

**THE FOUNDATION
OF THE ROMAN CATHOLIC
DIOCESE OF OGDENSBURG**

**FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015**

**THE FOUNDATION
OF THE ROMAN CATHOLIC DIOCESE OF OGDENSBURG**

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
The Foundation of the Roman Catholic
Diocese of Ogdensburg
Ogdensburg, New York

We have audited the accompanying financial statements of The Foundation of the Roman Catholic Diocese of Ogdensburg (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 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 Foundation of the Roman Catholic Diocese of Ogdensburg 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.


Certified Public Accountants, P.C.

September 28, 2016

**THE FOUNDATION
OF THE ROMAN CATHOLIC DIOCESE OF OGDENSBURG**

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015**

| | <u>6/30/2016</u> | <u>6/30/2015</u> |
|---|----------------------------|----------------------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 187,261 | \$ 125,496 |
| Accrued Interest | 1,837 | 6,460 |
| Investments at Fair Value | 5,027,260 | 5,282,514 |
| Charitable Gift Annuities | <u>1,852</u> | <u>1,852</u> |
| TOTAL ASSETS | <u>\$ 5,218,210</u> | <u>\$ 5,416,322</u> |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Accounts Payable | <u>\$ -</u> | <u>\$ -</u> |
| NET ASSETS | | |
| Unrestricted (Deficit) | (85,514) | (88,804) |
| Temporarily Restricted | 1,273,096 | 1,546,609 |
| Permanently Restricted | <u>4,030,628</u> | <u>3,958,517</u> |
| Total Net Assets | <u>5,218,210</u> | <u>5,416,322</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 5,218,210</u> | <u>\$ 5,416,322</u> |

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

**THE FOUNDATION
OF THE ROMAN CATHOLIC DIOCESE OF OGDENSBURG**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total 6/30/2016</u> |
|---|---------------------|-----------------------------------|-----------------------------------|----------------------------|
| REVENUE, GAINS, AND OTHER SUPPORT | | | | |
| Contributions | \$ - | \$ - | \$ 72,111 | \$ 72,111 |
| Investment Income | - | 82,875 | - | 82,875 |
| Net Realized and Unrealized Gains (Losses) | - | (155,084) | - | (155,084) |
| Net Assets Released from Restrictions - Release of Funds by Trustee Action | <u>201,304</u> | <u>(201,304)</u> | <u>-</u> | <u>-</u> |
| Total Revenue, Gains, and Other Support | <u>201,304</u> | <u>(273,513)</u> | <u>72,111</u> | <u>(98)</u> |
| EXPENSES | | | | |
| Distributions | 112,500 | - | - | 112,500 |
| Diocesan Management Fees | 64,269 | - | - | 64,269 |
| Bank and Investment Fees | 17,345 | - | - | 17,345 |
| Audit Fees | <u>3,900</u> | <u>-</u> | <u>-</u> | <u>3,900</u> |
| Total Expenses | <u>198,014</u> | <u>-</u> | <u>-</u> | <u>198,014</u> |
| CHANGE IN NET ASSETS | 3,290 | (273,513) | 72,111 | (198,112) |
| NET ASSETS - Beginning of Year | <u>(88,804)</u> | <u>1,546,609</u> | <u>3,958,517</u> | <u>5,416,322</u> |
| NET ASSETS - END OF YEAR | <u>\$ (85,514)</u> | <u>\$ 1,273,096</u> | <u>\$ 4,030,628</u> | <u>\$ 5,218,210</u> |

