



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

**FINANCIAL REPORT
December 31, 2017**

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

CPAs SUPPORTING YOUR SUCCESS

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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, 2017 and 2016, 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 25, 2018

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NATIONAL ASSOCIATION OF CATHOLIC CHAPLAINS, LTD.

STATEMENTS OF FINANCIAL POSITION
December 31, 2017 and 2016

	2017	2016
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 105,990	\$ 135,565
Investments	1,609,540	1,413,421
Accounts receivable	19,249	5,497
Prepaid expenses	<u>18,147</u>	<u>27,141</u>
Total current assets	<u>1,752,926</u>	<u>1,581,624</u>
PROPERTY AND EQUIPMENT, at cost		
Office furniture and equipment	53,717	55,244
Leasehold improvements	<u>7,689</u>	<u>7,689</u>
	61,406	62,933
Less accumulated depreciation	<u>61,406</u>	<u>62,345</u>
	<u>0</u>	<u>588</u>
Total assets	<u>\$1,752,926</u>	<u>\$1,582,212</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 3,186	\$ 1,578
Accrued payroll and benefits	35,294	29,089
Deferred revenues	<u>195,939</u>	<u>213,303</u>
Total current liabilities	<u>234,419</u>	<u>243,970</u>
NET ASSETS		
Unrestricted		
Undesignated	1,434,691	1,237,441
Board designated	<u>68,491</u>	<u>68,491</u>
	1,503,182	1,305,932
Temporarily restricted	<u>15,325</u>	<u>32,310</u>
Total net assets	<u>1,518,507</u>	<u>1,338,242</u>
Total liabilities and net assets	<u>\$1,752,926</u>	<u>\$1,582,212</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, 2017 and 2016**

	-----2017-----			-----2016-----		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES						
Membership dues	\$ 462,051	\$ 0	\$ 462,051	\$ 508,771	\$ 0	\$ 508,771
Certification fees	72,550	0	72,550	75,559	0	75,559
Annual appeal	61,524	0	61,524	66,747	0	66,747
Contributions and grants	37,760	0	37,760	40,800	30,000	70,800
National conference	171,725	0	171,725	196,951	0	196,951
Educational events	18,151	0	18,151	9,885	0	9,885
Webinars/Audio conferences	40,700	0	40,700	25,080	0	25,080
Investment income, net	195,963	325	196,288	86,022	150	86,172
Miscellaneous income	40,503	0	40,503	51,606	0	51,606
Net assets released from restrictions:						
Restricted funds utilized	<u>13,614</u>	<u>(13,614)</u>	<u>0</u>	<u>12,990</u>	<u>(12,990)</u>	<u>0</u>
Total revenues	<u>1,114,541</u>	<u>(13,289)</u>	<u>1,101,252</u>	<u>1,074,411</u>	<u>0</u>	<u>1,091,571</u>
EXPENSES						
Administration:						
Salaries and benefits	476,663	0	476,663	455,117	0	455,117
Travel and transportation	6,160	0	6,160	4,471	0	4,471
Professional contracted services	13,320	0	13,320	13,273	0	13,273
Miscellaneous	1,446	0	1,446	1,663	0	1,663
Communications and postage	10,541	0	10,541	10,811	0	10,811
Occupancy expense	39,858	0	39,858	41,725	0	41,725
Maintenance and insurance	22,071	0	22,071	21,492	0	21,492
Professional fees	5,180	0	5,180	6,380	0	6,380
Printing and reproduction	1,241	0	1,241	2,861	0	2,861
Subscriptions, dues, awards, and fees	12,530	0	12,530	10,986	0	10,986
Office supplies	854	0	854	3,305	0	3,305
Depreciation	<u>588</u>	<u>0</u>	<u>588</u>	<u>1,946</u>	<u>0</u>	<u>1,946</u>
	<u>590,452</u>	<u>0</u>	<u>590,452</u>	<u>574,030</u>	<u>0</u>	<u>574,030</u>
Governance:						
Board of Directors	23,786	0	23,786	19,013	0	19,013
Editorial advisory panel	43	0	43	28	0	28
Special projects	16,557	0	16,557	14,732	0	14,732
Governance committee	115	0	115	247	0	247
Standards committee	123	0	123	54	0	54
Marketing, recruitment and development	10,168	0	10,168	18,178	0	18,178
Finance committee	78	0	78	82	0	82
Ethics commission	344	0	344	53	0	53
Episcopal advisory council	711	0	711	809	0	809
Ethics appeals panel	3	0	3	0	0	0
Special representatives	7	0	7	748	0	748
Education advisory panel	13	0	13	8	0	8
Research advisory panel	<u>36</u>	<u>0</u>	<u>36</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>51,984</u>	<u>0</u>	<u>51,984</u>	<u>53,952</u>	<u>0</u>	<u>53,952</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, 2017 and 2016

