



**Administrative and Program Offices
of the Roman Catholic Diocese of San Angelo
Financial Report
Years Ended June 30, 2015 and 2014**

**Administrative and Program Offices of the
Roman Catholic Diocese of San Angelo**

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Years Ended June 30, 2015 and 2014

Administrative and Program Offices of the Roman Catholic Diocese of San Angelo

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Independent Auditor's Report

Most Reverend Michael J. Sis
Bishop of the Roman Catholic Diocese of San Angelo
San Angelo, Texas

We have audited the accompanying financial statements of the Administrative and Program Offices of the Roman Catholic Diocese of San Angelo (the Diocese) which comprise the Statements of Financial Position as of June 30, 2015 and 2014, the related Statements of Activities and Changes in Net Assets, 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 those 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 audits 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 as of June 30, 2015 and 2014, and the results of its operations and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP

December 4, 2015

Financial Statements

**Administrative and Program Offices of the
Roman Catholic Diocese of San Angelo**

Statements of Financial Position

<i>June 30,</i>	2015	2014
Assets		
Cash and cash equivalents	\$ 216,242	\$ 698,893
Certificates of deposit	13,850,038	10,850,092
Accounts receivable	1,000,975	1,254,633
Grants receivable	115,000	182,500
Other prepaid assets	853,344	76,066
Parish notes receivable	981,928	927,963
Seminary Burse Endowment Fund - held by the Catholic Charitable Foundation	2,329,121	2,366,878
Property and equipment, net	1,649,760	1,767,045
Total Assets	\$ 20,996,408	\$ 18,124,070
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 703,779	\$ 729,441
Accrued pension plan liabilities	3,528,949	2,779,281
Held for cemetery	40,741	107,967
Parish collections for designated purposes	68,980	68,957
Parish savings deposits	13,543,819	11,084,194
Total Liabilities	17,886,268	14,769,840
Net Assets		
Unrestricted	524,300	679,703
Temporarily restricted	560,158	695,902
Permanently restricted	2,025,682	1,978,625
Total Net Assets	3,110,140	3,354,230
Total Liabilities and Net Assets	\$ 20,996,408	\$ 18,124,070

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

**Administrative and Program Offices of the
Roman Catholic Diocese of San Angelo**

Statement of Activities and Changes in Net Assets

<i>Year ended June 30, 2015</i>	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, Gains, and Other Support				
Contributions	\$ 405,815	\$ 8,972	\$ 47,057	\$ 461,844
Parish assessments	3,363,030	-	-	3,363,030
Grants	12,290	243,678	-	255,968
Interest and dividends	84,494	58,582	-	143,076
Other income and fees	1,130,892	18,925	-	1,149,817
Insurance premiums	30,347	-	-	30,347
Miscellaneous revenue	21,638	2,869	-	24,507
Realized/unrealized gain on investments	-	(28,866)	-	(28,866)
Amounts released from restriction	439,904	(439,904)	-	-
Total Revenue, Gains, and Other Support	5,488,410	(135,744)	47,057	5,399,723
Expenses				
Program	3,928,904	-	-	3,928,904
General and administrative	1,488,452	-	-	1,488,452
Total Expenses	5,417,356	-	-	5,417,356
Change in net assets before pension- related changes other than net periodic pension costs	71,054	(135,744)	47,057	(17,633)
Pension-related changes other than net periodic pension costs	(226,457)	-	-	(226,457)
Change in Net Assets	(155,403)	(135,744)	47,057	(244,090)
Net Assets, beginning of year	679,703	695,902	1,978,625	3,354,230
Net Assets, end of year	\$ 524,300	\$ 560,158	\$ 2,025,682	\$ 3,110,140

