



**NATIONAL ASSOCIATION OF
CATHOLIC CHAPLAINS, LTD.**

**FINANCIAL REPORT
December 31, 2016**

Winter, Kloman, Moter & Repp, S.C.

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
National Association of Catholic Chaplains, Ltd.
Milwaukee, Wisconsin

We have reviewed the accompanying financial statements of the National Association of Catholic Chaplains, Ltd. (a nonprofit organization), which comprise the statements of financial position as of December 31, 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Winter, Kloman, Moter & Repp, S.C.

Brookfield, Wisconsin
January 24, 2017

NATIONAL ASSOCIATION OF CATHOLIC CHAPLAINS, LTD.

**STATEMENTS OF FINANCIAL POSITION
December 31, 2016 and 2015**

	2016	2015
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 135,565	\$ 256,640
Investments	1,413,421	1,127,323
Accounts receivable	5,497	4,206
Prepaid expenses	<u>27,141</u>	<u>31,031</u>
Total current assets	<u>1,581,624</u>	<u>1,419,200</u>
PROPERTY AND EQUIPMENT, at cost		
Office furniture and equipment	55,244	56,479
Leasehold improvements	<u>7,689</u>	<u>7,689</u>
	62,933	64,168
Less accumulated depreciation	<u>62,345</u>	<u>61,634</u>
	<u>588</u>	<u>2,534</u>
Total assets	<u>\$1,582,212</u>	<u>\$1,421,734</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 1,578	\$ 2,624
Accrued payroll and benefits	29,089	26,558
Deferred revenues	<u>213,303</u>	<u>247,751</u>
Total current liabilities	<u>243,970</u>	<u>276,933</u>
NET ASSETS		
Unrestricted		
Undesignated	1,237,441	1,044,271
Board designated	<u>68,491</u>	<u>85,380</u>
	1,305,932	1,129,651
Temporarily restricted	<u>32,310</u>	<u>15,150</u>
Total net assets	<u>1,338,242</u>	<u>1,144,801</u>
Total liabilities and net assets	<u>\$1,582,212</u>	<u>\$1,421,734</u>

See independent accountant's review report.

The Notes to Financial Statements are an integral part of these statements.

NATIONAL ASSOCIATION OF CATHOLIC CHAPLAINS, LTD

**STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2016 and 2015**

	-----2016-----			-----2015-----		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES						
Membership dues	\$ 508,771	\$ 0	\$ 508,771	\$ 490,188	\$ 0	\$ 490,188
Certification fees	75,559	0	75,559	72,510	0	72,510
Annual appeal	66,747	0	66,747	56,109	0	56,109
Contributions and grants	40,800	30,000	70,800	41,367	0	41,367
National conference	196,951	0	196,951	190,184	0	190,184
Educational events	9,885	0	9,885	13,611	0	13,611
Webinars/Audio conferences	25,080	0	25,080	18,800	0	18,800
Investment income (loss), net	86,022	150	86,172	(7,031)	150	(6,881)
Miscellaneous income	51,606	0	51,606	56,960	0	56,960
Net assets released from restrictions:						
Restricted funds utilized	<u>12,990</u>	<u>(12,990)</u>	<u>0</u>	<u>150</u>	<u>(150)</u>	<u>0</u>
Total revenues	<u>1,074,411</u>	<u>17,160</u>	<u>1,091,571</u>	<u>932,848</u>	<u>0</u>	<u>932,848</u>
EXPENSES						
Administration:						
Salaries and benefits	455,117	0	455,117	441,657	0	441,657
Travel and transportation	4,471	0	4,471	3,061	0	3,061
Professional contracted services	13,273	0	13,273	13,312	0	13,312
Miscellaneous	1,663	0	1,663	729	0	729
Communications and postage	10,811	0	10,811	9,220	0	9,220
Occupancy expense	41,725	0	41,725	43,135	0	43,135
Maintenance and insurance	21,492	0	21,492	18,639	0	18,639
Professional fees	6,380	0	6,380	5,480	0	5,480
Printing and reproduction	2,861	0	2,861	3,264	0	3,264
Subscriptions, dues, awards, and fees	10,986	0	10,986	11,321	0	11,321
Office supplies	3,305	0	3,305	2,193	0	2,193
Depreciation	<u>1,946</u>	<u>0</u>	<u>1,946</u>	<u>3,182</u>	<u>0</u>	<u>3,182</u>
	<u>574,030</u>	<u>0</u>	<u>574,030</u>	<u>555,193</u>	<u>0</u>	<u>555,193</u>
Governance:						
Board of Directors	19,013	0	19,013	20,648	0	20,648
Editorial advisory panel	28	0	28	53	0	53
Task force/special projects	14,732	0	14,732	10,621	0	10,621
Governance committee	247	0	247	227	0	227
Standards committee	54	0	54	88	0	88
Marketing, recruitment and development	18,178	0	18,178	29,516	0	29,516
Finance committee	82	0	82	101	0	101
Ethics commission	53	0	53	35	0	35
Episcopal advisory council	809	0	809	830	0	830
Special representatives	748	0	748	0	0	0
Education advisory panel	<u>8</u>	<u>0</u>	<u>8</u>	<u>4</u>	<u>0</u>	<u>4</u>
	<u>53,952</u>	<u>0</u>	<u>53,952</u>	<u>62,123</u>	<u>0</u>	<u>62,123</u>

See independent accountant's review report.

