

Diocese of Laredo Chancery Office

**Audited Financial Statements
And Supplementary Information**

For the Fiscal Years Ended June 30, 2016 and 2015

**Diocese of Laredo Chancery Office
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June 30, 2016**

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INDEPENDENT AUDITOR'S REPORT

To the Most Reverend James A. Tamayo
Bishop of Laredo
Diocese of Laredo Chancery Office

We have audited the accompanying financial statements of the Diocese of Laredo Chancery Office (a nonprofit organization) which comprise the statements of financial position as of June 30, 2016 and 2015, 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 audit. We conducted our audit 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 Diocese of Laredo Chancery Office as of June 30, 2016 and 2015, 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 14 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Flores Auditing, PLLC

Flores Auditing, PLLC

Laredo, TX

December 2, 2016

Diocese of Laredo Chancery Office
Statements of Financial Position
June 30, 2016 and 2015

	6/30/2016	6/30/2015
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 6,108,568	\$ 5,996,486
Cash, Restricted (Note 3)	4,619,119	4,577,526
Accounts Receivable (Note 2)	960,360	719,509
Total Current Assets	11,688,047	11,293,521
PROPERTY AND EQUIPMENT		
Land, Buildings & Equipment, net of Accumulated Depreciation (Note 4)	1,835,239	1,902,326
Net Property and Equipment	1,835,239	1,902,326
OTHER ASSETS		
Other Assets	4,575	20,305
Long Term Investments (Note 3)	1,081,843	1,057,339
Long Term Investments, Restricted (Note 3)	6,991,924	6,982,003
Total Other Assets	8,078,342	8,059,647
TOTAL ASSETS	\$ 21,601,628	\$ 21,255,494
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 146,784	\$ 204,526
Accrued Wages Payable	82,816	63,857
Deferred Revenues (Note 5)	818,883	967,792
Due to Others (Note 6)	1,201,779	823,590
Total Current Liabilities	2,250,262	2,059,765
NON-CURRENT LIABILITIES		
Underfunded Priest Pension Plan (Note 13)	365,710	365,710
Total Non-Current Liabilities	365,710	365,710
TOTAL LIABILITIES	2,615,972	2,425,475
NET ASSETS		
UNRESTRICTED (Note 1)		
Undesignated	5,473,315	5,309,012
Designated	12,805,746	12,821,603
Total Unrestricted Net Assets	18,279,061	18,130,615
TEMPORARILY RESTRICTED (Note 7)	706,595	699,404
PERMANENTLY RESTRICTED	-	-
TOTAL NET ASSETS	18,985,656	18,830,019
TOTAL LIABILITIES AND NET ASSETS	\$ 21,601,628	\$ 21,255,494

See accompanying notes and auditors' report.

Diocese of Laredo Chancery Office
Statement of Activities
For the Years Ended June 30, 2016 and 2015

	6/30/2016			6/30/2015	
	Unrestricted	Temporarily Restricted	Permanently Restricted		Total
Support and Revenue:					
Diocesan Assessments to Parishes	\$ 1,194,317	\$ -	\$ -	\$ 1,194,317	\$ 1,111,478
Catholic Sharing Appeal	696,059	-	-	696,059	636,324
Donations	17,708	-	-	17,708	20,248
Investment Income (Note 3)	117,079	2,545	-	119,624	29,595
Grant Income	1,194,518	-	-	1,194,518	1,106,757
Grant Income-Other Entities	495,295	-	-	495,295	592,795
Other Income	174,750	4,646	-	179,396	224,502
Total Support and Revenue	3,889,726	7,191	-	3,896,917	3,721,699
Expenses:					
Programs and Services:					
Office of the Bishop	212,943	-	-	212,943	190,706
Education and Formation Services	445,944	-	-	445,944	495,702
Seminary Formation and Vocations	275,929	-	-	275,929	217,955
Pastoral Services	420,241	-	-	420,241	496,118
Personnel Services	211,839	-	-	211,839	204,643
General Administration	1,412,487	-	-	1,412,487	1,231,524
Grants to Other Entities	495,295	-	-	495,295	592,795
Subsidies Other Entities	176,000	-	-	176,000	174,862
Total Programs and Services	3,650,678	-	-	3,650,678	3,604,305
Depreciation	90,602	-	-	90,602	95,564
Total Expenses	3,741,280	-	-	3,741,280	3,699,869
Increase/(Decrease) in Net Assets	148,446	7,191	-	155,637	21,830
Net Assets at Beginning of Year	18,130,615	699,404	-	18,830,019	18,808,189
Net Assets at End of Year	\$ 18,279,061	\$ 706,595	\$ -	\$18,985,656	\$18,830,019

See accompanying notes and auditors' report.

