

UNITED STATES CATHOLIC MISSION ASSOCIATION

FINANCIAL STATEMENTS  
AND  
REPORT OF INDEPENDENT AUDITORS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
United States Catholic Mission Association

We have audited the accompanying financial statements of the United States Catholic Mission Association (USCMA) (a nonprofit organization) , which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and cash flows for the year 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 of 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.

**INDEPENDENT AUDITOR'S REPORT**  
**USCMA**

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United States Catholic Mission Association as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedule of functional expenses, 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.

A handwritten signature in black ink that reads "Debra Company". The signature is written in a cursive style and is positioned above a light-colored rectangular background.

Bowie, Maryland  
June 27, 2017

**UNITED STATES CATHOLIC MISSION ASSOCIATION**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2016**

**ASSETS**

**Current assets**

|                           |              |
|---------------------------|--------------|
| Cash and cash equivalents | \$131,156    |
| Accounts receivable       | 27,875       |
| Prepaid expenses          | 3,893        |
| Deposits                  | <u>2,840</u> |

Total current assets 165,764

**Non current assets**

|                                |                  |
|--------------------------------|------------------|
| Long-term investments          | 460,735          |
| Furniture and equipment        | 29,163           |
| less: accumulated depreciation | <u>( 18,872)</u> |

Total non current assets 471,026

**Total assets** \$636,790

**LIABILITIES AND NET ASSETS**

**Current liabilities**

|                  |              |
|------------------|--------------|
| Accounts payable | \$ 3,724     |
| Deferred revenue | <u>6,980</u> |

Total current liabilities 10,704

**Net assets**

|                                  |                |
|----------------------------------|----------------|
| Unrestricted                     | 194,662        |
| Unrestricted - operating reserve | 150,000        |
| Temporarily restricted           | 92,989         |
| Permanently restricted           | <u>188,435</u> |

Total net assets 626,086

**Total liabilities and net assets** \$636,790

- SEE ACCOUNTANT'S NOTES -

**UNITED STATES CATHOLIC MISSION ASSOCIATION**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2016**

|                                          | Unrestricted     | Temporarily<br>Restricted | Permanently<br>Restricted | Total            |
|------------------------------------------|------------------|---------------------------|---------------------------|------------------|
| <b>Revenue and support</b>               |                  |                           |                           |                  |
| Contributions and grants                 | \$ 4,529         | \$ -                      | \$ -                      | \$ 4,529         |
| Membership                               | 94,800           |                           |                           | 94,800           |
| Mission conference                       | 52,094           |                           |                           | 52,094           |
| Mission cooperative plan                 | 60,997           |                           |                           | 60,997           |
| Combined federal campaign                | 18,096           |                           |                           | 18,096           |
| Interest                                 | 8,194            |                           |                           | 8,194            |
| Gain on investments                      | 46,841           |                           |                           | 46,841           |
| Net assets released<br>from restrictions | <u>108</u>       | ( <u>108</u> )            | <u>-</u>                  | <u>-</u>         |
| Total revenue and support                | <u>285,659</u>   | ( <u>108</u> )            | <u>-</u>                  | <u>285,551</u>   |
| <b>Expenses</b>                          |                  |                           |                           |                  |
| Program services                         | 295,886          |                           |                           | 295,886          |
| Management and general                   | 30,307           |                           |                           | 30,307           |
| Fundraising                              | <u>8,596</u>     |                           |                           | <u>8,596</u>     |
| Total expenses                           | <u>334,789</u>   | <u>-</u>                  | <u>-</u>                  | <u>334,789</u>   |
| <b>Change in net assets</b>              | ( 49,130)        | ( 108)                    | -                         | ( 49,238)        |
| <b>Net assets at beginning of year</b>   | <u>393,792</u>   | <u>93,097</u>             | <u>188,435</u>            | <u>675,324</u>   |
| <b>Net assets at end of year</b>         | <u>\$344,662</u> | <u>\$ 92,989</u>          | <u>\$188,435</u>          | <u>\$626,086</u> |

