Financial Statements and Report of Independent Certified Public Accountants

The Catholic Foundation

December 31, 2015

Grant Thornton

Report of Independent Certified Public Accountants

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We have audited the accompanying financial statements of The Catholic Foundation (the "Foundation"), which comprise the statement of financial position as of December 31, 2015 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 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 Catholic Foundation as of December 31, 2015, and the results of its changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on 2014 summarized comparative information

We have previously audited the Foundation's 2014 financial statements (not presented herein), and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 7, 2015. In our opinion, the accompanying summarized comparative information as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Grant Thornton LLP

Dallas, Texas
May 12, 2016

The Catholic Foundation

STATEMENTS OF FINANCIAL POSITION

December 31, 2015
(with comparative amounts as of December 31, 2014)

ASSETS	2015	2014
Cash and cash equivalents	$ 4,558,300	$ 1,156,523
Accounts and trade receivable	296,446	516,087
Receivable from fund manager	-	2,259,251
Pledges receivable, net	37,243,579	30,295,111
Beneficial interest in trusts held by others	1,995,633	2,313,135
Investments	129,105,268	118,442,706
Agency funds	45,424,393	43,582,191
Real estate held for investment	3,641,031	3,408,031
Other assets	844,774	568,729
Total assets	$223,109,424	$202,541,764
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued liabilities	$ 2,129,691	$ 574,553
Distributions payable	61,050	61,473
Grants payable	1,495,408	1,569,077
Liability to trust beneficiaries	3,261,026	3,469,747
Agency funds	45,424,393	43,582,191
Deferred revenue	4,083,626	4,516,280
Annuities payable	5,057,602	5,139,084
Total liabilities	61,512,796	58,912,405
Net assets		
Unrestricted	28,907,899	31,728,193
Temporarily restricted	101,092,416	80,937,898
Permanently restricted	31,596,313	30,963,268
Total net assets	161,596,628	143,629,359
Total liabilities and net assets	$223,109,424	$202,541,764

The accompanying notes are an integral part of this statement.

The Catholic Foundation

STATEMENTS OF ACTIVITIES

Year ended December 31, 2015
(with summarized financial information for the year ended December 31, 2014)

	Unrestricted	Temporarily restricted	Permanently restricted	2015 Total	2014 Total
Revenue, gains, and other support					
Contributions, net	$ 649,008	$ 52,623,560	$ 510,251	$ 53,782,819	$ 44,349,376
Investment income					
Dividends and interest	687,607	1,343,570	44,904	2,076,081	1,915,264
Net realized and unrealized gains (losses) on investments	(1,392,302)	(1,853,011)	50,427	(3,194,886)	3,860,376
Real estate income	11,965	2,835	-	14,800	17,390
Investment advisory fees	1,552,399	-	-	1,552,399	1,208,320
Other	25,698	5,574	-	31,272	158,608
Loss on uncollectible accounts		(15,933,595)		(15,933,595)	(3,878,374)
Change in value of split-interest agreements	(112,049)	420,193	27,463	335,607	(115,500)
Net assets released from restrictions	16,454,608	(16,454,608)	-	-	-
Total revenue, gains and other support	17,876,934	20,154,518	633,045	38,664,497	47,515,460
Expenses					
Grants	1,120,285	-	-	1,120,285	1,062,469
Distributions	14,239,898	-	-	14,239,898	11,040,441
Annuity payments and distributions to beneficiaries	599,720	-	-	599,720	594,429
Development	1,165,992	-	-	1,165,992	1,071,624
Management and general	3,571,333	-	-	3,571,333	2,753,770
Total expenses	20,697,228	-	-	20,697,228	16,522,733
Change in net assets	(2,820,294)	20,154,518	633,045	17,967,269	30,992,727
Net assets at beginning of year	31,728,193	80,937,898	30,963,268	143,629,359	112,636,632
Net assets at end of year	$28,907,899	$101,092,416	$31,596,313	$161,596,628	$143,629,359

The accompanying notes are an integral part of this statement.

The Catholic Foundation

STATEMENTS OF CASH FLOWS

Year ended December 31, 2015
(with comparative amounts for the year ended December 31, 2014)

