



Financial Statements
Years Ended June 30, 2016 and 2015

**The Catholic Charitable Foundation for the
Roman Catholic Diocese of San Angelo**

Financial Statements
Years Ended June 30, 2016 and 2015

The Catholic Charitable Foundation for the Roman Catholic Diocese of San Angelo

Contents

Independent Auditor's Report	1 - 2
Financial Statements	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 14



Tel: 210-342-8000
Fax: 210-342-0866
www.bdo.com

9901 IH-10, Suite 500
San Antonio, TX 78230

Independent Auditor's Report

Board of Trustees
The Catholic Charitable Foundation for the
Roman Catholic Diocese of San Angelo
San Angelo, Texas

We have audited the accompanying financial statements of The Catholic Charitable Foundation for the Roman Catholic Diocese of San Angelo, which comprise the statements of financial position as of June 30, 2016 and 2015, the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Catholic Charitable Foundation for the Roman Catholic Diocese of San Angelo as of June 30, 2016 and 2015, and the changes in its net assets and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP

December 12, 2016

Financial Statements

**The Catholic Charitable Foundation for the
Roman Catholic Diocese of San Angelo**

Statements of Financial Position

<i>June 30,</i>	2016	2015
Assets		
Cash and cash equivalents	\$ 60,312	\$ 31,270
Interest receivable	-	3,078
Pledges receivable	2,000	2,000
Prepaid expense	-	300
Investments	5,189,856	5,285,808
Total Assets	\$ 5,252,168	\$ 5,322,456
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 200	\$ 301
Agency accounts	3,558,587	3,645,195
Total Liabilities	3,558,787	3,645,496
Net Assets		
Unrestricted:		
Administrative funds	67,645	55,473
Undesignated endowments	652,734	676,131
Designated endowments	973,002	945,356
Total Net Assets	1,693,381	1,676,960
Total Liabilities and Net Assets	\$ 5,252,168	\$ 5,322,456

The accompanying notes are an integral part of these financial statements.

**The Catholic Charitable Foundation for the
Roman Catholic Diocese of San Angelo**

Statements of Activities and Changes in Net Assets

<i>Years ended June 30,</i>	2016				2015			
	Unrestricted				Unrestricted			
	Administrative Funds	Undesignated Endowments	Designated Endowments	Total	Administrative Funds	Undesignated Endowments	Designated Endowments	Total
Revenue and Gains								
Donations - non-endowment	\$ -	\$ 250	\$ -	\$ 250	\$ 500	\$ -	\$ -	\$ 500
Donations - endowment	-	30	51,592	51,622	-	60	59,994	60,054
Management fee income	25,648	-	-	25,648	26,347	-	-	26,347
Interest and dividends	760	16,495	23,059	40,314	626	16,523	22,001	39,150
Realized gain on sale of investments	911	1,384	2,533	4,828	225	9,687	12,382	22,294
Unrealized (loss) on investments	(3,735)	(9,375)	(13,975)	(27,085)	(414)	(17,554)	(25,304)	(43,272)
Other income	134	2,928	4,112	7,174	79	3,357	4,439	7,875
Total Revenue and Gains	23,718	11,712	67,321	102,751	27,363	12,073	73,512	112,948
Expenses								
Grants awarded	-	28,682	30,706	59,388	-	28,900	28,336	57,236
Management fee	-	3,304	4,611	7,915	-	3,488	4,630	8,118
Professional and administrative	10,000	-	-	10,000	9,800	-	-	9,800
Investment advisory fees	146	3,123	4,358	7,627	77	3,271	4,358	7,706
Website fees	840	-	-	840	600	-	-	600
Other expenses	206	-	-	206	70	-	-	70
Online giving fees	354	-	-	354	335	-	-	335
Total Expenses	11,546	35,109	39,675	86,330	10,882	35,659	37,324	83,865
Change in Net Assets	12,172	(23,397)	27,646	16,421	16,481	(23,586)	36,188	29,083
Net Assets, beginning of period	55,473	676,131	945,356	1,676,960	38,992	699,717	909,168	1,647,877
Net Assets, end of period	\$ 67,645	\$ 652,734	\$ 973,002	\$ 1,693,381	\$ 55,473	\$ 676,131	\$ 945,356	\$ 1,676,960

The accompanying notes are an integral part of these financial statements.

