	13,785,456
Corporate Bonds	5,770,014	5,748,567
Government Bonds	7,220,915	7,219,824
Government Backed Securities	275,357	269,603
Mortgage Backed Securities	4,405,840	4,406,351
Certificates of Deposit	33,725,065	33,725,065
Commodity Funds	2,723,021	2,975,934
Exchange Traded Funds	221,765	174,439
Real Estate Investment Funds	1,409,244	1,343,197
Total Investments	$ 98,523,750	$ 93,950,174

NOTE 3 INVESTMENTS (CONTINUED)

Investment income earned and market value change on these investments consisted of the following for the years ended June 30:

	2017	2016
Interest and Dividends	$ 1,790,301	$ 1,694,004
Realized Gains (Losses)	1,407,655	(746,423)
Unrealized Gains (Losses)	4,430,045	(371,332)
Total Investment Return	$ 7,628,001	$ 576,249

NOTE 4 LOANS RECEIVABLE AND SAVINGS ON DEPOSIT (SAVINGS & LOAN TRUST FUND)

Loans receivable and savings on deposit represent loans to and deposits from Diocesan entities, respectively. They are held by the Diocese of Venice Savings and Loan Trust Fund which is established for the mutual benefit of the participants. The provision for doubtful loans receivable is estimated by management based on an analysis of outstanding loans and related accrued interest. During the years ended June 30, 2017 and 2016, doubtful loans expense was recorded totaling $409,005 and $878,289, respectively.

Loans receivable due from parishes generally bear interest at a variable rate which was 4.75% at June 30, 2017 and 2016, and are due over periods ranging from 1 to 10 years. Total interest income associated with these loans for the years ended June 30, 2017 and 2016 was $888,533 and $1,168,892, respectively. At June 30, 2017 and 2016, loans receivable included accrued interest receivable totaling $2,241,380 and $2,016,924, respectively, and are due as follows:

	2017	2016
Loans Receivable - Current Year	$ 1,317,727	$ 1,282,506
Loans Receivable - Greater than One Year	33,676,947	27,601,083
Estimate of Doubtful Loans Receivable	(10,059,829)	(10,879,660)
Total Loans Receivable	$ 24,934,845	$ 18,003,929

Savings on deposit from parishes totaled $87,749,970 and $75,626,660 at June 30, 2017 and 2016, respectively, and bear interest at a variable rate which was 2.75% at June 30, 2017 and 2016. Interest expense on such deposits totaled $1,965,361 and $1,607,029 during the years ended June 30, 2017 and 2016, respectively. The Savings & Loan Trust pooled investments portfolio had a market value of $10,181,670 and $9,303,494 at June 30, 2017 and 2016, respectively. Depositors who invest funds in this portfolio are regularly allocated a share of total investment returns in proportion to their investment in the portfolio. The return on investment for the period ending June 30, 2017 and 2016 was 12.47% and -0.93%, respectively.

NOTE 5 MORTGAGES AND OTHER NOTES RECEIVABLE

Mortgages and other notes receivable are summarized as follows at June 30:

	2017	2016
Note Receivable from Nonprofit Corporation, Unsecured, Interest Accruing at 2%, Interest Only Payments Commencing June 30, 2013 and Payable Thereafter Annually, any Unpaid Interest and Principal due in full at Maturity Date, April 2, 2018.	$ 204,000	$ 204,000
Mortgages Receivable - See Description at Note 9	2,246,867	4,195,726
Promissory Note Line of Credit from Ave Maria Parish, $2,500,000 Available, Interest Accruing at 3.0%, Interest Only Payments Commencing January 2017 and Payable Thereafter Annually, any Unpaid Interest and Principal due in full at Maturity Date, January 17, 2020.	312,658	-
Promissory Note Line of Credit from All Saints Catholic Cemetery, Inc., $8,000,000 Available, Interest Accruing at 4.75%, Interest Only Payments Commencing July 2016 and Payable Thereafter Annually, any Unpaid Interest and Principal due in full at Maturity Date, July 1, 2022. The balance includes accrued interest totaling $553,688 and $387,323 at June 30, 2017 and 2016, respectively.	3,668,790	3,522,425
Other	61,531	47,140
Total Mortgages and Other Notes Receivable	$ 6,493,846	$ 7,969,291

A summary of the scheduled principal collections of mortgages and other notes receivable is as follows at June 30, 2017:

Year Ending June 30,	Amount
2018	$ 1,770,203
2019	742,195
2020	312,658
2021	-
2022	-
2023	3,668,790
Total	$ 6,493,846

NOTE 6 LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment consist of the following at June 30:

	2017	2016
Land	$ 1,398,757	$ 1,413,158
Equipment	633,020	633,020
Buildings and Improvements	9,626,490	9,676,291
Total	11,658,267	11,722,469
Less: Accumulated Depreciation	(5,191,883)	(4,921,505)
Total Land, Buildings, and Equipment	$ 6,466,384	$ 6,800,964

Depreciation expense for the years ended June 30, 2017 and 2016 was $297,665 and $320,631, respectively.

