

**CATHOLIC COMMUNITY
FOUNDATION IN THE
ARCHDIOCESE OF MIAMI, INC.
Financial Statements
June 30, 2016 and 2015**

CATHOLIC COMMUNITY FOUNDATION IN THE ARCHDIOCESE OF MIAMI, INC.

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June 30, 2016 and 2015

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&
C O M P A N Y

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Report of Independent Certified Public Accountants

To the Board of Directors of the
Catholic Community Foundation in the Archdiocese of Miami, Inc.
Miami Shores, Florida

We have audited the accompanying statements of financial position of the Catholic Community Foundation in the Archdiocese of Miami, Inc. as of June 30, 2016 and 2015 and the related statements of activities and change in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Catholic Community Foundation in the Archdiocese of Miami, Inc. as of June 30, 2016 and 2015, and the results of its activities and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

KABAT, SCHERTZER, DE LA TORRE, TARABOULOS & Co.

August 19, 2016
Miami, Florida

PARTNERS:

JORGE N. DE LA TORRE, CPA, CFF • CPA • ERIC J. LEVENTHAL, CPA • RICKEY I. MITTELBERG, CPA
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CATHOLIC COMMUNITY FOUNDATION IN THE ARCHDIOCESE OF MIAMI, INC.

Statements of Financial Position

June 30, 2016 and 2015

Assets	<u>2016</u>	<u>2015</u>
Investments, at fair value	\$ 16,658,201	\$ 16,389,572
Funds held in trust - participating entities	<u>155,950,284</u>	<u>158,430,957</u>
Total investments and funds held in trust	<u>172,608,485</u>	<u>174,820,529</u>
Total Assets	<u>\$ 172,608,485</u>	<u>\$ 174,820,529</u>
 Liabilities and Net Assets		
Funds held in trust - participating entities	\$ <u>155,950,284</u>	\$ <u>158,430,957</u>
Total Liabilities	<u>\$ 155,950,284</u>	<u>\$ 158,430,957</u>
 Net Assets		
Temporarily restricted	\$ 285,507	\$ 346,896
Permanently restricted	<u>16,372,694</u>	<u>16,042,676</u>
Total Net Assets	<u>16,658,201</u>	<u>16,389,572</u>
Total Liabilities and Net Assets	<u>\$ 172,608,485</u>	<u>\$ 174,820,529</u>

Read accompanying notes to financial statements.

CATHOLIC COMMUNITY FOUNDATION IN THE ARCHDIOCESE OF MIAMI, INC.

Statements of Activities and Change in Net Assets

For the Years Ended June 30, 2016 and 2015

	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:								
Contributions	\$ -	\$ 18,590	\$ 996,393	\$ 1,014,983	\$ -	\$ 8,567	\$ 10,544,556	\$ 10,553,123
Investment income	-	4,750	303,218	307,968	-	4,621	199,416	204,037
Investment management fees	-	(704)	(22,968)	(23,672)	-	(663)	(23,590)	(24,253)
Net realized and unrealized (loss) / gain on investments	-	(8,694)	(527,309)	(536,003)	-	(34)	92,275	92,241
Total support and revenue	-	13,942	749,334	763,276	-	12,491	10,812,657	10,825,148
Net assets released from restrictions:								
Net assets released from restrictions	494,647	(75,331)	(419,316)	-	221,411	(62,653)	(158,758)	-
Total support and revenue and reclassifications	494,647	(61,389)	330,018	763,276	221,411	(50,162)	10,653,899	10,825,148
Expenses:								
General and administrative	72,331	-	-	72,331	55,638	-	-	55,638
Total expenses	72,331	-	-	72,331	55,638	-	-	55,638
Change in net assets before withdrawals by participants	422,316	(61,389)	330,018	690,945	165,773	(50,162)	10,653,899	10,769,510
Withdrawals by participants	(422,316)	-	-	(422,316)	(165,773)	-	-	(165,773)
Change in net assets	-	(61,389)	330,018	268,629	-	(50,162)	10,653,899	10,603,737
Net assets:								
Beginning	-	346,896	16,042,676	16,389,572	-	397,058	5,388,777	5,785,835
Ending	\$ -	\$ 285,507	\$ 16,372,694	\$ 16,658,201	\$ -	\$ 346,896	\$ 16,042,676	\$ 16,389,572

Read accompanying notes to financial statements.

CATHOLIC COMMUNITY FOUNDATION IN THE ARCHDIOCESE OF MIAMI, INC.