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

**Administrative and Program Offices of the
Roman Catholic Diocese of San Angelo**

Statement of Activities and Changes in Net Assets

<i>Year ended June 30, 2014</i>	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, Gains, and Other Support				
Contributions	\$ 647,899	\$ 30,794	\$ 87,391	\$ 766,084
Parish assessments	2,882,543	-	-	2,882,543
Grants	120,469	325,000	-	445,469
Interest and dividends	64,120	50,235	-	114,355
Other income and fees	1,145,174	-	-	1,145,174
Insurance premiums	21,732	-	-	21,732
Miscellaneous revenue	1,750	4,945	-	6,695
Realized/unrealized gain on investments	-	247,513	-	247,513
Amounts released from restriction	409,970	(409,970)	-	-
Total Revenue, Gains, and Other Support	5,293,657	248,517	87,391	5,629,565
Expenses				
Program	3,486,911	-	-	3,486,911
General and Administrative	1,785,297	-	-	1,785,297
Total Expenses	5,272,208	-	-	5,272,208
Change in net assets before pension- related changes other than net periodic pension costs	21,449	248,517	87,391	357,357
Pension-related changes other than net periodic pension costs	(541,607)	-	-	(541,607)
Change in Net Assets	(520,158)	248,517	87,391	(184,250)
Net Assets, beginning of year	1,199,861	447,385	1,891,234	3,538,480
Net Assets, end of year	\$ 679,703	\$ 695,902	\$ 1,978,625	\$ 3,354,230

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

**Administrative and Program Offices of the
Roman Catholic Diocese of San Angelo**

Statements of Cash Flows

<i>Years ended June 30,</i>	2015	2014
Cash Flows from Operating Activities		
Change in net assets	\$ (244,090)	\$ (184,250)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	133,160	137,368
Realized/unrealized loss (gain) on investments	28,866	(247,513)
(Increase) Decrease in Assets:		
Accounts receivable	253,658	(425,540)
Grants receivable	67,500	(35,000)
Other prepaid assets	(777,278)	82,369
(Decrease) Increase in Liabilities:		
Accounts payable and accrued liabilities	(25,662)	427,693
Accrued pension plan liabilities	749,668	956,177
Held for cemetery	(67,226)	(28,937)
Parish collections for designated purposes	23	46,153
Total Adjustments	362,709	912,770
Net Cash Provided by Operating Activities	118,619	728,520
Cash Flows from Investing Activities		
Principal payments received on parish notes receivable	155,625	142,416
Loans made to parishes	(209,590)	(55,000)
Purchase of certificates of deposit	(8,749,946)	(7,600,092)
Proceeds from sales and maturity of investments	5,858,034	7,210,400
Purchases of investments	(99,143)	(139,722)
Purchases of property and equipment	(15,875)	(727,927)
Loss on disposal of equipment	-	11,270
Net Cash (Used in) Investing Activities	(3,060,895)	(1,158,655)
Cash Flows from Financing Activities		
Net increase in parish savings deposits	2,459,625	316,298
Net Cash Provided by Financing Activities	2,459,625	316,298
Net (Decrease) in Cash and Cash Equivalents	(482,651)	(113,837)
Cash and Cash Equivalents, beginning of year	698,893	812,730
Cash and Cash Equivalents, end of year	\$ 216,242	\$ 698,893
Supplemental Data		
Cash paid during year for interest	\$ 81,177	\$ 60,724

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

Administrative and Program Offices of the Roman Catholic Diocese of San Angelo

Notes to Financial Statements

1. Organization

The Administrative and Program Offices of the Roman Catholic Diocese of San Angelo (the Diocese) provides planning and direction in the administration of pastoral, vocational, educational, and other services to its parishes and other diocesan institutions. The Diocese also provides financing, investing, and other advisory services to the organizations of the Diocese. The Diocese is an ecclesiastical territory, which encompasses 29 counties in west and central Texas. Title to all parish, church, and other properties in the Diocese is held in the name of the Bishop and his successors. Certain properties are held for the benefit of the Diocese, and others are held for the benefit of the individual parishes, churches, missions, chapels, the cemetery, other diocesan organizations, and certain charitable trusts. The Bishop has ecclesiastical responsibility over approximately 69 parishes and missions, and a number of other institutions such as grade schools, cemeteries, and other charitable organizations.