NOTE 7 LAND HELD FOR FUTURE EXPANSION

Land held for future expansion totals $41,517,565 and $33,798,155 at June 30, 2017 and 2016, respectively, and consists of land purchased or donated, designated to be used and held for future parish sites or for other religious purposes. The cost basis of the land includes original purchase price in addition to certain engineering and other permitting costs incurred in conjunction with the original purchase.

NOTE 8 LINE OF CREDIT

The Catholic Center has a $10,000,000 revolving line of credit with a bank that is due on demand. Interest accrues at the 30-day LIBOR rate plus 1.25% (2.42% and 1.70% at June 30, 2017 and 2016, respectively) and is payable monthly. The line of credit is collateralized by business assets of the Catholic Center. The total outstanding amount of this line of credit at June 30, 2017 and 2016 was $-0-.

NOTE 9 MORTGAGE NOTES PAYABLE

The Catholic Center is the primary obligor for certain mortgage loans from financial institutions and others on behalf of several Diocesan entities. The proceeds of these loans were primarily used to finance construction of real property improvements. The Catholic Center records a loan receivable from the Diocesan entity equal to the amount due to the mortgage holders. The debt service related to these loans is paid directly to the financial institution by the Diocesan entity. These loans are secured by substantially all business assets of the Catholic Center, with the exception of any real property.

The Catholic Center believes the entities are capable of making the required payments when due. Further, in management's opinion, the value of the underlying assets of these entities is sufficient to fully collateralize the debt. The total outstanding amount of these loans payable at June 30, 2017 and 2016 was $2,246,867 and $4,195,726, respectively.

NOTE 9 MORTGAGE NOTES PAYABLE (CONTINUED)

During the year ended June 30, 2017, the Catholic Center recognized interest expense and interest revenue totaling $111,905 in accordance with accounting standards for joint and several liability arrangements.

These mortgage loan agreements contain various covenants pertaining to maintenance of minimum debt service coverage and liquidity ratios in addition to requirements to provide certain reports to the financial institution. Also, the loan agreements require that no loans or extensions of credit be made to any individual without the prior consent of the financial institution. During the year ended June 30, 2017, the Catholic Center had outstanding loans to priests totaling approximately $32,551 without the prior required consent of the financial institution. Additionally, the Catholic Center failed to provide certain reports to the financial institution. The financial institution has waived these instances of non-compliance with the agreement as of June 30, 2017.

A summary of the scheduled principal payments on mortgage notes payable by parishes is as follows at June 30, 2017:

Year Ending June 30,	Amount
2018	$ 1,715,107
2019	531,760
Total	$ 2,246,867

NOTE 10 ANNUITY OBLIGATIONS

The Catholic Center has received funds for gift annuities. The annuity agreements provide that the Catholic Center will pay annuitants an amount each year based on the established life expectancy of the donor. The recorded annuity obligation at June 30, 2017 and 2016 of $679,127 and $754,608, respectively, represents the present value of future cash flows expected to be paid to the donors, and is included in other liabilities on the combined statement of financial position. Payments to beneficiaries for the years ended June 30, 2017 and 2016 totaled $83,442 and $97,331, respectively.

Additionally, the Catholic Center has received funds for gift annuities in which the ultimate beneficiaries are third parties other than the Catholic Center. The total estimated amounts owed to others related to these annuity obligations total $349,707 and $407,820 at June 30, 2017 and 2016, respectively.

State statutes require that assets equal to the sum of the outstanding annuity agreements, and a surplus of 10% of that amount, be maintained as a reserve in a separate fund. As of June 30, 2017, the Catholic Center is in compliance with the state statutes.

NOTE 11 FAIR VALUE MEASUREMENTS

The Catholic Center uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Catholic Center measures fair value, refer to Note 1 – Summary of Significant Accounting Policies.