The Notes to Financial Statements are an integral part of these statements.

NATIONAL ASSOCIATION OF CATHOLIC CHAPLAINS, LTD.

STATEMENTS OF ACTIVITIES (CONTINUED)
For the Years Ended December 31, 2016 and 2015

	-----2016-----			-----2015-----		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
EXPENSES (continued)						
Certification:						
Certification commission	\$ 16,113	\$ 0	\$ 16,113	\$ 18,028	\$ 0	\$ 18,028
Certification ITEs & site coordinators	20,400	0	20,400	17,070	0	17,070
Certification interviews	37,124	0	37,124	29,323	0	29,323
Certification appeals panel	<u>1</u>	<u>0</u>	<u>1</u>	<u>36</u>	<u>0</u>	<u>36</u>
	<u>73,638</u>	<u>0</u>	<u>73,638</u>	<u>64,457</u>	<u>0</u>	<u>64,457</u>
Annual appeal	<u>3,762</u>	<u>0</u>	<u>3,762</u>	<u>4,084</u>	<u>0</u>	<u>4,084</u>
National conference	<u>181,495</u>	<u>0</u>	<u>181,495</u>	<u>183,236</u>	<u>0</u>	<u>183,236</u>
Educational events	<u>7,124</u>	<u>0</u>	<u>7,124</u>	<u>10,304</u>	<u>0</u>	<u>10,304</u>
Webinars/Audio conferences	<u>4,129</u>	<u>0</u>	<u>4,129</u>	<u>3,983</u>	<u>0</u>	<u>3,983</u>
Total operating expenses	<u>898,130</u>	<u>0</u>	<u>898,130</u>	<u>883,380</u>	<u>0</u>	<u>883,380</u>
Change in net assets	176,281	17,160	193,441	49,468	0	49,468
NET ASSETS						
Beginning of year	<u>1,129,651</u>	<u>15,150</u>	<u>1,144,801</u>	<u>1,080,183</u>	<u>15,150</u>	<u>1,095,333</u>
End of year	<u>\$1,305,932</u>	<u>\$ 32,310</u>	<u>\$1,338,242</u>	<u>\$1,129,651</u>	<u>\$ 15,150</u>	<u>\$1,144,801</u>

See independent accountant's review report.
The Notes to Financial Statements are an integral part of these statements.

NATIONAL ASSOCIATION OF CATHOLIC CHAPLAINS, LTD.

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2016 and 2015

	2016	2015
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 193,441	\$ 49,468
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	1,946	3,182
Realized and unrealized (gain) loss on investments	(73,020)	17,426
(Increase) decrease in:		
Interest receivable	0	265
Accounts receivable	(1,291)	1,395
Prepaid expenses	3,890	(8,779)
Increase (decrease) in:		
Accounts payable	(1,046)	1,549
Accrued payroll and benefits	2,531	(3,699)
Deferred revenues	<u>(34,448)</u>	<u>34,066</u>
Net cash flows from operating activities	<u>92,003</u>	<u>94,873</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of investments, including reinvested earnings	<u>(213,078)</u>	<u>(10,633)</u>
Net cash flows from investing activities	<u>(213,078)</u>	<u>(10,633)</u>
Net change in cash	(121,075)	84,240
Cash - beginning of year	<u>256,640</u>	<u>172,400</u>
Cash - end of year	<u>\$ 135,565</u>	<u>\$ 256,640</u>

See independent accountant's review report.

The Notes to Financial Statements are an integral part of these statements.

NATIONAL ASSOCIATION OF CATHOLIC CHAPLAINS, LTD.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Nature of business:

The National Association of Catholic Chaplains, Ltd. (the Association) is a nonprofit organization organized under the laws of the State of Wisconsin for the purpose of promoting continuing spiritual and educational formation of its membership and Christ-like advocacy in ethical, legal, political and social areas of service in health care ministries. The Association is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code except for net income from unrelated business activities. The Association has determined that it has no income from unrelated business activities, and therefore, has no uncertain tax positions that are material to the financial statements. Following is a summary of the Association's significant accounting policies.

Financial statement presentation:

The Association reports 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.

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets include board designated net assets that represent unrestricted net assets that the Association's board of directors has designated for specific future use.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that will be met either by actions of the Association and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Association. The Association has no permanently restricted net assets.

Cash:

Cash consists of non-interest bearing demand deposits held at financial institutions as well as cash on hand.

Contributions:

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

See independent accountant's review report.

NATIONAL ASSOCIATION OF CATHOLIC CHAPLAINS, LTD.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

Membership dues and certification fees:

Membership dues and certification fees are recognized as revenues on a pro rata basis over the period to which the membership or certification relates. The portion related to the current period is recorded as revenue. The portion related to future periods is recorded as deferred revenue.