2. Summary of Significant Accounting Policies

Basis of 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 (GAAP). The accompanying financial statements do not include the diocesan parishes, schools, churches, missions, chapels, and other similar organizations. Only the administrative and program offices of the Diocese are included in the financial statements.

Display of Net Assets by Class

The Diocese maintains its accounts in accordance with the principles of fund accounting. Resources for various purposes are classified into various funds in accordance with activities or restrictions specified by donors. Separate accounting is maintained for each fund. For reporting purposes, the Diocese classifies net assets into three categories according to the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Diocese and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that represent resources available for support of the Diocese operations and for charitable purposes that are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets - Net assets that represent available resources subject to donor-imposed restrictions that may or will be met either by actions of the Diocese and/or the passage of time. These include special collections and grants among others such as the Disaster Fund.

Permanently Restricted Net Assets - Net assets that represent funds that are subject to restrictions of gift instruments requiring that the principal be invested in perpetuity and only the income be used. Permanently restricted net assets include endowment contributions for the Seminary Burse Endowment Fund.

**Administrative and Program Offices of the
Roman Catholic Diocese of San Angelo**

Notes to Financial Statements

2. Summary of Significant Accounting Policies (Continued)

Cash Equivalents

Cash equivalents consist of commercial paper and other short-term, highly liquid investments including United States Treasury notes and government-backed securities with an original maturity of 90 days or less, and are carried at fair value.

Receivables

Notes and other receivables are stated at unpaid principal balances. Receivables are individually analyzed for purposes of determining collectability at year-end and to ascertain if an allowance for doubtful accounts is required. Receivables are considered delinquent when they are 30 days or more past due. The Diocese determines when to charge off receivables on a case-by-case basis. At June 30, 2015 and 2014, no allowances were considered necessary.

Investments

Investments consist of certificates of deposit and are carried at estimated fair value based on quoted market prices. All dividends, interest, gains, losses, and other investment income are reported in the Statements of Activities and Changes in Net Assets as increases or decreases in unrestricted net assets, unless their use is temporarily or permanently restricted by explicit donor stipulations.

Seminary Burse Endowment Fund

Investments being held by the Catholic Charitable Foundation for the Diocese are in an agency account for investment purposes.

Property and Equipment

Property and equipment acquisitions are capitalized at cost when purchased, or at fair value at the date of gift when donated. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of assets, which range from 5 to 40 years (see Note 6).

Revenue Recognition

Contributions and bequests, including unconditional promises to give, are recognized as revenue in the period that the unconditional promise is received. Promises to give that are scheduled to be received after the Statement of Financial Position date are shown as increases in temporarily restricted net assets, and are reclassified to unrestricted net assets when the time restriction is met. Unconditional promises to give with donor-imposed purpose or time restrictions are shown as increases in temporarily restricted net assets, and are reclassified to unrestricted net assets when the restriction is met. Conditional promises to give are not recorded until the conditions on which they depend are met. Contributions of assets, other than cash, are recorded at their estimated fair value.

**Administrative and Program Offices of the
Roman Catholic Diocese of San Angelo**

Notes to Financial Statements

2. Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Dividends, interest, and net gains on investments of permanently restricted net assets are reported as increases in temporarily restricted net assets since the terms of these gifts impose restrictions on the income and net gains. All other investment income is recorded as unrestricted net assets.

Income Taxes

The Diocese is listed in the 2015 Official Catholic Directory and, therefore, continues to be exempt from federal unemployment tax and federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. Current accounting standards require that entities recognize any uncertain tax positions that are more-likely-than-not to be sustained upon examination. Management of the Diocese believes it has no material uncertain tax positions and, accordingly, it has not recognized any related liability.