Diocese of Laredo Chancery Office
Statement of Cash Flows
For the Years Ended June 30, 2016 and 2015

	6/30/2016	6/30/2015
Cash Flows from Operating Activities:		
Increase/(Decrease) in Net Assets	\$ 155,637	\$ 21,830
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operations:		
(Increase)/Decrease in Assets:		
Accounts Receivable	(240,851)	(231,100)
Other Assets	15,730	(17,805)
Increase/(Decrease) in Liabilities		
Accounts Payable	(57,742)	(2,462)
Accrued Expenses	18,959	2,143
Deferred Revenues	(148,909)	(49,142)
Due to Others	378,189	(46,323)
Depreciation	90,602	95,564
Total Adjustments	55,978	(249,125)
Net Cash Provided (Used) by Operating Activities	211,615	(227,295)
Cash Flows from Investing Activities:		
Purchase of Investments	(34,426)	(43,228)
Purchase of Property & Equipment	(23,514)	(210,313)
Net Cash Provided (Used) by Investing Activities	(57,940)	(253,541)
Net Increase/(Decrease) in Cash	153,675	(480,836)
Cash at Beginning of Year	10,574,012	11,054,848
Cash at End of Year	\$ 10,727,687	\$ 10,574,012
Cash and Cash Equivalents	\$ 6,108,568	\$ 5,996,486
Cash, Restricted	4,619,119	4,577,526
	\$ 10,727,687	\$ 10,574,012

See accompanying notes and auditors' report.

Diocese of Laredo Chancery Office
Notes to Financial Statements
June 30, 2016 and 2015

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

On August 9, 2000, the Roman Catholic Diocese of Laredo was created. At that time, all assets of the Diocese of Corpus Christi known as the Western Vicariate was transferred to the new Diocese. The Roman Catholic Diocese of San Antonio also transferred part of its assets to the Roman Catholic Diocese of Laredo as of August 9, 2000.

The Diocese of Laredo Chancery Office (the “Chancery Office”) is the administrative entity of the Roman Catholic Diocese of Laredo (the “Diocese”). The Chancery Office provides planning and direction in the administration of pastoral, education, and support services to its parishes and Diocesan institutions. The Chancery Office also provides various supporting services to its parishes and affiliated organizations of the Diocese. In some instances, a nominal fee is charged which helps defray the cost of providing such services. Assessments to parishes are determined annually based on certain financial indicators provided by the parishes.

The assets, liabilities, net assets, and financial activities of the various religious orders, lay social societies, and religious organizations which operate within the Diocese, but which are not fiscally responsible to the Bishop, including parishes and schools, have not been included in the accompanying financial statements.

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and accordingly reflect all significant receivables, payables, and other liabilities.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for Profit Organizations*. Under SFAS No. 117, the Chancery Office is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Accordingly, the net assets of the Chancery Office and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by actions of the Chancery Office. Total unrestricted net assets were comprised as follows:

	06/30/2016	06/30/2015
Unrestricted		
Undesignated	\$ 5,473,315	\$ 5,309,012
Designated-Property and Equipment	1,835,239	1,902,326
Designated-Charity Fund	66,059	59,152
Designated-Restricted Support	10,904,448	10,860,125
Total Unrestricted	\$ 18,279,061	\$ 18,130,615

Temporarily Restricted Net Assets – Net assets whose use by the Chancery Office is subject to donor-imposed stipulations that can be fulfilled by actions of the Chancery Office pursuant to those stipulations or that expire by the passage of time.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by the Chancery Office. Generally, the donor of these assets permits the Chancery Office to use all or part of the income earned on related investments for general or specific purposes.