The following table presents the fair value hierarchy for the balances of the assets and liabilities of the Catholic Center measured at fair value on a recurring basis as of June 30:

2017	Level 1	Level 2	Level 3	Total
Investments:				
Domestic Equities	$ 25,017,288	$ -	$ -	$ 25,017,288
Foreign Equities	23,255,878	-	-	23,255,878
Corporate Bonds	-	5,395,294	-	5,395,294
Government Bonds	-	9,469,988	-	9,469,988
Government Backed Securities	-	187,525	-	187,525
Mortgage Backed Securities	-	1,946,242	-	1,946,242
Certificates of Deposit	-	28,595,841	-	28,595,841
Commodity Funds	3,062,625	-	-	3,062,625
Exchange Traded Funds	209,966	-	-	209,966
Real Estate Investment Funds	3,505,552	-	-	3,505,552
Total Investments	$ 55,051,309	$ 45,594,890	$ -	$ 100,646,199
Liabilities:				
Annuity Obligations	$ -	$ -	$ 1,028,834	$ 1,028,834

2016	Level 1	Level 2	Level 3	Total
Investments:				
Domestic Equities	$ 29,626,207	$ -	$ -	$ 29,626,207
Foreign Equities	13,146,322	-	-	13,146,322
Corporate Bonds	-	5,770,014	-	5,770,014
Government Bonds	-	7,220,915	-	7,220,915
Government Backed Securities	-	275,357	-	275,357
Mortgage Backed Securities	-	4,405,840	-	4,405,840
Certificates of Deposit	-	33,725,065	-	33,725,065
Commodity Funds	2,723,021	-	-	2,723,021
Exchange Traded Funds	221,765	-	-	221,765
Real Estate Investment Funds	1,409,244	-	-	1,409,244
Total Investments	$ 47,126,559	$ 51,397,191	$ -	$ 98,523,750
Liabilities:				
Annuity Obligations	$ -	$ -	$ 1,162,428	$ 1,162,428

NOTE 11 FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth a summary of changes in the fair value of the Catholic Center Level 3 liabilities for the years ended June 30, 2017 and 2016:

Level 3 Annuity Obligations:	
Balance at July 1, 2015	$ 1,030,654
Payments Made to Beneficiaries	(97,331)
Change in Fair Value of Annuity Obligations	229,105
Balance at June 30, 2016	1,162,428
Payments Made to Beneficiaries	(83,442)
Change in Fair Value of Annuity Obligations	(50,152)
Balance at June 30, 2017	$ 1,028,834

Corporate and government bonds, and government and mortgage backed securities are measured at fair value with a valuation technique utilizing market prices at the close of the last business day for the statement period, provided by the investment advisors.

Annuity obligations are measured at fair value with a valuation technique utilizing estimated payout percentages, life expectancies, and IRS remainder factors.

NOTE 12 EMPLOYEE RETIREMENT PLANS

The Catholic Center makes contributions to a multi-employer defined benefit pension plan and a 403(b) Plan. These payments are made through the Diocese of Venice Retirement Program Trust.

The Plans cover eligible employees from Diocesan institutions, such as parishes and schools, which as noted in Note 1, are not combined with the Chancery Office for financial reporting purposes.

The Pension Plan is a noncontributory defined benefit pension plan established July 1, 2012 by a spin-off from the Seventh Amended and Restated Pension Plan for Employees within the Archdiocese of Miami/Diocese of Venice (Prior Plan). The Pension Plan is a qualified plan and is exempt from income taxes under the provisions of the Internal Revenue Code (IRC). The Pension Plan is a “Church Plan” as defined in Section 414(e) of the IRC and is exempt from Title I of the Employee retirement Income Security Act of 1974 (ERISA), as amended. The Pension Plan was most recently amended effective May 26, 2015.

The Pension Plan covers all members in the Prior Plan who are designated as Transferred members immediately prior to July 1, 2012. All other employees of the Diocese of Venice, as defined by the Pension Plan, were able to commence participation immediately or upon their subsequent employment, appointment, assignment, re-employment, reappointment, or reassignment. Effective July 1, 2014, the Pension Plan was frozen with regard to participation of certain Lay employees based on their years of service and no Lay employee hired on or after July 1, 2014 is eligible to participate in the Pension Plan.

NOTE 12 EMPLOYEE RETIREMENT PLANS (CONTINUED)

The following table discloses quantitative information of the Pension Plan as of and for the year ended February 1, 2017, which is the date of the latest actuarial valuation.

Legal Name and Plan Number	Plan EIN	Actuarial Present Value of Accumulated Plan Benefits	Fair Value of Plan Assets	Total Contributions	Long-Term Funded Status
Diocese of Venice Pension Plan & Trust, Number 001	45-6947361	$ 115,017,893	$ 98,699,342	$ 3,034,512	86%

Effective July 1, 2014, the Diocese of Venice adopted an Internal Revenue Code 403(b) retirement savings plan for substantially all employees of the Catholic Center and Diocesan entities. Contributions to the 403(b) plan are made by employees through salary deferrals as well as by the Catholic Center in both a non-contributory and matching component. The plan is exempt from the reporting requirements of ERISA.