Tax years 2014-2012 remain open to examination by the taxing jurisdictions to which the Diocese is subject, and these periods have not been extended beyond the applicable statute of limitations.

Use of Estimates

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

3. Concentration of Credit Risk

Financial Institutions

The Diocese maintains multiple bank accounts in San Angelo, Texas. All of a depositor's accounts at an insured depository institution, including all non-interest-bearing transaction accounts, are insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000 for each deposit insurance ownership category. At various times throughout the year, certain cash balances at the financial institutions exceeded these limits. The Diocese cash balances at June 30, 2015 and 2014 were fully insured or collateralized with securities held by the Diocese's agent in the Diocese's name.

Notes Receivable

Substantially all of the notes receivable are with parishes or other related organizations (see Note 5). All of the notes are unsecured. The notes are expected to be repaid from cash flows, contributions from parishioners, or proceeds of selected assets of the parishes or other related organizations.

**Administrative and Program Offices of the
Roman Catholic Diocese of San Angelo**

Notes to Financial Statements

4. Accounts Receivable

Accounts receivable consist mainly of various billings to churches and related organizations for reimbursable items paid on their behalf by the Diocese.

5. Parish Notes Receivable

Notes to parishes are for parish development and are generally unsecured since the titles to all parish properties are held in the name of the Bishop and his successors, for the benefit of the parishes. The per annum interest rates on substantially all notes at June 30, 2015 and 2014 were 2.39% and 2.31%, respectively. Notes are typically due within 15 years of the date of the note and require the balance, plus interest, to be repaid ratably over that period. Interest earned on notes receivable for the years ended June 30, 2015 and 2014 was approximately \$22,838 and \$22,435, respectively. The carrying value of notes receivable approximates fair value.

The aggregate maturities of notes receivable for each of the five years subsequent to June 30, 2015 and thereafter are as follows:

2016	\$	109,320
2017		94,163
2018		90,178
2019		92,281
2020		83,424
Thereafter		512,562
<hr/>		
Total Parish Notes Receivable	\$	981,928

6. Property and Equipment

At June 30, property and equipment consisted of the following:

	2015	2014
Land and improvements	\$ 936,135	\$ 936,135
Buildings and improvements	4,234,153	4,227,408
Furniture and equipment	1,142,916	1,141,416
Automobiles and trucks	133,603	135,393
<hr/>		
	6,446,807	6,440,352
Less: Accumulated depreciation	(4,797,047)	(4,673,307)
<hr/>		
	\$ 1,649,760	\$ 1,767,045

Administrative and Program Offices of the Roman Catholic Diocese of San Angelo

Notes to Financial Statements

6. Property and Equipment (Continued)

Depreciation expense amounted to \$133,160 and \$137,368 for the years ended June 30, 2015 and 2014, respectively.

7. Fair Value of Financial Instruments

Accounting Standards Codification (ASC) 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are most observable be used when available. Observable inputs are inputs that market participants operating within the same marketplace as the Diocese would use in pricing the Diocese's assets or liabilities based on independently derived and observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of the Diocese are traded.

Under the Fair Value Measurements and Disclosures topic of ASC 820, disclosures are required about how fair value is determined for assets and liabilities, and a hierarchy for which these assets and liabilities must be grouped is established, based on significant levels of inputs as follows:

- Level 1 - Inputs that utilize quoted prices in active markets for identical assets or liabilities.
- Level 2 - Inputs that include quoted prices in active markets for similar assets and liabilities, and inputs that are observable for the asset or liability.
- Level 3 - Inputs that are unobservable inputs for the asset or liability, such as discounted cash flow models or valuations.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate that value:

- *Certificates of deposit* - The Diocese's certificates of deposit consist of fixed income investments whose quoted prices are available on the open market. The Diocese estimated fair value for these investments based on Level 1 inputs.
- *Seminary Burse Endowment Fund - held by the Catholic Charitable Foundation* - The fair values of investments owned by the Diocese held by the Catholic Charitable Foundation are based on the underlying investments made by Catholic Charitable Foundation as determined by quoted market prices at the end of the year. Investment income from these investments reflects earnings of the respective underlying funds, including investment income and investment return of the fair value of the investments.