Diocese of Laredo Chancery Office
Notes to Financial Statements
June 30, 2016 and 2015

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (continued)

The accompanying financial statements include all accounts maintained by and directly under the administration of the Chancery Office and do not include the accounts of organizations of the Diocese such as parishes, schools, cemeteries, seminaries, nor any other institution owned and operated by religious orders of men or women, except insofar as financial transactions have taken place between such organizations and the Chancery Office. These organizations may or may not be separate corporations under civil law; however, each is an operating entity distinct from the Chancery Office, maintains separate accounts, carries on its own services and programs, and is expected to report annually to its respective constituency.

Support and revenue are reported as an increase in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Accordingly, the Chancery Office reports gifts of cash and other assets as temporarily restricted support if they are received with donor restrictions that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support

Operations

The Chancery Office has prepared the statement of activities in all material respects as provided in the AICPA *Audit and Accounting Guide for Not-for-Profit Organizations*.

The Chancery Office accounting balances reported as operations in the statement of financial position include the following:

- Office of the Bishop
- Education and Formation Services
- Seminary Formation and Vocations
- Pastoral Services
- Personnel Services
- General Administration
- Grant Expenses-Other Entities
- Subsidies-Other Entities

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Cash and cash equivalents bank balances of \$2,700,935 from a total of \$3,200,935 were uninsured as of June 30, 2016.
Cash and cash equivalents bank balances of \$2,643,989 from a total of \$3,143,989 were uninsured as of June 30, 2015.

Diocese of Laredo Chancery Office
Notes to Financial Statements
June 30, 2016 and 2015

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give are recorded as receivables when the commitment is received, and allowances are provided for amounts estimated to be uncollectible. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are not included as support until the conditions are substantially met.

Land, Buildings, and Equipment

Acquisition of property and equipment in excess of \$5,000 is capitalized. Land, buildings, and equipment are recorded at cost or at fair market value at date of gift. Depreciation of buildings and equipment is provided over the estimated useful lives of the respective assets (3 to 30 years) on a straight-line basis. Depreciation expense for the years ended June 30, 2016 and 2015 was \$90,602 and \$95,564, respectively.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

A number of volunteers have donated their time to the Chancery Office's programs, fund-raising, and management. No amounts have been recorded in the financial statements for such donated services.

Commitments and Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

Income Taxes

The Chancery Office is exempt from federal income tax under provisions of Section 501(c)(3) of the Internal Revenue Code. However, the Chancery Office is subject to tax under Section 511(a) to the extent it has unrelated business taxable income. The Chancery Office had no material unrelated business taxable income during the fiscal years 2015 and 2014.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Diocese of Laredo Chancery Office
Notes to Financial Statements
June 30, 2016 and 2015

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The Chancery has adopted SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair value in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gain are recognized.

NOTE 2 -ACCOUNTS RECEIVABLE

Accounts Receivable at June 30, 2016 and 2015 consisted of the following:

	<u>06/30/2016</u>	<u>06/30/2015</u>
Parishes Insurance	\$ 565,178	\$ 314,158
Parish Assessments	243,818	220,128
Martinez Foundation Grant	0	150,000
Other	151,364	35,223
	<u>\$ 960,360</u>	<u>\$ 719,509</u>

Management believes these receivables are collectible as of June 30, 2016 and 2015.

NOTE 3 -INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at fair value in the statement of financial position. Donated marketable securities are recorded at market value on the date of donation. Unrealized gains and losses are included in the statement of activities.

Investments are stated at market value and consist of the following at June 30, 2016 and 2015:

	<u>06/30/2016</u>	<u>06/30/2015</u>
Exchange Traded Products	\$ 2,132,198	\$ 1,663,396
Equities	103,001	33,119
Mutual Funds	5,838,568	6,342,827
	<u>\$ 8,073,767</u>	<u>\$ 8,039,342</u>

The investments are managed and held by independent banks and capital management firms. Investment income for the year ended June 30, 2016 and 2015 is comprised of the following:

	<u>06/30/2016</u>	<u>06/30/2015</u>
Interest Income	\$ 228,658	\$ 291,715
Unrealized and realized gains/(losses)	(109,034)	(262,120)
	<u>\$ 119,624</u>	<u>\$ 29,595</u>

Diocese of Laredo Chancery Office
Notes to Financial Statements
June 30, 2016 and 2015

NOTE 3 – INVESTMENTS (CONTINUED)