- SEE ACCOUNTANT'S NOTES -

**UNITED STATES CATHOLIC MISSION ASSOCIATION**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2016**

|                                                                                                          |                                |
|----------------------------------------------------------------------------------------------------------|--------------------------------|
| <b>Cash flows from operating activities</b>                                                              |                                |
| Change in net assets                                                                                     | \$( 49,238)                    |
| Adjustments to reconcile change in net assets to<br>net cash provided by (used in) operating activities: |                                |
| Depreciation                                                                                             | 2,571                          |
| Decrease in accounts receivable                                                                          | 13,362                         |
| Decrease in prepaid expenses                                                                             | 1,585                          |
| Decrease in accounts payable                                                                             | ( 10,448)                      |
| Increase in deferred revenue                                                                             | <u>6,980</u>                   |
| Total adjustments                                                                                        | <u>14,050</u>                  |
| <b>Net cash used by operating activities</b>                                                             | <b>( 35,188)</b>               |
| <b>Cash flows from investing activities</b>                                                              |                                |
| Decrease in long-term investments                                                                        | 106,027                        |
| Purchase of furniture and equipment                                                                      | <u>-</u>                       |
| <b>Net cash provided by investing activities</b>                                                         | <b><u>106,027</u></b>          |
| Net increase in cash and cash equivalents                                                                | 70,839                         |
| <b>Cash and cash equivalents, beginning of year</b>                                                      | <b><u>60,317</u></b>           |
| <b>Cash and cash equivalents, end of year</b>                                                            | <b><u><u>\$131,156</u></u></b> |

- SEE ACCOUNTANT'S NOTES -

**UNITED STATES CATHOLIC MISSION ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2016

**Note 1. - General information and summary of significant accounting policies**

**General information**

The United States Catholic Mission Association (USCMA), founded in 1981, is a nonprofit, religious, educational and charitable organization. The purpose of USCMA is to promote global mission with a primary focus on cross-cultural mission and international justice.

**Summary of significant accounting policies**

*Basis of accounting*

USCMA's financial statements are prepared using the accrual basis of accounting.

*Cash and cash equivalents*

Cash on hand, deposits in banks, and highly liquid investments with original maturities of three months or less are considered cash and cash equivalents for purposes of these financial statements.

*Long-term investments*

Long-term investments are carried at fair market value, and realized and unrealized gains and losses are reported in the statement of activities. USCMA's long-term investments primarily consist of mutual funds.

*Property and equipment*

Property and equipment are recorded at cost. Depreciation is recognized over the related assets' estimated useful lives, using the straight-line method. Repairs and maintenance are charged to expense as incurred.

*Unrestricted net assets*

Unrestricted net assets consist of amounts which are currently available to support USCMA's daily operations.

**UNITED STATES CATHOLIC MISSION ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

***Temporarily restricted net assets***

USCMA reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a 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.

***Permanently restricted net assets***

In 1989, USCMA established an endowment fund, to which contributions are required to be held in perpetuity. Contributions to the endowment are reported as permanently restricted net assets. The income generated by investment of the endowment is for general and administrative purposes.

***Revenue recognition***

Revenue is recognized during the period in which it is earned. Contributions are recognized in accordance with the provisions of Financial Accounting Standards Board Statement No. 116.

***Expenses***

Expenses are recognized by USCMA during the period in which they are incurred. Expenses paid in advance and not yet incurred are deferred to the applicable period.

***Functional allocation of expenses***

The costs of USCMA's various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, supporting general and administrative costs have been allocated among the programs and supporting services benefitted.

***Subsequent events***

Subsequent events have been considered through June 27, 2017.

**UNITED STATES CATHOLIC MISSION ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

***Financial Instruments***

Financial instruments which potentially subject USCMA to concentrations of credit risk consist primarily of cash deposits and long-term investments maintained at credit worthy financial institutions.

Accounting standards use the following prioritized input levels to measure fair value. The input levels used for valuing investments are not necessarily an indication of risk.