**Administrative and Program Offices of the
Roman Catholic Diocese of San Angelo**

Notes to Financial Statements

7. Fair Value of Financial Instruments (Continued)

The determination of where assets and liabilities fall within this hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

<i>2015</i>	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Fair Value
Certificates of deposit	\$ 13,850,038	\$ -	\$ -	\$ 13,850,038
Seminary Burse Endowment Fund - held by the Catholic Charitable Foundation	-	2,329,121	-	2,329,121
Total Assets	\$ 13,850,038	\$ 2,329,121	\$ -	\$ 16,179,159

<i>2014</i>	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Fair Value
Certificates of deposit	\$ 10,850,092	\$ -	\$ -	\$ 10,850,092
Seminary Burse Endowment Fund - held by the Catholic Charitable Foundation	-	2,366,878	-	2,366,878
Total Assets	\$ 10,850,092	\$ 2,366,878	\$ -	\$ 13,216,970

8. Pension Plan

The Diocese has a defined benefit pension plan covering all diocesan priests (the Plan). Benefits under the Plan are based on years of service, age, and compensation. The Plan's assets are separately maintained by an independent third party, and are not part of the accompanying financial statements. Additionally, the Diocese recognizes pension expense only for certain priests. The remaining expense is allocated to, and reimbursed by, parishes.

**Administrative and Program Offices of the
Roman Catholic Diocese of San Angelo**

Notes to Financial Statements

8. Pension Plan (Continued)

Contributions made and benefits paid are in accordance with Plan provisions. During 2015 and 2014, regular monthly benefits of \$1,500 and \$1,375, respectively, were provided to each eligible retiree.

	2015	2014
<hr/>		
Obligations and Funded Status:		
Benefit obligation	\$(7,013,420)	\$ (6,278,774)
Plan assets at fair value	3,489,185	3,504,207
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Funded Status (Under-Funded)	\$(3,524,235)	\$ (2,774,567)
<hr/>		
Accumulated benefit obligation	\$ 6,252,188	\$ 5,621,891
Employer contributions	247,022	347,697
Plan participant contributions	-	-
Benefits paid	\$ (230,600)	\$ (212,850)
<hr/>		
Amounts recognized in the Statements of Financial Position consisted of accrued pension plan liabilities	\$(3,528,949)	\$ (2,779,281)
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Amounts recognized in the Statements of Activities consisted of prior service cost (included in administrative office)	\$ (519,345)	\$ (414,570)
<hr/>		
Amounts Recognized in the Statements of Activities consisted of components of net periodic pension costs		
Cost Components:		
Service cost	\$ 161,017	\$ 136,882
Interest cost	261,789	214,284
Actual return on plan assets	(117,051)	(100,207)
Net Amortization and Deferral:		
Amortization of unrecognized prior service cost	160,121	147,695
Amortization of net (gain)/loss	57,333	19,782
Amortization of initial unrecognized net asset	(3,864)	(3,866)
<hr/>		
Net Periodic Pension Cost (included in Statements of Activities)	\$ 519,345	\$ 414,570
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**Administrative and Program Offices of the
Roman Catholic Diocese of San Angelo**

Notes to Financial Statements

8. Pension Plan (Continued)

	2015	2014
<hr/>		
Related Changes Other than Net Periodic Pension Cost:		
Prior service cost	\$ 160,123	\$ 147,695
Net (loss) gain	(382,716)	(685,436)
Transition obligation	(3,864)	(3,866)
	<hr/>	<hr/>
	\$ (226,457)	\$ (541,607)
<hr/>		
Other Changes in Plan Assets and Benefit Obligations -		
Recognized Changes in Unrestricted Net Assets -		
Net loss	\$ 117,051	\$ 100,207
	<hr/>	<hr/>
Total Recognized in Net Periodic Pension Cost and Unrestricted Net Assets	\$ 117,051	\$ 100,207
	<hr/>	<hr/>

The following assumptions were used in accounting for the Plan.