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

**THE FOUNDATION
OF THE ROMAN CATHOLIC DIOCESE OF OGDENSBURG**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total 6/30/2015</u> |
|---|---------------------|-----------------------------------|-----------------------------------|----------------------------|
| REVENUE, GAINS, AND OTHER SUPPORT | | | | |
| Contributions | \$ - | \$ - | \$ 120,291 | \$ 120,291 |
| Investment Income | - | 153,944 | - | 153,944 |
| Net Realized and Unrealized Gains (Losses) | - | (185,421) | - | (185,421) |
| Net Assets Released from Restrictions - Release of Funds by Trustee Action | <u>198,631</u> | <u>(198,631)</u> | <u>-</u> | <u>-</u> |
| Total Revenue, Gains, and Other Support | <u>198,631</u> | <u>(230,108)</u> | <u>120,291</u> | <u>88,814</u> |
| EXPENSES | | | | |
| Distributions | 112,482 | - | - | 112,482 |
| Diocesan Management Fees | 65,718 | - | - | 65,718 |
| Bank and Investment Fees | 19,454 | - | - | 19,454 |
| Audit Fees | <u>3,650</u> | <u>-</u> | <u>-</u> | <u>3,650</u> |
| Total Expenses | <u>201,304</u> | <u>-</u> | <u>-</u> | <u>201,304</u> |
| CHANGE IN NET ASSETS | (2,673) | (230,108) | 120,291 | (112,490) |
| NET ASSETS - Beginning of Year | <u>(86,131)</u> | <u>1,776,717</u> | <u>3,838,226</u> | <u>5,528,812</u> |
| NET ASSETS - END OF YEAR | <u>\$ (88,804)</u> | <u>\$ 1,546,609</u> | <u>\$ 3,958,517</u> | <u>\$ 5,416,322</u> |

**THE FOUNDATION
OF THE ROMAN CATHOLIC DIOCESE OF OGDENSBURG**

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

| | <u>6/30/2016</u> | <u>6/30/2015</u> |
|--|-----------------------------|-----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in Net Assets | \$ (198,112) | \$ (112,490) |
| ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | |
| Net Realized and Unrealized (Gain) Loss on Investments | 155,084 | 185,421 |
| Decrease (Increase) In | | |
| Accrued Interest | 4,623 | (899) |
| Charitable Gift Annuities | - | 142,361 |
| | <u> </u> | <u> </u> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>(38,405)</u> | <u>214,393</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of Investments | (2,713,945) | (1,693,631) |
| Proceeds from the Sale of Investments | 2,814,115 | 1,529,444 |
| | <u> </u> | <u> </u> |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | <u>100,170</u> | <u>(164,187)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 61,765 | 50,206 |
| CASH AND CASH EQUIVALENTS - Beginning of Year | <u>125,496</u> | <u>75,290</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 187,261</u> | <u>\$ 125,496</u> |

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

**THE FOUNDATION
OF THE ROMAN CATHOLIC DIOCESE OF OGDENSBURG**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 - ORGANIZATION

The Foundation of the Roman Catholic Diocese of Ogdensburg, New York, Inc., (The Foundation) is a nonprofit corporation classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3) and as a public charity foundation under Section 509(a)(1) of the Internal Revenue Code of 1986. The Foundation is responsible for charitable funds and the income generated by funds of multiple donors. The Foundation is committed to promoting the well-being of the Roman Catholic Diocese of Ogdensburg, and all its affiliated and related parishes, corporations, departments, institutions, organizations, entities, and programs through dividend distributions at the discretion of the Board of Trustees.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements are as follows:

Basis of Presentation

Financial statement presentation follows the recommendations of Financial Accounting Standards (FAS) Codification Topic 958, *Not-for-Profit Entities*. Accordingly, the Foundation is required to report information regarding its financial position and activities according to the following three classes of net assets:

Unrestricted Net Assets - net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets - net assets whose use has been limited by donors to specific time periods or purposes. When the donor restrictions expire, that is, when a stipulation ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets as net assets released from restrictions. Unexpended earnings from permanently restricted investments subject to future distribution are classified as temporarily restricted net assets until formal action by the Board of Trustees.

Permanently Restricted Net Assets - net assets that are donated with stipulations that they be invested to provide a permanent source of income. Such restrictions can neither expire with the passage of time nor be removed by fulfillment of a stipulated purpose.

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting. Under this basis, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred.