The Catholic Center's contribution to both the pension and 403(b) plans is a fixed amount per priest and a percentage of qualified salaries for lay employees established by the trustees of the Plan. The Catholic Center's contributions to the plans for the years ended June 30, 2017 and 2016 are as follows:

	2017	2016
Employer Contributions	$ 314,532	$ 354,586

NOTE 13 OTHER EMPLOYEE BENEFITS

The Catholic Center provides post-employment health and other insurance coverage benefits to certain retired clergy. The Catholic Center is required to disclose the over or under funded status of a defined benefit post-employment plan and changes in the funding in the year in which the change occurs in unrestricted net assets. At June 30, 2017 and 2016, the post-employment obligation of the Catholic Center of approximately $1,201,000 and $575,000, respectively, is unfunded and calculated using the IRS life expectancy tables with a 3.75% and 3.25% discount rate, respectively. These obligations are based on the list of priests who are assigned to the Catholic Center at each respective fiscal year-end. Being that the majority of these priests will be assigned to another institution prior to their retirement, management believes that the full amount of the obligations noted above will not be realized and therefore these amounts are not recognized. The Catholic Center estimates post-employment health and other insurance benefit payments will be approximately $58,000 for each of the subsequent five years, and approximately $318,000 in the aggregate for the five fiscal years thereafter.

NOTE 14 ENDOWMENT

Endowment net asset composition by type of fund as of June 30:

	2017		
	Unrestricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	$ -	$ 1,600,000	$ 1,600,000
Designated Endowment Funds	5,262,309	-	5,262,309
Total Endowment Funds	$ 5,262,309	$ 1,600,000	$ 6,862,309

	2016		
	Unrestricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	$ -	$ 1,600,000	$ 1,600,000
Designated Endowment Funds	4,676,355	-	4,676,355
Total Endowment Funds	$ 4,676,355	$ 1,600,000	$ 6,276,355

The Catholic Center's endowment consists of two funds established for a variety of purposes. One endowment is donor-restricted and its income is to be used for operations and other administrative costs. The other consists of funds designated to function as an endowment. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Catholic Center has interpreted the relevant 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.

NOTE 14 ENDOWMENT (CONTINUED)

As a result of this interpretation, the Catholic Center classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as unrestricted net assets. The Catholic Center considers all earnings on endowment funds to be available for current year operations.

Endowment net asset composition by fund type as of June 30, 2017 and 2016 and during the years then ended is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, July 1, 2015	$ 4,675,450	$ -	$ 1,600,000	$ 6,275,450
Investment Return:				
Investment Income	125,153	-	-	125,153
Net Realized and Unrealized Losses	(94,724)	-	-	(94,724)
Total Investment Return	30,429	-	-	30,429
Contributions	-	-	-	-
Appropriations of Endowment Assets for Expenditure	(29,524)	-	-	(29,524)
Endowment Net Assets, June 30, 2016	4,676,355	-	1,600,000	6,276,355
Investment Return:				
Investment Income	114,344	-	-	114,344
Net Realized and Unrealized Losses	471,610	-	-	471,610
Total Investment Return	585,954	-	-	585,954
Contributions	-	-	-	-
Appropriations of Endowment Assets for Expenditure	-	-	-	-
Endowment Net Assets, June 30, 2017	$ 5,262,309	$ -	$ 1,600,000	$ 6,862,309

NOTE 14 ENDOWMENT (CONTINUED)

The Catholic Center has an investment policy statement (IPS) that is based on providing funding for its various programs. The objective of the IPS is to preserve capital and provide growth, income, and inflation protection with a moderate level of risk. The target rate of return is 5% - 7% over a 20-year time horizon. The Catholic Center IPS limits the type of investments to equities, fixed income, and real estate investment trusts. In addition, the policy limits that investments adhere to the prohibitions of investments in companies substantially engaged in the manufacturing, distribution, or provision of products or services that are inconsistent with the teachings of the Roman Catholic Church. No minimum performance yields have been established; however, the Catholic Center measures performance of fund managers within specified benchmarks. Performance is reviewed quarterly by both the Diocesan Investment Committee and the Diocesan Finance Council.

Spending Policy

The Catholic Center has a spending policy to determine the endowment distribution each year. In establishing this policy, the Catholic Center considers the long-term expected return on its endowment net of investment fees, inflation, and administrative fees. The Catholic Center's goal is to provide sustainable funding to Diocesan programs in perpetuity.