Weighted-average assumptions used to determine net periodic benefit cost for years ended June 30:

	2015	2014
<hr/>		
Discount rate	4.25%	4.25%
Expected return on Plan assets	3.00%	3.00%
Rate of compensation increase	2.75%	2.75%
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To develop the expected long-term rate of return on pension plan assets assumption, the actuary considered the current and expected target asset allocations of the pension portfolio, as well as historical returns and future expectations for returns, on a short-term fixed income category of Plan assets.

The Plan seeks preservation of capital and current income in lieu of the acceptance of the risk associated with a primary emphasis seeking capital appreciation. This goal is accomplished through investing primarily in short-term United States government agency-backed securities and certificates of deposit. These investments comprised 91% of the portfolio at June 30, 2015 and 2014. The balance of the portfolio consisted of an investment in Christian Brothers Investment Services, Inc. Religious Communities Trust Short Bond Fund (9% at June 30, 2015 and 2014), which conforms to the overall policy of the Plan because of its policy of investing primarily (70+%) in short-term United States government agency securities, corporate asset-backed securities, and mortgage-backed securities. Investments with any significant risk are not indicated for this Plan. Risk is managed through investing in certificates of deposit at or below the amount guaranteed by the FDIC, FSLIC, or in federal government-backed securities. Overall long-term rate of return fluctuates with interest rates.

**Administrative and Program Offices of the
Roman Catholic Diocese of San Angelo**

Notes to Financial Statements

8. Pension Plan (Continued)

Major Categories of Plan Assets (Unaudited)

	Fair Value as of 2015	Fair Value as of 2014	% of Portfolio
Investments:			
Held at Merrill Lynch - Certificates of Deposit - FDIC or FSLIC insured	\$ 3,171,536	\$ 3,189,474	91%
Held at Christian Brothers Investment Services, Inc. - Religious Communities Trust Short Bond Fund*	317,649	314,733	9%
Total Investments	\$ 3,489,185	\$ 3,504,207	100%

*Invests primarily (70+%) in short-term United States government agency securities, corporate asset-backed securities, and mortgage-backed securities.

Estimate of Contributions to the Plan for the Fiscal Year Beginning July 1

	2015	2014
Active priests	\$ 33	\$ 33
Contribution per priest for the year	x 6,000	x 6,000
Contribution for Priests for the Year	198,000	198,000
Additional contribution	34,000	25,000
Expected Contribution	\$ 232,000	\$ 223,000

There were no securities of the Diocese, or insurance policies issued by the Diocese, included in Plan assets. There were no significant transactions between the Diocese, or related parties, and the Plan during the period.

**Administrative and Program Offices of the
Roman Catholic Diocese of San Angelo**

Notes to Financial Statements

8. Pension Plan (Continued)

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

	Pension Benefits
2016	\$ 223,286
2017	257,824
2018	287,402
2019	322,576
2020	319,858
Years 2021-2025	1,860,107
	<hr/>
	\$ 3,271,053

The Diocese also has a 403(b) defined contribution plan for lay employees, in which contributions made are immediately vested. All regular employees who work 20 hours or more per week are eligible to participate and are immediately vested. The Diocese contributes 5% of the salary of all participants. During fiscal year 2015 and 2014, the Diocese contributed \$58,175 and \$53,495, respectively.

9. Parish Savings Deposits

The parishes and other related entities within the Diocese deposit excess funds with the Diocese which then, in turn, may loan these funds to other parishes and related entities as necessary. By holding these funds on deposit, the Diocese incurs a liability to the related entities. In the event the related entities request that the Diocese return their funds on deposit, the Diocese may be obligated to return these funds, subject to certain limitations. The amount required to be returned to the related entities is limited to the availability of the funds and is stated in the savings and loan pool policies. Availability of the funds may be affected by the amount of funds loaned to other parishes and related entities. These funds are to be used principally for loans to other parishes and churches within the Diocese (see Note 5).