**The Catholic Charitable Foundation for the
Roman Catholic Diocese of San Angelo**

Statements of Cash Flows

<i>Years ended June 30,</i>	2016	2015
Cash Flows from Operating Activities		
Change in net assets	\$ 16,421	\$ 29,083
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Realized (gain) on sale of investments	(4,828)	(22,294)
Unrealized loss on investments	27,085	43,272
Change in operating assets and liabilities:		
Interest receivable	3,078	(235)
Pledges receivable	-	10,400
Prepaid expense	300	-
Accounts payable	(101)	(1,006)
Agency accounts	(86,608)	(7,581)
Net Cash (Used in) Provided by Operating Activities	(44,653)	51,639
Cash Flows from Investing Activities		
Sale of Investments	176,133	53,089
Purchase of investments	(102,438)	(82,785)
Net Cash Provided by (Used in) Investing Activities	73,695	(29,696)
Net Increase in Cash and Cash Equivalents	29,042	21,943
Cash and Cash equivalents, beginning of year	31,270	9,327
Cash and Cash Equivalents, end of year	\$ 60,312	\$ 31,270

The accompanying notes are an integral part of these financial statements.

The Catholic Charitable Foundation for the Roman Catholic Diocese of San Angelo

Notes to Financial Statements

1. Reporting Entity

Nature of Operations

The Catholic Charitable Foundation for the Roman Catholic Diocese of San Angelo (the Foundation) is an independent, non-profit organization established to manage endowment and other funds for the benefit of the Roman Catholic Diocese of San Angelo (the Diocese), Roman Catholic parishes, schools, agencies and organizations within the Diocese.

The Foundation was established in April 2010 and began financial operations in September 2010.

The Foundation exists to assure funding for the future of our Catholic programs and ministries and to support our Catholic mission. The Foundation also assists the faithful by establishing a way for them to exercise their philanthropy by giving a gift that will last in perpetuity and provide lasting financial support to religious educational and apostolic activities of the Roman Catholic Church, primarily within the 29 counties of West and Central Texas that comprise the territorial boundaries of the Diocese. All gifts and monies received will be invested and managed for the benefit of the Diocese, the parishes, the Catholic schools or other Catholic institutions and ministries within the Diocese. Grants from established endowment funds will be made according to the donor's intent, in amounts and on terms as directed by the Board of Trustees (the Board).

2. Significant Accounting Policies

Financial Statement Presentation

The Foundation prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Accordingly, the Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted, as follows:

Unrestricted - Resources that are expendable at the discretion of the Board for conducting the operations of the Foundation.

Temporarily Restricted - Resources that are limited by the donor with stipulations that can be fulfilled by actions of the Board pursuant to those stipulations.

Permanently Restricted - Resources that are limited by the donor for preservation of corpus.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

**The Catholic Charitable Foundation for the
Roman Catholic Diocese of San Angelo**

Notes to Financial Statements

2. Significant Accounting Policies (Continued)

Fair Value of Financial Instruments

The Fair Value Measurements and Disclosures topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, defines fair value, establishes a three-level valuation hierarchy for disclosure of fair value measurements, and expands disclosures about fair value measurements to include how fair value is determined for assets and liabilities. ASC 820 clarifies that fair value is an exit price representing the amount that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants. An instrument's categorization within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The significant levels of inputs are as follows:

Level 1 - Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities.

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 assets or liabilities, which are typically based on an entity's own assumptions as there is little, if any, related market activity.

The Foundation's investments are all classified as Level 1.

Cash and Cash Equivalents

Cash and cash equivalents for the statements of cash flows are defined as all short-term investments in financial institutions maturing within three months of the financial statement date. Cash and cash equivalents that are part of the investment pool are shown within investments as those resources are not used for daily operating purposes.

Investments

Investments in investment management accounts are carried at fair value.

The Catholic Charitable Foundation for the Roman Catholic Diocese of San Angelo

Notes to Financial Statements

2. Significant Accounting Policies (Continued)

Types of Gifts

Gifts can be made to the Foundation at any time in any amount. All gifts over \$50 will be placed in the Foundation's unrestricted endowment fund unless the donor identifies an established designated endowment fund to which they wish to contribute. All gifts made to the Foundation are irrevocable gifts.

Types of gifts may include cash, securities, life insurance policies, and Individual Retirement Accounts (IRAs) that name the Foundation as a beneficiary, as well as mineral interests and real estate gifts. Non-cash gifts will generally be converted to cash as soon as possible after receipt of the gift.

All non-cash gifts must be approved by the Board to ensure that no liability is incurred for the Foundation by their acceptance.