NOTE 15 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets available for future periods are as follows at June 30:

	2017	2016
Elder Care	$ 285,293	$ 285,293
Total Temporarily Restricted Net Assets	$ 285,293	$ 285,293

NOTE 16 SELF-INSURANCE PROGRAMS

The Diocese of Venice and certain other Roman Catholic dioceses in the state of Florida participates in their own self-insurance programs to provide coverage for property, workers' compensation, general liability, and certain other claims. A "first sharing agreement" enables each participating diocese to share each other's losses. Each diocese is allocated a sharing limit which represents the maximum amount of losses a diocese will be responsible for in any one year. For the policy years beginning April 1, 2017 and 2016, the Diocese of Venice's allocated sharing limit is $769,646 and $672,289 respectively. The Diocese of Venice is responsible for the losses incurred up to the amount of its allocated sharing limit. The other participating dioceses share in the remaining losses in proportion to their share of the total agreement, not to exceed their own respective limits. If the sharing limit for all participating dioceses in a certain claim year is exhausted, the Diocese of Venice is responsible for its losses in excess of its assigned proportion.

NOTE 16 SELF-INSURANCE PROGRAMS (CONTINUED)

The Diocese of Venice and certain other dioceses within the state of Florida are members of the Bishop's Plan Insurance Company (BPIC), an insurance captive, to provide excess coverage for property damage and workers' compensation claims. Membership in BPIC requires each member to purchase insurance as a condition of membership. Accordingly, the Diocese of Venice purchases insurance coverage required for membership.

All eligible employees of the Catholic Center and all Diocesan entities are offered health and dental insurance benefits through a self-insured plan. All entities are charged a premium estimated to meet the employer portion of the coverage provided.

NOTE 17 RELATED PARTIES

In addition to the other Diocesan entities described in Note 1, there are certain entities that are not included in the financial statements in which the Catholic Center has financial responsibility.

During the year ended June 30, 2013, the Catholic Center purchased 102 acres in Sarasota adjacent to the National Cemetery for approximately $2,800,000 on behalf of All Saints Catholic Cemetery, Inc. (ASCC), related through common management and control. This purchase was in response to a growing desire of Catholics in the Sarasota area to be buried in a Catholic cemetery. The Catholic Center loaned funds and entered into a loan agreement with ASCC, as described in Note 5. The amount due from ASCC totaled $3,668,790 and $3,522,425 at June 30, 2017 and 2016, respectively.

At June 30, 2017 and 2016, the Catholic Community Foundation of Southwest Florida, Inc. owed the Savings and Loan Trust Fund $650,000.

During the years ended June 30, 2017 and 2016, the Catholic Center received support from parishes in the form of Diocesan assessments of approximately $12,600,000 and $12,200,000, respectively.

NOTE 18 GAAP DEPARTURE

All Saints Catholic Cemetery, Inc. (ASCC) was incorporated during the year ended June 30, 2013. ASCC has three voting members: the Bishop, the Vicar General, and the Chancellor of the Diocese of Venice. Although ASCC is a separate legal corporation, accounting principles generally accepted in the United States of America require that an entity such as ASCC be included in the combined financial statements of the Diocese of Venice in Florida, Inc. If ASCC had been included in the combined financial statements of the Catholic Center at June 30, 2017, total land, buildings, and equipment would have increased $3,002,873; mortgages and other notes receivable would have decreased $3,668,790; interest revenue would have decreased $166,365; and total net assets – end of year would have decreased $665,917. If ASCC had been included in the combined financial statements of the Catholic Center at June 30, 2016, total land, buildings, and equipment would have increased $3,002,873; mortgages and other notes receivable would have decreased $3,522,425; interest revenue would have decreased $159,728; and total net assets – end of year would have decreased $519,552.

NOTE 19 COMMITMENTS AND CONTINGENCIES

The Catholic Center is involved in various asserted claims arising in the ordinary course of operations. In addition, the Catholic Center has consulted with legal counsel with respect to certain asserted and unasserted claims. In the opinion of management, the Catholic Center has made adequate provision for losses, if any, and while the ultimate result of these claims cannot be predicted with certainty, management believes the final outcome will not have a materially adverse effect on the Catholic Center's financial position.

At June 30, 2017 and 2016, the Catholic Center is contingently liable for a letter of credit in the amount of $447,560 placed with a financial institution, as required by Florida Power & Light. The letter of credit has a maturity date of June 4, 2018, and can be automatically extended for up to one year from that date.