Conference revenue:

Fees and other conference receipts are recognized as revenue during the year in which the conference is held. Amounts collected for a conference to be held in a subsequent year are recorded as deferred revenue.

Conference expenses:

Expenditures for conference goods and services are recognized as expenses during the year in which the conference is held. Amounts paid for a conference to be held in a subsequent year are recorded as prepaid expenses.

Property and equipment:

Property and equipment are recorded at cost. Maintenance and repairs are charged to operations as incurred and renewals and betterments are capitalized. Depreciation for office furniture and equipment and leasehold improvements are calculated using the straight-line method over their estimated useful lives of five to ten years. When furniture or equipment is retired or otherwise disposed of, the cost is removed from the asset accounts and the related accumulated depreciation accounts are adjusted, with the difference recorded as a gain or loss in the year of retirement.

Investments:

Investments consisting of cash equivalents, fixed income securities and equity securities are reported at their fair values in the statement of financial position. Investment income consisting of interest and dividends, realized gains and losses, and unrealized gain and losses are included in the statement of activities. Investment income restricted by a donor is reported as an increase 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 is recognized.

Compensated absences and vacations:

The financial statements include a liability for compensated absences and vacations for all employees who held vested rights to such compensation.

See independent accountant's review report.

NATIONAL ASSOCIATION OF CATHOLIC CHAPLAINS, LTD.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

Financial instruments:

Financial instruments, which potentially subject the Association to credit risk, are cash balances that periodically exceed the Federal Deposit Insurance Corporation (FDIC) insurance limit.

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.

Date of Management's Review:

The Association evaluated subsequent events through January 24, 2017, the date the financial statements were available to be issued.

Note 2. Investments

The fair values of the Association's professionally-managed investments, were comprised of the following at December 31:

	2016	2015
Cash equivalents	\$ 345,941	\$ 325,376
Fixed income mutual funds	241,518	178,770
Equity mutual funds	<u>825,962</u>	<u>623,177</u>
	1,413,421	1,127,323
Unrealized (gain) loss	<u>(311,414)</u>	<u>(238,242)</u>
Cost basis at December 31	<u>\$1,102,007</u>	<u>\$ 889,081</u>

Investment income (loss), net consists of the following:

Interest and dividends	\$ 13,152	\$ 10,545
Realized and unrealized gains (losses)	<u>73,020</u>	<u>(17,426)</u>
	<u>\$ 86,172</u>	<u>\$ (6,881)</u>

See independent accountant's review report.

NATIONAL ASSOCIATION OF CATHOLIC CHAPLAINS, LTD.

NOTES TO FINANCIAL STATEMENTS

Note 2. Investments (continued)

The Association utilizes various methods to measure the fair value of its investments on a recurring basis. Financial accounting standards establish a hierarchy that prioritizes inputs to valuation methods. Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using level 3 inputs are based on unobservable inputs and requires management to use their own assumptions on valuation. All of the Association's investments are considered to be level 1 assets.

Note 3. Operating Leases

In October 2010, the Association entered into a 36-month lease agreement for its office space commencing on February 1, 2011. In July 2014, this lease was extended until July 31, 2016. Total annual rent expense attributable to this lease was \$42,321 in 2016 and \$41,880 in 2015. In December 2015, this lease was extended again through July 31, 2018. The minimum future rental commitments under this operating lease are as follows:

2017	\$ 42,938
2018	<u>25,047</u>
	<u>\$ 67,985</u>

Note 4. Net Assets

The following is a summary of the board-designated net assets as of December 31:

	2016	2015
Conference Fund	\$ 23,708	\$ 23,708
Donor Development Fund	<u>44,783</u>	<u>61,672</u>
	<u>\$ 68,491</u>	<u>\$ 85,380</u>

The following is a summary of the temporarily restricted net assets as of December 31:

	2016	2015
Continuing Education Fund	\$ 15,150	\$ 15,150
Roskob Foundation Grant Fund	<u>17,160</u>	<u>0</u>
	<u>\$ 32,310</u>	<u>\$ 15,150</u>

A maximum of 4% interest per year can be added to the Continuing Education Fund to be used towards the next year's Conference Scholarship Fund.

See independent accountant's review report.

NATIONAL ASSOCIATION OF CATHOLIC CHAPLAINS, LTD.

NOTES TO FINANCIAL STATEMENTS

Note 5. Retirement Plan

The Association has a retirement plan qualified under Section 403(b) of the Internal Revenue Code. For 2016 and 2015, the Association contributed 5.5% of gross salaries to the plan for qualified employees; or, \$18,718 and \$15,416, respectively. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code if they wish. The plan covers all employees; however, an employee must be at least 21 years of age and complete at least one year of service (1,000 hours) to receive employer base contributions.

Note 6. Contingencies

The Association allows employees to accumulate up to sixty days of sick time. The employee loses any right to this sick pay upon termination. At December 31, 2016 and 2015, this contingent liability amounted to \$55,182 and \$52,958, respectively.

The Association's investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in values of investments, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the Statement of Financial Position and the Statement of Activities.

See independent accountant's review report.