The interest rate paid on parish savings deposits is derived from two sources: (1) interest earned on loans to parishes, and (2) the earnings on certificates of deposit invested from 30 days to one-year terms. This blended rate was 0.659% and 0.556% at June 30, 2015 and 2014, respectively.

**Administrative and Program Offices of the
Roman Catholic Diocese of San Angelo**

Notes to Financial Statements

10. Net Assets

Temporarily restricted net assets consisted of the following at June 30:

	2015	2014
Gifts and Related (Purpose Restricted) Available for:		
Special collections	\$ 13,910	\$ 4,066
Newman Center	729	11,639
Christ the King Retreat Center	44,132	35,454
Disaster fund	31,155	38,074
Extension Grant	50,000	50,000
Catholic Home Mission Grant	67,500	67,500
Kennedy Memorial Foundation	-	45,000
St. Dismas Ministry	3,862	4,022
Charity fund	3,535	-
CSA - Abilene	3,103	3,077
CSA - Odessa	500	-
CSA - San Angelo	2,883	-
Pro Life	3,155	3,155
Loyola Institute for Ministry-Extension	7,028	7,029
Seminary Burse Endowment Fund	328,666	426,886
	\$ 560,158	\$ 695,902

Permanently restricted net assets consisted of the following at June 30:

	2015	2014
Seminary Burse Endowment Fund	\$ 2,025,682	\$ 1,978,625

Net assets released from temporarily restricted net assets by accomplishing the designated purposes, were as follows:

	2015	2014
Special collections	\$ -	\$ 6,250
Newman Center	10,910	-
Disaster fund	16,000	-
Extension Grant	100,000	100,000
Catholic Home Mission Grant	135,000	135,000
Kennedy Memorial Foundation	45,000	45,000
Loyola Institute for Ministry-Extension	-	9,009
Deferred Seminary Burse Endowment Fund interest	130,805	110,400
CSA - Abilene	-	2,896
CSA - San Angelo	2,029	-
St. Dismas Ministry	160	1,415
	\$ 439,904	\$ 409,970

**Administrative and Program Offices of the
Roman Catholic Diocese of San Angelo**

Notes to Financial Statements

11. Transactions with Parishes and other Related Organizations

Transactions with parishes and other related organizations for the years ended June 30 were as follows:

	2015	2014
Casualty, workers compensation, and medical insurance premiums billed to parishes and other related organizations	\$ 2,636,774	\$ 2,111,578
Parish assessments	3,363,030	2,882,543
Receipts from parishes for special collections	\$ 855,748	\$ 831,644

Parish contributions, including special collections, originate in, and are received by, the parishes, and thus are recorded on the basis of accounting determined by the parishes. The parishes calculate the assessment due to the Diocese based on contributions received, less certain defined deductions.

Due to the nature of these transactions and related accounting records, the parish assessments and special collections received by the Diocese are recorded solely based on such parish accounting.

The Diocese bills the parishes and other related organizations for reimbursable items paid on their behalf by the Diocese. The billings include items such as casualty, workers compensation, and medical insurance premiums. A substantial portion of the Diocese's accounts receivable is due from parishes and other related organizations.

12. Endowment

Endowment Funds

The Diocese maintains a Seminary Burse Endowment Fund, established as a permanent endowment, to provide a continuing source of income for the education and support of seminarians of the Diocese. This donor-restricted endowment fund falls under the provisions of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), which was adopted by the state of Texas with an effective date of September 1, 2007. This policy defines the Diocese interpretation of the provisions of this law as they relate to the prudent management of the Seminary Burse Endowment Fund.