Level 1 - Observable inputs that reflect quoted prices for identical assets or liabilities in active markets such as stock quotes;

Level 2 - Includes inputs other than level 1 that are directly or indirectly observable in the marketplace such as yield curves or other market data;

Level 3 - Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk such as bid/ask spreads and liquidity discounts.

Investments recorded at fair value, consist of the following at December 31, 2016 :

|              | <u>Total</u>      | <u>Level 1</u>    | <u>Level 2</u> | <u>Level 3</u> |
|--------------|-------------------|-------------------|----------------|----------------|
| Mutual funds | \$ <u>460,735</u> | \$ <u>460,735</u> | \$ <u>-</u>    | \$ <u>-</u>    |

***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 certain reported amounts and disclosures. Actual results could differ from estimates.

***Income tax status***

USCMA is exempt from federal income taxes on income other than unrelated business income under Section 501(c)(3) of the Internal Revenue Code and the applicable income tax regulations of the District of Columbia. USCMA had no unrelated business income during the year ended December 31, 2016.

**UNITED STATES CATHOLIC MISSION ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**Note 2. - Temporarily restricted net assets**

Temporarily restricted net assets consists of the following at December 31, 2016.

|                        |                  |
|------------------------|------------------|
| Catholic Mission Forum | \$ 92,989        |
|                        | <hr/>            |
|                        | <u>\$ 92,989</u> |

**Note 3. - Pension plan**

Under this plan, USCMA makes monthly contributions to an insurance company for it's employee's. For the year ended December 31, 2016 pension expense was \$10,230.

**Note 4. - Major sources of funding**

USCMA received a substantial portion of support from contributions received from religious organizations and individual donors.

## **Supplementary Information**

**UNITED STATES CATHOLIC MISSION ASSOCIATION**  
**SUPPLEMENTARY SCHEDULE OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2016**

|                          | Total          | Program<br>services | Management<br>and general | Fundraising  |
|--------------------------|----------------|---------------------|---------------------------|--------------|
| Salaries                 | \$ 177,938     | \$ 158,726          | \$ 13,512                 | \$ 5,700     |
| Fica matching            | 13,423         | 11,974              | 1,019                     | 430          |
| Advertising              | 865            | 772                 | 66                        | 27           |
| Bank charges             | 1,626          | -                   | 1,626                     | -            |
| Board of Directors       | 4,140          | 2,070               | 2,070                     | -            |
| Catholic Mission Forum   | 108            | 108                 | -                         | -            |
| Conferences and seminars | 5,107          | 5,107               | -                         | -            |
| Depreciation             | 2,571          | -                   | 2,571                     | -            |
| Development              | 5,009          | 5,009               | -                         | -            |
| Equipment                | 10,182         | 9,082               | 774                       | 326          |
| Health insurance         | 17,514         | 15,622              | 1,331                     | 561          |
| Insurance expense        | 1,444          | 1,288               | 110                       | 46           |
| Licenses and fees        | 355            | 317                 | 27                        | 11           |
| Memberships              | 740            | 660                 | 56                        | 24           |
| Mission Cooperative      | 9,814          | 9,814               | -                         | -            |
| Mission Conference       | 30,663         | 30,663              | -                         | -            |
| Office supplies          | 789            | 704                 | 60                        | 25           |
| Pension plan             | 10,230         | 9,126               | 777                       | 327          |
| Postage                  | 1,052          | 938                 | 80                        | 34           |
| Printing                 | 2,714          | 2,421               | 206                       | 87           |
| Professional fees        | 7,301          | 3,651               | 3,650                     | -            |
| Rent                     | 24,604         | 21,947              | 1,870                     | 787          |
| Telephone                | 3,377          | 3,012               | 257                       | 108          |
| Travel                   | 2,568          | 2,291               | 195                       | 82           |
| Website                  | 655            | 584                 | 50                        | 21           |
| <br>Totals               | <br>\$ 334,789 | <br>\$ 295,886      | <br>\$ 30,307             | <br>\$ 8,596 |