**THE FOUNDATION
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**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Investments

All marketable securities are carried at their fair value in the statement of financial position as of June 30, 2016 and 2015. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Contributions

Contributions, which would include unconditional promises to give (pledges) and charitable gift annuities, are recognized as revenue in the period received. Contributions of assets other than cash are recorded at their estimated fair value. The Foundation reports gifts of cash and other assets as restricted contributions when they are received with donor stipulations that limit the use of the donated assets. As required by generally accepted accounting principles, when the intent of the donor is that the assets are to remain in perpetuity, the assets are reported as permanently restricted. When a donor restriction expires (such as when a stipulated time restriction ends), temporarily restricted net assets are released to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Net assets are primarily released from donor restrictions when restrictions are satisfied.

Donated Services and Expenses

Donated services and expenses, if any, are recorded at the actual value of services rendered as determined by the Central Administrative Offices of the Roman Catholic Diocese of Ogdensburg.

Income Taxes

The Foundation of the Roman Catholic Diocese of Ogdensburg, New York, Inc. qualifies as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code, and similar tax exempt status under New York State tax laws. The Foundation is also classified by the Internal Revenue Service as an entity that is not a private foundation.

Accounting principles generally accepted in the United States of America requires management to evaluate all significant tax positions. Management believes their tax positions are appropriate based on current facts and circumstances. As of June 30, 2016, the Foundation does not believe that it has taken any positions that would require the recording of any tax liability. The Foundation is not under audit nor has the Foundation been contacted by any jurisdiction.

**THE FOUNDATION
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**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with an initial maturity of three months or less.

Subsequent Events

Management has reviewed and evaluated all events and transactions from July 1, 2016 through September 28, 2016, the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements. There were no events or transactions that existed which would provide additional pertinent information about conditions at the statement of financial position date required to be recognized or disclosed in the accompanying financial statements.

NOTE 3 - INVESTMENTS

As outlined in Note 2, all investments are reported at fair value. The cost and market value of these investments at June 30, 2016 and 2015, are summarized as follows:

| | Historical Cost | Fair Value (Carrying Amount) |
|--|--------------------|------------------------------------|
| June 30, 2016 | | |
| Common Stock,..... | \$ 2,325,631 | \$ 2,540,041 |
| Mutual Funds,..... | 1,712,455 | 1,716,715 |
| U.S Government and Agency Obligations, | 711,165 | 729,124 |
| Real Estate Investment Trusts, | 40,086 | 41,380 |
| Total, | \$ 4,789,337 | \$ 5,027,260 |
| Investment income consists of the following: | | |
| Interest and Dividends, | | \$ 82,875 |
| Unrealized Gain (Loss) on Investments,..... | | (184,225) |
| Realized Gain on Investments,..... | | 29,141 |
| | | \$ (72,209) |

**THE FOUNDATION
OF THE ROMAN CATHOLIC DIOCESE OF OGDENSBURG**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 3 - INVESTMENTS (Continued)

| | Historical Cost | Fair Value (Carrying Amount) |
|---|--------------------|------------------------------------|
| June 30, 2015 | | |
| Common Stock,..... | \$ 1,841,568 | \$ 2,194,654 |
| Mutual Funds,..... | 1,998,640 | 2,036,834 |
| U.S. Government and Agency Obligations, | 958,356 | 954,271 |
| Corporate Obligations, | 101,540 | 96,755 |
| Total, | \$ 4,900,104 | \$ 5,282,514 |
| Investment income consists of the following: | | |
| Interest and Dividends, | | \$ 153,944 |
| Unrealized Gain(Loss) on Investments,..... | | (517,969) |
| Realized Gain on Investments, | | 332,548 |
| | | \$ (31,477) |

Total expenses and fees for investment advisory services and custodial fees expenses are \$ 17,345 and \$ 19,454 for the years ending June 30, 2016 and 2015, respectively.

NOTE 4 - FAIR VALUE MEASUREMENTS

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. The Foundation uses a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (level one measurements) and the lowest priority to unobservable inputs (level three measurements). The three levels of fair value hierarchy are described below:

- (a) **Level 1:** Quoted prices in active markets that are accessible at the measurement date for identical assets and liabilities. Level 1 includes fixed income and equity securities that are traded in an active exchange market, as well as U.S. Treasury securities.
- (b) **Level 2:** Inputs, other than quoted prices in active markets, that are observable either directly or indirectly and fair value is determined through the use of models or other valuation methodologies. This category generally includes certain U.S. Government and agency obligations, fixed income securities and alternative investments.
- (c) **Level 3:** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities includes financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes private debt and equity instruments and alternative investments.