Restricted Cash and Investments

As noted in Note 7, the Chancery Office also received cash and income used to set up the following funds: Infirm Priest Fund, Poor Parishes, Catholic Umbrella Pool and School Endowment. These account balances have been listed as restricted cash in the accompanying statement of financial position at June 30, 2016 and 2015 as follows:

	Restricted Cash and Investments	
	06/30/2016	06/30/2015
<u>Cash and Cash Equivalents</u>		
Infirm Priest Fund	\$ 146,234	\$ 142,649
Poor Parishes	128,164	128,188
Catholic Umbrella Pool	267,772	267,768
School Endowment	164,425	160,799
Designated-Restricted Support	3,912,524	3,878,122
Total Cash and Cash Equivalents	4,619,119	4,577,526
<u>Investments</u>		
Designated-Restricted Support	6,991,924	6,982,003
Total Investments	6,991,924	6,982,003
Total Cash and Investments	\$ 11,611,043	\$ 11,559,529

NOTE 4 -LAND, BUILDINGS AND EQUIPMENT

At June 30, 2016 and 2015, land, buildings and equipment consisted of the following:

	06/30/2016	06/30/2015
Land	\$ 455,639	\$ 455,639
Buildings	3,187,394	3,163,879
Equipment	371,137	371,137
Automobiles	182,279	182,279
	4,196,449	4,172,934
Less accumulated depreciation	(2,361,210)	(2,270,608)
	\$ 1,835,239	\$ 1,902,326

NOTE 5 -DEFERRED REVENUES

The Catholic Sharing Appeal campaign year runs from February 1st through January 31st, which is different than the Chancery Office's June 30th fiscal year end. Thus, pledges collected from February 1st through June 30th are not considered earned and are therefore deferred and recognized the following fiscal year.

During the year, the Chancery Office received several grants from the Kennedy Memorial Foundation. As of June 30, 2016 and 2015, they had not met the requirements to recognize the income as being earned. Deferred revenues consisted of the following at June 30, 2016 and 2015:

	06/30/2016	06/30/2015
Catholic Sharing Appeal	\$ 362,639	\$ 452,284
Kenedy Grants	15,788	19,673
Other	440,456	495,835
	\$ 818,883	\$ 967,792

Diocese of Laredo Chancery Office
Notes to Financial Statements
June 30, 2016 and 2015

NOTE 6 -DUE TO OTHERS

Amounts due to others are monies held for the benefit of other agencies and affiliates. Funds are noninterest-bearing and without repayment terms. Due to others at June 30, 2016 and 2015 is comprised of the following:

	<u>06/30/2016</u>	<u>06/30/2015</u>
Health and benefits	\$ 573,343	\$ 383,251
Custodial Funds	312,667	126,993
Restricted for Insurance	106,673	106,673
Diocesan entities	20,531	12,632
Second collection deposits	188,565	194,041
	<u>\$ 1,201,779</u>	<u>\$ 823,590</u>

NOTE 7 -RESTRICTIONS AND LIMITATIONS ON NET ASSETS

At June 30, 2016 and 2015, temporarily restricted net assets consisted of the following:

	<u>06/30/2016</u>	<u>06/30/2015</u>
Restricted for Infirm Priests	\$ 146,234	\$ 142,649
Restricted for Poor Parishes	128,164	128,188
Restricted for Catholic Umbrella Pool	267,772	267,768
Restricted for School Endowment	164,425	160,799
	<u>\$ 706,595</u>	<u>\$ 699,404</u>

NOTE 8 -EMPLOYEE BENEFITS

Employees of the Chancery Office are provided with health, dental, and life insurance. Employees contributed \$60.28 per month from July 2015 through June toward the total premium. Employees of the Chancery Office working a minimum of twenty hours a week who complete one year of service are eligible to participate in the Chancery Office defined contribution 403(b) plan (the "Plan"). Under the terms of the Plan, the Chancery Office makes biweekly contributions to the Plan's trustee based on 3% percent of gross annual salary. Employees are fully vested in employer's contributions on the 5th year of service and may make voluntary tax-deferred contributions up to limits specified by federal income tax regulations. All contributions into the Plan are credited to individual accounts maintained by the Plan's trustee for each participating employee. The total contributions attributable to the Chancery Office for the year ended June 30, 2016 and 2015 were \$32,793 and \$33,072, respectively.

