

CATHOLIC DIOCESE OF LAS VEGAS
CAPITAL MANAGEMENT CORPORATION

FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

(With Report of Independent Certified Public Accountants Thereon)

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INDEPENDENT AUDITORS 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, 2015 and 2014, 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 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 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 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 Diocese of Las Vegas Capital Management Corporation as of June 30, 2015 and 2014, 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.

LLB CPAs

LLB CPAs
November 20, 2015
Las Vegas, Nevada

CATHOLIC DIOCESE OF LAS VEGAS CAPITAL MANAGEMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
JUNE 30,

	2015	Restated 2014
ASSETS		
Cash and cash equivalents	\$ 7,992,503	\$ 6,181,334
Receivable - related party	1,678,082	1,678,082
Receivables - other	104,843	410,393
Investments	43,986,707	45,039,722
Notes and mortgages receivable	10,971,537	5,337,157
Total assets	\$ 64,733,672	\$ 58,646,688
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 55,827	\$ 54,999
Deposits payable	60,914,988	54,962,642
Total liabilities	60,970,815	55,017,641
Commitments and contingencies		
Unrestricted net assets	3,762,857	3,629,047
Total net assets	3,762,857	3,629,047
Total liabilities and net assets	\$ 64,733,672	\$ 58,646,688

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,

	2015	2014
Changes in unrestricted net assets:		
REVENUE		
Investment income	\$ 304,432	\$ 281,235
Total unrestricted revenues and gains	304,432	281,235
EXPENSES		
Interest expense	170,622	148,952
Total expenses and losses	170,622	148,952
 Increase in unrestricted net assets	 133,810	 132,283
INCREASE IN NET ASSETS	\$ 133,810	\$ 132,283
NET ASSETS, beginning of period	3,629,047	3,496,764
NET ASSETS, end of period	\$ 3,762,857	\$ 3,629,047

See Accompanying Notes to Financial Statements

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

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 133,810	\$ 132,283
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Changes in assets and liabilities		
Receivables - other	305,550	44,194
Accounts payable and accrued expenses	828	46,040
Net cash provided by (used in) operating activities	440,188	222,517
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase of investments)/sale of investments, net	1,053,015	(15,256,235)
(Increase)/decrease in notes and mortgages receivables	(5,634,380)	267,030
Net cash provided by (used in) investing activities	(4,581,365)	(14,989,205)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase on deposits payable	5,952,346	8,596,636
Net cash provided by financing activities	5,952,346	8,596,636
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	1,811,169	(6,170,052)
CASH AND CASH EQUIVALENTS, Beginning of period	6,181,334	12,351,386
CASH AND CASH EQUIVALENTS, End of period	\$ 7,992,503	\$ 6,181,334
SUPPLEMENTAL CASH FLOW DATA:		
Cash paid during the year for interest	\$ 170,622	\$ 148,952

See Accompanying Notes to Financial Statements

CATHOLIC DIOCESE OF LAS VEGAS CAPITAL MANAGEMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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 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 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.

Reclassification of prior year – Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

CATHOLIC DIOCESE OF LAS VEGAS CAPITAL MANAGEMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2014. 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 receivable are carried at cost. These notes 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 501(c)(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. No losses on these accounts have ever occurred and no significant exposure to credit risk is anticipated.

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, 2015

2. CASH AND CASH EQUIVALENTS, INVESTMENTS AND INVESTMENT INCOME

Balances as of June 30, 2015 and 2014 are as follows:

	2015	2014
Cash and cash equivalents:		
Cash	\$ 1,123,121	\$ 207,969
Cash equivalents	6,869,382	5,973,365
	\$ 7,992,503	\$ 6,181,334
Investments:		
Government securities	\$ 43,986,707	\$ 45,039,722
Stocks, bonds and other investments	-	-
	\$ 43,986,707	\$ 45,039,722
Investment income:		
Interest and dividend income	\$ 141,632	\$ 221,316
Realized gains (losses)	22,781	21,957
Unrealized gains (losses)	140,019	37,962
Net investment income	\$ 304,432	\$ 281,235

3. RECEIVABLES – RELATED PARTY

Receivables – related party consist of amounts due from the Diocese, as of June 30, 2015 and 2014 the balances totaled \$1,678,082 and \$1,678,082, respectively.

4. NOTES AND MORTGAGES RECEIVABLE

Notes and mortgages receivable consist of notes from various parishes and institutions bearing interest at prime (3.25%) as of June 30, 2015 and 2014 the balances totaled \$10,971,537 and \$5,337,157, respectively.

5. DEPOSITS PAYABLE

Deposits payable consist of deposits from various parishes and institutions paying interest at the three-month Treasury bill rate and are due upon demand. Deposits payable as of June 30, 2015 and 2014 totaled \$60,914,988 and \$54,962,642 respectively.

6. COMMITMENTS AND CONTIGENCIES

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, 2015, and has not accrued for any such contingencies, accordingly.

CATHOLIC DIOCESE OF LAS VEGAS CAPITAL MANAGEMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

7. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 20, 2015, the date the financial statements were issued.