**THE FOUNDATION
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**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

The following presents the Foundation's investments at June 30, 2016 and 2015 that are measured at fair value on a recurring basis. Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurements:

| | Total 2016 | Quoted Prices in Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Other Unobservable Inputs (Level 3) |
|----------------------------------|---------------------|--|---|---|
| Bonds | \$ 729,124 | \$ 512,118 | \$ 217,006 | \$ - |
| Bond Funds | 1,027,576 | - | 1,027,576 | - |
| Equities | 2,540,041 | 2,540,041 | - | - |
| Equity Funds | 545,618 | 545,618 | - | - |
| Real Estate Investment Funds | 143,521 | - | 143,521 | - |
| Real Estate Investment Trusts | 41,380 | - | 41,380 | - |
| | <u>\$ 5,027,260</u> | <u>\$ 3,597,777</u> | <u>\$ 1,429,483</u> | <u>\$ -</u> |

| | Total 2015 | Quoted Prices in Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Other Unobservable Inputs (Level 3) |
|---------------------------------|---------------------|--|---|---|
| Bonds | \$ 1,051,026 | \$ 215,990 | \$ 835,036 | \$ - |
| Bond Funds | 1,082,300 | - | 1,082,300 | - |
| Equities | 2,194,654 | 2,194,654 | - | - |
| Equity Funds | 779,778 | 779,778 | - | - |
| Real Estate Investment Funds | 174,756 | - | 174,756 | - |
| | <u>\$ 5,282,514</u> | <u>\$ 3,190,422</u> | <u>\$ 2,092,092</u> | <u>\$ -</u> |

**THE FOUNDATION
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**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 5 - CHARITABLE GIFT ANNUITIES

A Charitable Gift Annuity is a contract between the donor and the Roman Catholic Diocese of Ogdensburg. The beneficiaries of the Charitable Gift Annuity program are designated by the donor. In exchange for the irrevocable gift of cash, securities, or other assets, the Diocese agrees to pay annuitants a fixed sum each year for life. The difference between the amount of the gift and the present value of the liability for future payments, determined on an actuarial basis, is recognized as a contribution at the date of the gift. These gifts are classified as permanently restricted net assets because they will be used to establish or add to existing endowment funds.

For the years ending June 30, 2016 and 2015, the residual amount due from the Roman Catholic Diocese of Ogdensburg is \$ 1,852.

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2016 and 2015, the temporarily restricted net assets consisted of accumulated investment earnings from the endowment funds which have not been designated by the Board of Trustees.

**THE FOUNDATION
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**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7 - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets at June 30, 2016 and 2015, are as follows:

| | <u>06/30/2016</u> | <u>06/30/2015</u> |
|--|---------------------|---------------------|
| Reverend Norman Poupore Endowment,..... | \$ 232,514 | \$ 232,514 |
| Catholic Charities Endowment,..... | 30,202 | 30,202 |
| Society of the Sisters' of St. Joseph Endowment, . | 39,772 | 39,772 |
| Society of the Propagation of the Faith Endowment, | 30,087 | 30,087 |
| St. Joseph's Home Foundation Endowment, | 25,484 | 25,484 |
| Catherine Aurelia Endowment, | 15,160 | 15,160 |
| Reverend Monsignor Anthony Milia Endowment, | 10,284 | 10,284 |
| Building for Tomorrow Endowment, | 16,080 | 11,125 |
| Education of Seminarians Endowment, | 152,968 | 151,898 |
| Faylene LeRoux Endowment, | 250,050 | 250,050 |
| Formation for Ministry Endowment,..... | 200,000 | 200,000 |
| Guggenheim/Hughes Endowment, | 287,407 | 287,407 |
| Leona Schlafly Endowment, | 100,000 | 100,000 |
| Reverend James Meehan Endowment, | 100,100 | 100,100 |
| St. Mary's Cathedral Endowment, | 100,015 | 100,015 |
| Joseph and Joyce Sylvester Endowment,..... | 257 | 257 |
| Guggenheim Maintenance Endowment, | 211,049 | 211,049 |
| Spratt Memorial Building Endowment, | 117,426 | 117,426 |
| St. Alexander's Catholic School Endowment,..... | 102,457 | 102,457 |
| Alice Austin Trust Mass Endowment, | 10,487 | 10,487 |
| Lawrence R. Robinson Trust Mass Endowment,.. | 10,993 | 10,993 |
| St. Augustine's Church Endowment, | 55,387 | 24,921 |
| Margaret Brothers Endowment,..... | 100,075 | 100,075 |
| Victor West Endowment, | 132,959 | 132,959 |
| St. Mary's of Champlain Endowment, | 10,000 | 10,000 |
| Rev. W. Cyril Rapin Endowment, | 100,000 | 100,000 |
| Good Samaritan Fund Endowment,..... | 60,000 | 60,000 |
| Holy Family Strauss Educational Endowment,.... | 136,222 | 131,754 |
| Deacon Adam Crowe Scholarship Endowment,... | 55,052 | 54,752 |
| William Cornish Endowment, | 357,913 | 355,474 |
| Donald J. Grant Endowment, | 438,161 | 438,161 |
| St. Patrick's Church Shamrock Endowment,..... | 16,250 | 16,250 |
| St. Lawrence Church Endowment, | 26,000 | 26,000 |
| Queen of Heaven Endowment, | 10,000 | 10,000 |
| Church of St. Patrick Endowment, | 100,000 | 100,000 |
| M.E. Walton Good Samaritan Endowment,..... | 40,000 | 35,000 |
| Special Care for Clergy Endowment,..... | 104,713 | 104,713 |
| Alice Austin Mass Fund Endowment, | 10,529 | 10,529 |
| St. Francis of Assisi Fund Endowment, | 151,560 | 151,560 |
| William Patnode Endowment, | 10,000 | 10,000 |
| Gertrude J. Tyo Endowment, | 10,000 | 10,000 |
| Chapin/McCarthy/LaBelle Endowment, | 12,500 | 12,500 |
| Chapin/McCarthy Endowment, | 12,500 | 12,500 |
| St. Patrick's & Mother Cabrina Endowment, | 20,015 | 14,602 |
| Trinity Catholic School Endowment,..... | 9,000 | - |
| St. Mary's School Endowment,..... | 9,000 | - |
| | <u>\$ 4,030,628</u> | <u>\$ 3,958,517</u> |

**THE FOUNDATION
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**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7 - PERMANENTLY RESTRICTED NET ASSETS (Continued)

Endowment gifts are to be held in perpetuity with the earnings to be distributed, at the discretion of the Board of Trustees, to designated beneficiaries for their designated purpose as outlined in the gift agreement.

NOTE 8 - ENDOWMENTS

The Foundation endowments consist of 46 individual funds established for a variety of purposes. The endowments are permanently restricted by the donor. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported basically on the existence or absence of donor imposed restrictions.

Interpretation of Relevant Law

The Foundation operates under the New York Prudent Management of Institutional Funds Act (NYPMIFA). This is New York's version of the Uniform Management of Institutional Funds Act and governs the management and investment of funds held by not-for-profit corporations and other institutions.

Under this law, institutions are allowed to spend endowment funds below their original historic dollar value without government approval or attorney general review if the institution's Board concludes that such spending is prudent.

The Act also requires that a notice be given to available donors of endowment funds who executed gift instruments before September 17, 2010, allowing those donors to opt-out of the new rule permitting institutions to spend below the historic dollar value. The Foundation has completed this requirement.

The Act provides that each person responsible for management and investing an institution's fund does so in good faith and with the care that an ordinarily prudent person would exercise under similar circumstances. The Act sets forth basic requirements for establishing the standard of prudence, including a requirement that an institution make a reasonable effort to verify facts relevant to the management and investment of the fund.