Types of Funds

Agency accounts are investment management agreements with donors that are established for investment purposes only; no ownership rights are transferred to the Foundation. These funds are classified as liabilities in the statements of financial position.

Undesignated endowments are contributions to the Foundation for the general benefit of the Diocese. These funds are irrevocable gifts with variance power granted to the Foundation. At present these funds are identified as:

The Joe C. and Mary Multer Moeller Fund
Undesignated Endowment

Designated endowments are irrevocable gifts (not donor advised funds) with variance power granted to the Foundation. The funds were established by the following donors or in honor of the named endowments:

Marlene Del Davis Memorial Fund
Matthew B. Fenner Memorial Fund
Holy Family Catholic Church
Robert J. and Anne D. Huot
Morgan and Gene Knapp Memorial Fund
St. Elizabeth Ann Seton Catholic Church
St. Mary Central Catholic School
Most Reverend Michael D. Pfeifer Endowment Fund
Catholic Charities
Our Lady of San Juan Mission, Odessa
St. Mary's Church, Odessa
Most Reverend Michael J. Sis Endowment Fund
Angelo Catholic School Fund
James D. and Kathleen J. Webster Fund

The Catholic Charitable Foundation for the Roman Catholic Diocese of San Angelo

Notes to Financial Statements

2. Significant Accounting Policies (Continued)

Grants

Grants may be made from an endowment fund beginning one year after the fund has been established. The first grants were made in 2012. Information on the grant application process will be published on the Foundation's website prior to grant making.

Income Taxes

The Foundation operates as a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code and, as such, is not subject to federal or state income tax. The Foundation follows the provisions of ASC 740-10 on *Accounting for Uncertainty in Income Taxes*. Under ASC 740-10, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more-likely-than-not that the position will be sustained. The Foundation's management believes it has no material uncertain tax positions and, accordingly, will not recognize any related liability. For the years ended June 30, 2016 and 2015, the Foundation did not recognize any interest or penalties.

Tax years 2015-2013 remain open to examination by the taxing jurisdictions to which the Foundation is subject, and these periods have not been extended beyond the applicable statute of limitations.

Accounting Pronouncements Issued but Not Yet Adopted

Revenue from Contracts with Customers (Topic 606)

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FASB issued ASU 2015-14 that deferred the effective date for the Foundation until annual periods beginning after December 15, 2018. Earlier adoption is permitted subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. Management is currently evaluating the impact of this ASU on its financial statements.

The Catholic Charitable Foundation for the Roman Catholic Diocese of San Angelo

Notes to Financial Statements

2. Significant Accounting Policies (Continued)

Fair Value (Topic 820), Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Equivalent)

In May 2015, the FASB issued ASU 2015-07, *Fair Value (Topic 820), Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Equivalent)*, which allows for those entities that have elected the practical expedient to use the net asset value (NAV) as a measure of fair value and to no longer categorize these investments within the fair value hierarchy. The practical expedient criteria differ from the criteria used to categorize other fair value measurements within the hierarchy. A reporting entity should continue to disclose information on investments for which fair value is measured at NAV (or its equivalent) as a practical expedient to help users understand the nature and risks of the investments and whether the investments, if sold, are probable of being sold at amounts different from NAV. The ASU is effective for the Foundation's fiscal years beginning after December 15, 2016, with early application permitted and should be applied retrospectively. The retrospective approach requires that an investment for which fair value is measured using the NAV practical expedient be removed from the fair value hierarchy in all periods presented in an entity's financial statements. Management is currently evaluating the impact of this ASU on its financial statements.

Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The ASU is effective for the Foundation's financial statements for fiscal years beginning after December 15, 2017. Early adoption is permitted. The provisions of the ASU must be applied on a retrospective basis for all years presented although certain optional practical expedients are available for periods prior to adoption. Management is currently evaluating the impact of this ASU on their financial statements.

**The Catholic Charitable Foundation for the
Roman Catholic Diocese of San Angelo**

Notes to Financial Statements

3. Investments

Investments are reported at fair value with realized gains (losses) and unrealized appreciation (depreciation) reported in the statements of activities. The investments are carried at fair value in the statements of financial position. The cost and estimated fair value of investments at June 30 were as follows:

<i>2016</i>	Cost	Fair Value
Cash equivalents	\$ 66,447	\$ 66,447
U.S. Government obligations	674,105	701,916
Municipal bonds	329,477	340,181
Corporate bonds	711,784	734,863
Equities	2,004,765	2,297,851
Mutual funds - equities	211,067	230,127
Mutual funds - fixed income	139,143	139,037
Mutual funds - other	573,163	679,434
Total	\$ 4,709,951	\$ 5,189,856

<i>2015</i>	Cost	Fair Value
Cash equivalents	\$ 21,414	\$ 21,414
U.S. Government obligations	1,170,490	1,195,347
Municipal bonds	254,807	263,557
Corporate bonds	476,532	487,563
Equities	1,803,279	2,151,669
Mutual funds - equities	283,034	307,938
Mutual funds - other	721,231	858,320
Total	\$ 4,730,787	\$ 5,285,808

All investments are considered level 1 investments.

