

CATHOLIC DIOCESE OF LAS VEGAS CAPITAL MANAGEMENT CORPORATION

FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

(With Report of Independent Certified Public Accountants Thereon)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Diocese of Las Vegas Capital Management Corporation
Las Vegas, Nevada

We have audited the accompanying financial statements of the Catholic Diocese of Las Vegas Capital Management Corporation (a non-profit organization) which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities 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 controls 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 audit 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 controls 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 controls. 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 Diocese of Las Vegas Capital Management Corporation as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

HRP CPAs

HRP CPAs
October 31, 2017
Las Vegas, Nevada

CATHOLIC DIOCESE OF LAS VEGAS CAPITAL MANAGEMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2017 AND 2016

	2017	2016
ASSETS		
Cash and cash equivalents	\$ 9,935,132	\$ 9,262,062
Receivable - related party	572,832	1,678,082
Receivables - other	111,897	67,453
Investments	50,877,744	47,143,536
Notes and mortgages receivable	9,152,146	6,584,393
 Total assets	 \$ 70,649,751	 \$ 64,735,526
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 230,824	\$ 38,573
Deposits payable	66,627,963	60,907,199
Total liabilities	66,858,787	60,945,772
Commitments and contingencies		
 Unrestricted net assets	 3,790,964	 3,789,754
Total net assets	3,790,964	3,789,754
 Total liabilities and net assets	 \$ 70,649,751	 \$ 64,735,526

See Accompanying Notes to Financial Statements

CATHOLIC DIOCESE OF LAS VEGAS CAPITAL MANAGEMENT CORPORATION
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
Changes in unrestricted net assets:		
REVENUE		
Investment income	\$ 570,190	\$ 409,058
Total revenue	570,190	409,058
EXPENSES		
Investment expense	568,980	382,161
Total expenses	568,980	382,161
Increase in unrestricted net assets	1,210	26,897
INCREASE IN NET ASSETS	\$ 1,210	\$ 26,897
NET ASSETS, beginning of period	3,789,754	3,762,857
NET ASSETS, end of period	\$ 3,790,964	\$ 3,789,754

See Accompanying Notes to Financial Statements

CATHOLIC DIOCESE OF LAS VEGAS CAPITAL MANAGEMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 1,210	\$ 26,897
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Changes in assets and liabilities		
Receivable - related party	1,105,250	-
Receivables - other	(44,444)	37,390
Accounts payable and accrued expenses	192,251	(17,254)
Net cash provided by operating activities	1,254,267	47,033
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(3,734,208)	(3,156,829)
(Increase)/decrease on notes and mortgages receivable	(2,567,753)	4,387,144
Net cash provided by (used in) investing activities	(6,301,961)	1,230,315
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase/(decrease) on deposits payable	5,720,764	(7,789)
Net cash provided by (used in) financing activities	5,720,764	(7,789)
NET INCREASE IN CASH AND CASH EQUIVALENTS	673,070	1,269,559
CASH AND CASH EQUIVALENTS, Beginning of period	9,262,062	7,992,503
CASH AND CASH EQUIVALENTS, End of period	\$ 9,935,132	\$ 9,262,062
SUPPLEMENTAL CASH FLOW DATA:		
Cash paid during the year for interest	\$ 568,980	\$ 382,161

See Accompanying Notes to Financial Statements

CATHOLIC DIOCESE OF LAS VEGAS CAPITAL MANAGEMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial statement presentation – The accompanying financial statements include the assets, liabilities and operations of departments under the Catholic Diocese of Las Vegas Capital Management Corporation (“CDLV CMC”). This organization is a nonprofit, support corporation that is exclusively for religious, charitable and/or educational purposes consistent with the exempt purposes described in Section 509(a)(3) of the Internal Revenue Code. A Diocesan Service Agreement was entered into as of February 1, 2011 between CDLV CMC and The Roman Catholic Bishop of Las Vegas, and His Successors, a Corporation Sole for itself and on behalf of all of the parishes, schools and ministries within its jurisdiction (“Diocese”). Under this agreement, CDLV CMC is obligated to hold, invest, loan and otherwise manage funds deposited by the Diocese and Parishes and that the Diocese will provide personnel, as necessary, to perform these functions. These statements do not reflect the assets, liabilities or operations of the Diocese except for those transactions directly related to the operation of CDLV CMC.

The financial statements of CDLV CMC have been prepared in accordance with generally accepted accounting principles and “Accounting Principles and Practices for Church and Church-related Organizations”, adopted by The National Conference of Catholic Bishops, The Leadership Conference for Women Religious and The Conference of Major Superiors of Men.

Basis of presentation – The Organization reports net assets based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets

Net assets that are not subject to donor-imposed limitations. This category includes unrestricted assets, uncollected pledges and property.