NOTE 9 -CATHOLIC EXTENSION SOCIETY GRANT

The Catholic Extension Society (the "Society") has agreed to provide the Chancery Office with payments of \$160,000 for the year ended June 30, 2016 and \$200,000 for the year ended June 30, 2015. This grant is conditional upon the fact that it conforms to the Society's guidelines and its ability to successfully raise the money through its fund-raising program. During the fiscal years ended June 30, 2016 and 2015, the Chancery Office had received various installments totaling \$194,957 and \$250,789, respectively.

Diocese of Laredo Chancery Office
Notes to Financial Statements
June 30, 2016 and 2015

NOTE 10 – DIOCESE OF CORPUS CHRISTI CHANCERY

The Diocese of Laredo received quarterly and annual payments from the Diocese of Corpus Christi as part of the division of assets accepted by the Holy See upon erection of the Diocese of Laredo on August 9, 2000. These payments represented 40% of the amounts from royalties received by the Diocese of Corpus Christi as an income beneficiary of the Kenedy Memorial Foundation and the John G. Kenedy Trust.

In June 2010, the Dioceses of Laredo and Corpus Christi completed an arbitration process under the procedures of the United States Conference of Catholic Bishops (“USCCB”). The Committee on Canonical Affairs and Church Governance of the USCCB presided over the arbitration hearing which resulted in a Memorandum of Settlement and Request for the Final Division of Goods (“Settlement”) being signed by both Bishops on June 10, 2010. The Settlement was subsequently forwarded to the Holy See, with the Holy See granting approval of the Settlement in August, 2010. As part of the terms of the agreement, the Diocese of Corpus Christi paid the Diocese of Laredo \$10,049,096 as final settlement of the division of goods between the two dioceses.

The funds received by the Diocese of Laredo from the Diocese of Corpus Christi and any interest earnings from these funds is reflected as unrestricted net assets – designated in the Statement of Financial Position.

NOTE 11 -AFFILIATED CORPORATIONS

The Diocese of Laredo Perpetual Benefit Endowment Fund, Inc.

The Diocese of Laredo Perpetual Benefit Endowment Fund, Inc. holds, manages, invests, and disburses monies left to the Diocese for the charitable purposes of the Diocese in accordance with its bylaws.

The Diocese of Laredo Deposit and Loan Fund, Inc.

The Diocese of Laredo Deposit and Loan Fund, Inc. handle the deposits and loans of parishes, schools, and other related organizations in the Diocese.

These corporations and the Chancery Office share common management, including certain common directors and other resources.

The following is condensed financial information of these corporations at June 30, 2016:

Condensed Statement of Financial Position		
	Perpetual Benefit Endowment Fund, Inc.	Deposit and Loan Fund, Inc.
Assets	\$ 1,593,170	\$ 9,913,720
Liabilities	3,050	9,882,940
Net Assets (deficit)	\$ 1,590,120	\$ 30,780
Condensed Statement of Activities		
	Perpetual Benefit Endowment Fund, Inc.	Deposit and Loan Fund, Inc.
Support and revenue	\$ 23,804	\$ 35,982
Expenses	11,350	67,203
Increase (decrease) in net assets	\$ 12,454	\$ (31,221)

Diocese of Laredo Chancery Office
Notes to Financial Statements
June 30, 2016 and 2015

NOTE 12 – CONCENTRATIONS

Of the total revenues and support received for the fiscal year ended June 30, 2016, 17.9% came from Catholic Sharing Appeal, 30.6% came from Diocesan assessments to parishes and 43.4% came from grant income.

Of the total revenues and support received for the fiscal year ended June 30, 2015, 17.1% came from Catholic Sharing Appeal, 29.9 % came from Diocesan assessments to parishes and 45.7% came from grant income.

NOTE 13 – UNDERFUNDED PRIEST PENSION PLAN

An actuarial valuation report for the Diocese of Laredo Priest Pension Plan, a defined benefit pension plan, was prepared as of May 1, 2010. The actuarial valuation report reflects an underfunded accrued liability as of May 1, 2010 of \$365,710, calculated as follows:

Projected unit credit accrued liability as of May 1, 2010	\$ 1,082,642
Less: Recognized assets as of May 1, 2010	<u>(716,932)</u>
Underfunded accrued liability as of May1, 2010	<u>\$ 365,710</u>

The May 1, 2010 actuarial valuation is the most recent valuation.