Statements of Cash Flows

For the Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ 268,629	\$ 10,603,737
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Investment income	307,968	204,037
Contributions by participants	(1,014,983)	(10,553,123)
Withdrawals by participants	422,316	165,773
Net realized and unrealized gain on investments	536,003	(92,241)
Changes in operating assets and liabilities:		
Increase in funds held in trust assets	2,212,044	(17,393,778)
Increase in funds held in trust liabilities	<u>(2,212,044)</u>	<u>17,393,778</u>
Net cash provided by operating activities	519,933	328,183
Cash flows from investing activities:		
Purchase of investments, net	<u>(1,112,600)</u>	<u>(10,715,533)</u>
Net cash used in investing activities	(1,112,600)	(10,715,533)
Cash flows from financing activities:		
Contributions by participants	1,014,983	908,779
Withdrawals by participants	<u>(422,316)</u>	<u>(160,951)</u>
Net cash provided by financing activities	\$ 592,667	\$ 747,828
Change in Cash	-	-
Cash - Beginning of year	<u>-</u>	<u>-</u>
Cash - End of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Read accompanying notes to financial statements.

CATHOLIC COMMUNITY FOUNDATION IN THE ARCHDIOCESE OF MIAMI, INC.

Notes to the Financial Statements

June 30, 2016 and 2015

**1. Nature of
Organization and
Significant
Accounting Policies**

Nature of organization

Catholic Community Foundation in the Archdiocese of Miami, Inc. (the “Foundation”) was formed in March 1998 as a not-for-profit Florida corporation whose primary purpose is to administer and invest endowed gifts for any and all of the individual parishes, schools and other agencies of the Catholic Church, particularly those located in South Florida. With full regard for the interests of the donors and reflecting the Church’s extensive and diverse efforts to carry out the work of Our Lord, the Foundation shall serve the Archdiocese of Miami, the benefitting ministries, and the donors in their efforts to fulfill the two Great Commandments – that we are to love God with our whole being and to love our neighbor as ourselves for the love of God.

Financial statement presentation

The financial statements are presented in accordance with Accounting Standards Codification (“ASC”) 958-205, *Not-For-Profit Entities – Presentation of Financial Statements*. Under ASC 958-205, the Foundation classifies information regarding its financial position and activities into three categories of net assets based on the existence or the absence of donor-imposed restrictions. The three net asset categories are as follows:

- Unrestricted – Net assets which are free of donor-imposed restrictions; all revenues, gains and losses that are not changes in permanently or temporarily restricted net assets.
- Temporarily Restricted – Net assets whose use by the Foundation is limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled or removed by actions of the Foundation pursuant to those stipulations.
- Permanently Restricted – Net assets whose use by the Foundation is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Foundation.

ASC 958 also establishes standards for transactions in which a donor makes a contribution to a recipient not-for-profit organization on behalf of another entity that is specified by the donor. This statement requires a recipient not-for-profit organization that accepts cash or other financial assets from a donor and agrees to use those assets on behalf of or transfer those assets, the return on investment of those assets, or both to a specified affiliated beneficiary to recognize the fair value of those assets it receives as a contribution received.

CATHOLIC COMMUNITY FOUNDATION IN THE ARCHDIOCESE OF MIAMI, INC.

Notes to the Financial Statements

June 30, 2016 and 2015

Investments

Investments are stated at fair value.

Donor advised funds

The Foundation offers funds whereby the donor has the privilege of recommending, and the Foundation has the final authority of selecting, within the mission and policies of the Foundation, the grant recipients. These funds may be established as endowments or may be provisional funds, in which instance both principal and income may be expended.

Contributions by participants

Contributions are recorded in accordance with ASC 958-605, *Not-For-Profit Entities – Revenue Recognition*, and recognized in full when received or unconditionally promised. Contributions are also recorded in accordance with ASC 958-205 as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

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 and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Income taxes

The Foundation is exempt from all federal and state income taxes, except for income unrelated to the purpose of the Foundation, under Internal Revenue Code Section 501(c)(3) as a qualified nonprofit organization under the group tax exemption of the Roman Catholic Church in the United States of America and included in the Official Catholic Directory for 2016. For the years ended June 30, 2016 and 2015, no provision for income taxes is required. The Foundation has implemented ASC 740, *Accounting for Uncertainty in Income Taxes*, and has determined there is no material impact on the financial statements.