	-----2017-----			-----2016-----		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
EXPENSES (continued)						
Certification:						
Certification commission	\$ 16,155	\$ 0	\$ 16,155	\$ 16,113	\$ 0	\$ 16,113
Certification ITEs & site coordinators	20,623	0	20,623	20,400	0	20,400
Certification interviews	36,675	0	36,675	37,124	0	37,124
Certification appeals panel	<u>12</u>	<u>0</u>	<u>12</u>	<u>1</u>	<u>0</u>	<u>1</u>
	<u>73,465</u>	<u>0</u>	<u>73,465</u>	<u>73,638</u>	<u>0</u>	<u>73,638</u>
Annual appeal	<u>3,535</u>	<u>0</u>	<u>3,535</u>	<u>3,762</u>	<u>0</u>	<u>3,762</u>
National conference	<u>180,210</u>	<u>0</u>	<u>180,210</u>	<u>181,495</u>	<u>0</u>	<u>181,495</u>
Educational events	<u>9,571</u>	<u>0</u>	<u>9,571</u>	<u>7,124</u>	<u>0</u>	<u>7,124</u>
Webinars/Audio conferences	<u>8,074</u>	<u>0</u>	<u>8,074</u>	<u>4,129</u>	<u>0</u>	<u>4,129</u>
Total operating expenses	<u>917,291</u>	<u>0</u>	<u>917,291</u>	<u>898,130</u>	<u>0</u>	<u>898,130</u>
Change in net assets	197,250	(13,289)	183,961	176,281	17,160	193,441
Return of grant funds	0	(3,696)	(3,696)	0	0	0
NET ASSETS						
Beginning 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>
End of year	<u>\$1,503,182</u>	<u>\$ 15,325</u>	<u>\$1,518,507</u>	<u>\$1,305,932</u>	<u>\$ 32,310</u>	<u>\$1,338,242</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, 2017 and 2016

	2017	2016
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 183,961	\$ 193,441
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	588	1,946
Realized and unrealized gain on investments	(179,911)	(73,020)
Return of grant funds	(3,696)	0
(Increase) decrease in:		
Accounts receivable	(13,752)	(1,291)
Prepaid expenses	8,994	3,890
Increase (decrease) in:		
Accounts payable	1,608	(1,046)
Accrued payroll and benefits	6,205	2,531
Deferred revenues	<u>(17,364)</u>	<u>(34,448)</u>
Net cash flows from operating activities	<u>(13,367)</u>	<u>92,003</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of investments, including reinvested earnings	<u>(16,208)</u>	<u>(213,078)</u>
Net cash flows from investing activities	<u>(16,208)</u>	<u>(213,078)</u>
Net change in cash	(29,575)	(121,075)
Cash - beginning of year	<u>135,565</u>	<u>256,640</u>
Cash - end of year	<u>\$ 105,990</u>	<u>\$ 135,565</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 25, 2018, 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:

	2017	2016
Cash equivalents	\$ 287,589	\$ 345,941
Fixed income mutual funds	277,523	241,518
Equity mutual funds	<u>1,044,428</u>	<u>825,962</u>
	1,609,540	1,413,421
Unrealized gain	<u>(491,965)</u>	<u>(311,414)</u>
Cost basis at December 31	<u>\$1,117,575</u>	<u>\$1,102,007</u>

Investment income, net consists of the following:

Interest and dividends	\$ 16,377	\$ 13,152
Realized and unrealized gains	<u>179,911</u>	<u>73,020</u>
	<u>\$ 196,288</u>	<u>\$ 86,172</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. In December 2015, this lease was extended again through July 31, 2018. Total annual rent expense attributable to this lease was \$39,360 in 2017 and \$42,321 in 2016. The minimum future rental commitments under this operating lease are as follows:

2018	<u>\$ 25,047</u>
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Note 4. Net Assets

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

	2017	2016
Conference Fund	\$ 23,708	\$ 23,708
Donor Development Fund	<u>44,783</u>	<u>44,783</u>
	<u>\$ 68,491</u>	<u>\$ 68,491</u>

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

	2017	2016
Continuing Education Fund	\$ 15,325	\$ 15,150
Raskob Foundation Grant Fund	<u>0</u>	<u>17,160</u>
	<u>\$ 15,325</u>	<u>\$ 32,310</u>

During 2017, \$3,696 of unused grant funds were returned to the Raskob Foundation.

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 2017 and 2016, the Association contributed 5.5% of gross salaries to the plan for qualified employees; or, \$17,924 and \$18,718, 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, 2017 and 2016, this contingent liability amounted to \$56,404 and \$55,182, 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.