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**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8 - ENDOWMENTS (Continued)

In deciding whether to appropriate from an endowment fund, the institution must act in good faith and must consider, if relevant, the following factors:

1. The duration and preservation of the endowment fund;
2. The purpose of the institution and the endowment fund;
3. General economic conditions;
4. Possible effect of inflation or deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the institution;
7. Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the institution; and
8. The investment policy of the institution.

Endowment net assets by type of fund consist of the following at June 30, 2016:

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|------------------------|---------------------|-----------------------------------|-----------------------------------|--------------|
| Donor-Restricted Funds | \$ - | \$ 1,273,096 | \$ 4,030,628 | \$ 5,303,724 |

Changes in endowment net assets for the fiscal year ended June 30, 2016:

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|---|---------------------|-----------------------------------|-----------------------------------|--------------|
| Endowment Net Assets, Beginning of Year | \$ - | \$ 1,546,609 | \$ 3,958,517 | \$ 5,505,126 |
| Investment Return: | | | | |
| Interest and Dividends | - | 82,875 | - | 82,875 |
| Realized and Unrealized Gains (Losses) | - | (155,084) | - | (155,084) |
| Contributions | - | - | 72,111 | 72,111 |
| Appropriation for Expenditure | - | (112,500) | - | (112,500) |
| Transfers at the Request of Donor or Board | - | (88,804) | - | (88,804) |
| Endowment Net Assets, End of Year | \$ - | \$ 1,273,096 | \$ 4,030,628 | \$ 5,303,724 |

**THE FOUNDATION
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**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8 - ENDOWMENTS (Continued)

Endowment net assets by type of fund consist of the following at June 30, 2015:

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|------------------------|---------------------|-----------------------------------|-----------------------------------|--------------|
| Donor-Restricted Funds | \$ - | \$ 1,546,609 | \$ 3,958,517 | \$ 5,505,126 |

Changes in endowment net assets for the fiscal year ended June 30, 2015:

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|---|---------------------|-----------------------------------|-----------------------------------|--------------|
| Endowment Net Assets, Beginning of Year | \$ - | \$ 1,776,717 | \$ 3,838,226 | \$ 5,614,943 |
| Investment Return: | | | | |
| Interest and Dividends | - | 153,944 | - | 153,944 |
| Realized and Unrealized Gains (Losses) | - | (185,421) | - | (185,421) |
| Contributions | - | - | 120,291 | 120,291 |
| Appropriation for Expenditure | - | (112,500) | - | (112,500) |
| Transfers at the Request of Donor or Board | - | (86,131) | - | (86,131) |
| Endowment Net Assets, End of Year | \$ - | \$ 1,546,609 | \$ 3,958,517 | \$ 5,505,126 |

Return Objectives and Risk Parameters

The Foundation has adopted an investment policy for endowment assets that will attempt to provide a predictable stream of funding to the beneficiaries supported by the various endowments, while seeking to maintain the purchasing power of the endowment assets, including those assets of donor restricted funds that the Foundation must hold in perpetuity or for a donor specified period. The Foundation utilizes the results of Morningstar U.S. Balance Universe, Wilshire 5000 Index and LB Aggregate Bond Index to evaluate performance. The Foundation expects its endowment funds over time to provide a total rate of return equal to or exceeding any approved distribution rate. Actual returns in any given year may vary from this amount.

**THE FOUNDATION
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**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8 - ENDOWMENTS (Continued)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return 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 assets allocation that places a greater emphasis on equity based investments to achieve its long-term objectives within prudent risk constraints.

According to its distribution policy, the Foundation may make quarterly distributions from the total growth of each endowment in an amount up to 5% of the fair market value of the total assets of that endowment at the beginning of each quarter. In no event shall the quarterly distribution exceed 5% of the total growth of the fair market value of the total assets in that endowment at the beginning of the quarter. The Board of Directors shall review this limit on an annual basis.

NOTE 9 - RELATED PARTY TRANSACTIONS

The Foundation is party to transactions with the Roman Catholic Diocese of Ogdensburg. The Diocese bills the Foundation for the development and fiscal services rendered. The total billed for these services was \$ 64,269 and \$ 65,718 for the years ending June 30, 2016 and 2015, respectively. There was no outstanding balance due from the Foundation to the Diocese at June 30, 2016 and 2015.