Temporarily restricted net assets

Net assets subject to donor-imposed stipulations that will either be met by actions of the Organization and/or the passage of time. The category includes grants received by the Organization, endowment pledges and certain property. The category also includes certain property and equipment that the board has adopted accounting policies for; restricting those assets to expire over the assets estimated useful life under ASC Subtopic 958-205 “Not-for-Profit Entities – Presentation of Financial Statements.

Permanently restricted net assets

Net assets subject to donor-imposed stipulations that they may be maintained permanently by the Organization. The donors of these assets may permit the unrestricted use of the income from these assets or further restrict the use of the income.

Cash and cash equivalents – CDLV CMC considers all money market accounts and highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents.

Investments – Marketable equity securities and other investments are stated at their fair value, which is determined by quoted market prices. Net appreciation (depreciation) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on these investments, is included in investment income (loss) in the statements of activities.

CATHOLIC DIOCESE OF LAS VEGAS CAPITAL MANAGEMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value of financial instruments

The Organization's financial instruments include certificates of deposit, government securities, accounts receivable, accounts payable, accrued expenses, and deposits payable. The fair value hierarchy under U.S. GAAP distinguishes between assumptions based on market data (observable inputs) and an entity's own assumptions (unobservable inputs). The hierarchy prioritizes valuation inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of three levels:

Level one – Unadjusted quoted market prices in active markets for identical assets or liabilities;

Level two – Inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and

Level three – Unobservable inputs developed using estimates and assumptions, which are developed by the reporting entity and reflect those assumptions that a market participant would use. The Organization has determined the estimated fair values of its financial instruments using available market information and commonly accepted valuation methodologies. However, considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the Organization's estimates are not necessarily indicative of the amounts that it, or holders of the instruments, could realize in a current market exchange. The use of different assumptions or valuation methodologies could have a material effect on the estimated fair value amounts. The fair value estimates are based on information available as of June 30, 2017. These amounts have not been revalued since those dates, and current estimates of fair value could differ significantly from the amounts presented.

The carrying value of certificates of deposit, government securities, accounts receivable, accounts payable, accrued expenses, and deposits payable approximate their respective fair values.

Notes and mortgages receivable – Notes and mortgages receivable are carried at cost. These notes and mortgages consist of loans to Parishes at prime rate with terms up to ten years.

Income tax status – CDLV CMC is a nonprofit, tax exempt organization under Section 509(a)(3) of the Internal Revenue Code and as such is exempt from federal income tax. Accordingly, no income tax is reflected in the accompanying financial statements.

Concentrations of credit risk – Financial instruments, which potentially subject CDLV CMC to significant concentration of credit risk, consist primarily of cash and cash equivalents, and Diocesan receivables. A significant portion of CDLV CMC's cash equivalents are maintained with a single trustee. CDLV CMC has not experienced any losses in such accounts. CDLV CMC believes it is not exposed to any significant credit risk on cash and cash equivalents.

Use of estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates based on management's knowledge and experience. Due to their prospective nature, actual results could differ from those estimates.

CATHOLIC DIOCESE OF LAS VEGAS CAPITAL MANAGEMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

2. CASH AND CASH EQUIVALENTS, INVESTMENTS AND INVESTMENT INCOME

Balances as of June 30, 2017 and 2016 are as follows:

	2017	2016
Cash and cash equivalents:		
Cash	\$ 1,655,213	\$ 1,739,774
Cash equivalents	8,279,919	7,522,288
	\$ 9,935,132	\$ 9,262,062
Investments:		
Government securities	\$ 48,952,174	\$ 47,143,536
Stocks, bonds and other investments	1,925,570	-
	\$ 50,877,744	\$ 47,143,536
Investment income:		
Interest and dividend income	\$ 171,864	\$ 131,495
Realized losses	(81,180)	(107)
Unrealized gains	479,506	277,670
Net investment income	\$ 570,190	\$ 409,058

3. RECEIVABLE – RELATED PARTY

Receivable – related party consists of amounts due from the Diocese. As of June 30, 2017 and 2016 the balances totaled \$572,832 and \$1,678,082, respectively. The loan is non-interest bearing and due on demand.

4. NOTES AND MORTGAGES RECEIVABLE

Notes and mortgages receivable consist of notes from various parishes and institutions bearing interest at rates ranging from 3.25% to 4.5% as of June 30, 2017 and 2016. The balances totaled \$9,152,146 and \$6,584,393, respectively.

5. DEPOSITS PAYABLE

Deposits payable consist of deposits from various parishes and institutions paying interest at the rate of 0.3% and are due upon demand. Deposits payable as of June 30, 2017 and 2016 totaled \$66,627,963 and \$60,907,199, respectively.

6. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Organization is subject to proceedings, lawsuits and other claims. Such matters can be subject to many uncertainties, and outcomes are not predictable with assurance. The Organization is not aware of the existence of any such matters at June 30, 2017, and has not accrued for any such contingencies, accordingly.

7. SUBSEQUENT EVENTS

The organization has evaluated subsequent events through October 31, 2017, the date the financial statements were available to be issued and there were no other material subsequent events to disclose.