In July 2006, the Uniform Law Commission (ULC) approved the UPMIFA as a modernized version of the Uniform Management of Institutional Funds Act of 1972 (UMIFA), which governed the investment and management of donor-restricted endowment funds by not-for-profit organizations. The major change of the new law is that UPMIFA prescribes new guidelines for expenditure of a donor-restricted endowment fund when there are no explicit donor stipulations. These guidelines require the Diocese to determine what constitutes prudent spending based upon consideration of the donor's intent that the endowment fund continues permanently, the purpose of the fund, and relevant economic factors.

**Administrative and Program Offices of the
Roman Catholic Diocese of San Angelo**

Notes to Financial Statements

12. Endowment (Continued)

Endowment "Principal" Interpretation

The Diocese has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Diocese classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment (the "Principal") plus, as permitted by the Diocese Indenture, additional amounts approved by the Trustees. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Diocese, in a manner consistent with the standard of prudence prescribed by UPMIFA.

Endowment Investment Objectives

The endowment fund seeks preservation of capital and current income in lieu of the acceptance of risk. To accomplish this goal, the endowment fund is invested mostly in the Seminary Burse Endowment Fund - held by the Catholic Charitable Foundation.

Endowment "Income" Appropriation (Spending Policy)

The Diocese's policy is to distribute, as earned, the actual income earned on the principal.

In accordance with UPMIFA, in all the Seminary Burse Endowment Fund spending activity, the Diocese considers the following factors in making a determination to appropriate (spend) or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the donor-restricted endowment fund
3. General economic and investment market conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Diocese, and
7. The investment policies of the Diocese

Endowment Net Asset Composition by Type of Fund as of June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 328,666	\$ 2,025,682	\$ 2,354,348
Total Funds	\$ -	\$ 328,666	\$ 2,025,682	\$ 2,354,348

**Administrative and Program Offices of the
Roman Catholic Diocese of San Angelo**

Notes to Financial Statements

12. Endowment (Continued)

Changes in Endowment Net Assets for the Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, July 1, 2014	\$ -	\$ 426,886	\$ 1,978,625	\$ 2,405,511
Investment income	-	29,716	-	29,716
Contributions		2,869	47,057	49,926
Appropriations of endowment assets for expenditure	-	(130,805)	-	(130,805)

Endowment Net Assets, June 30, 2015	\$ -	\$ 328,666	\$ 2,025,682	\$ 2,354,348
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Total Net Asset Composition for the Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Funds	\$ -	\$ 328,666	\$ 2,025,682	\$ 2,354,348
Non-Endowment Funds	524,300	231,492	-	755,792
Total Net Assets	\$ 524,300	\$ 560,158	\$ 2,025,682	\$ 3,110,140

Endowment Net Asset Composition by Type of Fund as of June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 426,886	\$ 1,978,625	\$ 2,405,511
Total Funds	\$ -	\$ 426,886	\$ 1,978,625	\$ 2,405,511

**Administrative and Program Offices of the
Roman Catholic Diocese of San Angelo**

Notes to Financial Statements

12. Endowment (Continued)

Changes in Endowment Net Assets for the Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, July 1, 2013	\$ -	\$ 234,593	\$ 1,891,234	\$ 2,125,827
Investment income	-	297,748	-	297,748
Contributions		4,945	87,391	92,336
Appropriations of endowment assets for expenditure	-	(110,400)	-	(110,400)
Endowment Net Assets, June 30, 2014	\$ -	\$ 426,886	\$ 1,978,625	\$ 2,405,511

Total Net Asset Composition for the Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Funds	\$ -	\$ 426,886	\$ 1,978,625	\$ 2,405,511
Non-Endowment Funds	679,703	269,016	-	948,719
Total Net Assets	\$ 679,703	\$ 695,902	\$ 1,978,625	\$ 3,354,230

13. Subsequent Events

Subsequent events have been evaluated by management through December 4, 2015, which is the date the financial statements were available to be issued. Material subsequent events, if any are disclosed in a separate footnote to these financial statements.