CATHOLIC COMMUNITY FOUNDATION IN THE ARCHDIOCESE OF MIAMI, INC.

Notes to the Financial Statements

June 30, 2016 and 2015

Risks and uncertainties

The Foundation provides for various investment options in any combination of stocks, bonds, fixed income securities, mutual funds, and other investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is reasonably possible that changes in risks in the near term would materially affect participants' account balances and the amounts reported in the accompanying financial statements.

Fair value measurements

Assets and liabilities measured at fair value are recorded in accordance with ASC 820, *Fair Value Measurements and Disclosures*, which 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. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, ASC 820 establishes a three-tier value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level I Inputs – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
- Level II Inputs – Inputs other than quoted prices in active markets that are observable either directly or indirectly.
- Level III Inputs – Unobservable inputs in which there is little or no market data, which requires management to develop their own assumptions.

Subsequent Events

Management has evaluated subsequent events through August 19, 2016, the date the financial statements were available to be issued.

CATHOLIC COMMUNITY FOUNDATION IN THE ARCHDIOCESE OF MIAMI, INC.

Notes to the Financial Statements

June 30, 2016 and 2015

2. Investments

Investments are classified using Level I Inputs of the fair value hierarchy because they are valued using quoted market prices with reasonable levels of price transparency. Investments are comprised of the following at June 30, 2016:

	Cost	Percentage	Fair Value	Percentage
Cash equivalents	\$ 3,347,570	2.1%	\$ 3,347,570	1.9%
Equity investments	72,491,909	45.5%	93,131,682	54.0%
Fixed income investments	32,320,989	20.3%	32,661,254	18.9%
Alternative investments	51,230,097	32.1%	43,467,979	25.2%
	\$ 151,909,304	100.0%	\$ 172,608,485	100.0%

Investments are classified using Level I Inputs of the fair value hierarchy because they are valued using quoted market prices with reasonable levels of price transparency. Investments are comprised of the following at June 30, 2015:

	Cost	Percentage	Fair Value	Percentage
Cash equivalents	\$ 6,101,911	4.0%	\$ 6,101,911	3.5%
Equity investments	61,572,541	40.5%	87,864,192	50.3%
Fixed income investments	31,362,337	20.7%	31,158,051	17.8%
Alternative investments	52,872,515	34.8%	49,696,375	28.4%
	\$ 151,909,304	100.0%	\$ 174,820,529	100.0%

Investment income consisted of the following for the years ended June 30, 2016 and 2015:

	2016		2015	
	Foundation	Funds Held In Trust	Foundation	Funds Held In Trust
Investment income	\$ 307,968	\$ 2,924,582	\$ 204,037	\$ 127,477
Net realized and unrealized gain on investments	(536,003)	(5,310,956)	92,241	2,419,002
	\$ (228,035)	\$ (2,386,374)	\$ 296,278	\$ 2,546,479

Read accompanying Report of Independent Certified Public Accountants.

CATHOLIC COMMUNITY FOUNDATION IN THE ARCHDIOCESE OF MIAMI, INC.

Notes to the Financial Statements

June 30, 2016 and 2015

- 3. Funds Held in Trust** The Foundation has entered into agreements with various participating Entities to invest certain assets on their behalf. These assets, and the related investment earnings and expenses, are recorded as funds held in trust in the accompanying financial statements.

Funds Held in Trust are stated at fair value and are comprised of the following for the years ended June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
The Archdiocese of Miami Millennium Appeal, Inc. d/b/a Vision 2000	\$ 32,659,453	\$ 34,611,221
The Archdiocese of Miami Endowment Fund, Inc.	67,637,019	67,303,295
Other Participating Entities	<u>55,653,812</u>	<u>56,516,441</u>
	<u>\$ 155,950,284</u>	<u>\$ 158,430,957</u>

- 4. Net Assets** Unrestricted and temporarily restricted net assets, upon availability, are used to support qualified not-for-profit entities sponsored by the Archdiocese.

Permanently restricted net assets are restricted to investment in perpetuity, the income of which is expendable for support.

- 5. Related Party Transactions** The Foundation is sponsored by the Archdiocese of Miami, Inc. (the "Archdiocese") and its offices are located at the headquarters of the Archdiocese. Except for a \$50,000 annual subsidy for its Executive Director, the Foundation is not charged rent, labor costs or other administrative expenses by the Archdiocese for the use of its offices, employees or other resources, respectively.