The Catholic Charitable Foundation for the Roman Catholic Diocese of San Angelo

Notes to Financial Statements

4. Pledges Receivable

Pledges receivable as of June 30, 2016 and 2015 amounted to \$2,000.

The pledge receivable of \$2,000 is expected to be collected during the year ending June 30, 2017.

Pledges receivable are recognized as revenue in the period pledged. Management has determined that an allowance for uncollectible promises to give is not necessary at this time, based upon their inquiries and contact with donors.

5. Endowment Funds

General Information

The Foundation maintains a fund established to manage endowment and other funds for the benefit of the parishes, schools, agencies, and organizations within the Diocese.

The funds include a donor-restricted endowment contribution. The donor-restricted endowment funds fall under the provisions of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), which was adopted by the state of Texas with an effective date of September 1, 2007. This policy defines the Foundation's interpretation of the provisions of this law as they relate to the prudent management of its endowment fund.

Endowment "Principal" Interpretation, and the Effect of Variance Powers

The Foundation has interpreted UPMIFA 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. Unlike permanent endowments, however, the endowment documents used to create the endowments in the Foundation specifically grant the Foundation the power to redirect and allocate funds as determined necessary by the Foundation. These powers are known as "Variance Powers". As a result of being granted these powers, the Foundation records all endowment net assets as unrestricted endowments, either designated or undesignated. The Foundation intends to maintain the original value of endowment gifts and spend only the earnings from such endowments.

Endowment Investment Objectives

Endowment investments are managed by professional money managers under the direction of the Board. Funds are invested in a manner that seeks to produce results that meet or exceed the performance of generally recognized market indices, while assuming a moderate level of investment risk.

To satisfy this performance objective, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on capital preservation of investments to achieve its long-term return objectives, within prudent risk constraints.

The Catholic Charitable Foundation for the Roman Catholic Diocese of San Angelo

Notes to Financial Statements

5. Endowment Funds (Continued)

Endowment "Income" Appropriation (Spending Policy)

The Board adopted an annual spend rate. The spend rate is the policy for distributing money from endowment funds that attempts to both preserve the capital investment and provide adequate income to the beneficiary while complying with state law. Texas law currently identifies a prudent spend rate of 5% or less of the value of a fund averaged over a three-year period, or for new funds valued over the life of the fund. For 2016 and 2015, the Board adopted a spending rate of 5% and 4.5%, respectively.

In accordance with UPMIFA, in all its endowment spending activity, the Foundation considers the following factors in making a determination to appropriate (spend) or accumulate donor-restricted endowment funds:

1. The duration and/or preservation of the endowment fund
2. The purposes of the Foundation and the donor-restricted endowment fund
3. General economic and investment market conditions
4. The possible effect of inflation and/or deflation
5. The expected total return from income and the historic appreciation of investments
6. Other resources of the Foundation, and
7. The investment policies of the Foundation.

Endowment Net Asset Composition by Type of Fund as of June 30

<i>2016</i>	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Undesignated endowment funds	\$ 652,734	\$ -	\$ -	\$ 652,734
Designated endowment funds	973,002	-	-	973,002
Total	\$ 1,625,736	\$ -	\$ -	\$ 1,625,736

<i>2015</i>	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Undesignated endowment funds	\$ 676,131	\$ -	\$ -	\$ 676,131
Designated endowment funds	945,356	-	-	945,356
Total	\$ 1,621,487	\$ -	\$ -	\$ 1,621,487

6. Related Party

The Diocese provides bookkeeping and administrative services for the Foundation. The Foundation pays fiduciary fees to a professional money manager, which acts as investment portfolio advisor and asset custodian for the Trustees.

The Catholic Charitable Foundation for the
Roman Catholic Diocese of San Angelo

Notes to Financial Statements

7. Subsequent Events

Subsequent events have been evaluated by management from June 30, 2016 through December 12, 2016, which is the date the financial statements were available to be issued.