	2015	2014
Cash flows from operating activities		
Change in net assets	$ 17,967,269	$ 30,992,727
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Contributed stock	(6,342,857)	(4,898,973)
Net realized and unrealized (gains) losses on investments	3,194,886	(3,860,376)
Change in value of split-interest agreements	(335,607)	(115,500)
Contributions restricted for long-term investments	(510,251)	(538,013)
Unamortized discount on pledges receivable	283,399	486,933
Allowance for uncollectible pledges	15,404,925	3,878,374
Capital gains paid in cash	-	244,454
Increase in value of real estate	(233,000)	(108,000)
Changes in operating assets and liabilities		
Accounts and trade receivable	219,641	564,399
Receivable from fund manager	2,259,251	(2,259,251)
Contributions receivable	-	100,000
Pledges receivable	(22,636,792)	(22,259,198)
Other assets	(276,045)	(128,186)
Accounts payable and accrued liabilities	1,555,138	203,685
Distributions payable	(423)	131
Grants payable	(73,669)	19,022
Liability to trust beneficiaries	(75,781)	138,074
Deferred revenue	-	152,882
Annuities payable	(193,531)	11,433
Net cash provided by operating activities	10,206,553	2,624,617
Cash flows from investing activities		
Proceeds from sale of investments	72,055,499	39,699,426
Purchases of investments	(79,370,526)	(43,129,635)
Net cash used in investing activities	(7,315,027)	(3,430,209)
Cash flows from financing activities		
Contributions restricted for long-term investments	510,251	538,013
Net cash provided by financing activities	510,251	538,013
Net increase (decrease) in cash and cash equivalents	3,401,777	(267,579)
Cash and cash equivalents at beginning of year	1,156,523	1,424,102
Cash and cash equivalents at end of year	$ 4,558,300	$ 1,156,523
Noncash investing transactions:		
Contributed stock	$ 6,342,857	$ 4,898,973

The accompanying notes are an integral part of this statement.

NOTE A - NATURE OF OPERATIONS

The Catholic Foundation (the "Foundation") is a not-for-profit corporation authorized primarily to serve Catholic institutions within the Diocese of Dallas which are of a religious, charitable or educational character.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements follows.

Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to distribute all or part of the income earned on related investments for general or specific purposes, as specified by original grantor.

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

Unrestricted net assets - Net assets not subject to donor-imposed stipulations.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporarily restricted net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions are recognized as revenue in the period unconditional promises to give are received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Realized and unrealized gains (losses) and income on investments are reported as follows:

- as increases (decreases) in permanently restricted net assets if the terms of the gift require that they be included in the principal of a permanent endowment fund;
- as increases (decreases) in temporarily restricted net assets if the terms of the gift impose restrictions on their use or when appropriated for expenditure;
- as increases (decreases) in unrestricted net assets in all other cases.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The Foundation maintains cash depositories with high quality financial institutions which, at times, may exceed federally insured limits. The Foundation has not experienced any losses on such accounts.

Accounts and Trade Receivable and Receivable from Fund Manager

Accounts and trade receivables are primarily due to investment transactions that have not been completed and are stated at the amount owed to the Foundation.

As of December 31, 2015 there were no funds due from fund managers. As of December 31, 2014, the Foundation recorded a receivable due from fund manager of $2,259,251, relating to an alternative investment. The fund manager recorded the distribution as of December 31, 2014, however the Foundation did not receive the funds prior to period end.

Pledges Receivable and Contributions

Unconditional promises to give are recorded as pledges receivable and contribution revenue when the promise is made. Pledges and contribution revenues expected to be received within one year are recorded at net realizable value. Unconditional promises that are expected to be collected in future years are recorded at the net present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates appropriate for the expected term of the promise to give applicable to the years in which the pledges are made. The discount is included in contribution revenue in accordance with donor imposed restrictions, if any, on the contributions.

The Foundation provides an allowance for pledges that are greater than 60 days past due. Additionally, the Foundation provides a general allowance based on subsequent campaign results. This is based upon actual results experienced over the last two years of the campaigns. The allowance is accounted for as a loss on uncollectible accounts in the Statement of Activities.

Beneficial Interest in Trusts Held by Others

The Foundation became the beneficiary of two charitable lead trusts created by a donor in 2013, the assets of which are not in the possession of the Foundation. The Foundation will receive an income stream from these assets for a period of fifteen years. The net present value of the fair market value of the Foundation's share of the trusts is recognized as an asset of the Foundation and was recognized as a contribution in prior years. This present value has been determined using a current discount rate of 2%.

Changes in this calculated asset value due to changes in the trust's asset value are accounted for as a change in value of split-interest agreements in the Statement of Activities.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Investments

All investments are carried at fair value. Investments in money market funds, marketable securities, fixed income securities and mutual funds are stated at fair value based on quoted market prices. Fair values of investments in limited partnerships, including hedge funds and private equity that have limited marketability are based on net asset value as a practical expedient in estimating fair value. The net asset values are determined by the fund manager or general partner based on their best estimates using fair value estimation techniques, substantiated, in part, by their audited financial statements and supported by the due diligence of the Foundation's investment management. There are investments held in five limited partnerships that are accounted for under the equity method with gains, losses and fair value adjustments recorded by the investment managers based upon local market conditions, trading values of underlying investments on market exchanges, current and projected operating perfomance, marketability, restrictions on disposition and financing transactions subsequent to the acquisitions of the underlying investments. Unrealized gains (losses) from fair value fluctuations on investments are included in the Statement of Activities in the period that such fluctuations occur. Investments which are received by gift are recorded at fair value at the date of donation and adjusted for any unrealized gains(losses) occurring thereafter.

Agency Funds

The Foundation accepts funds to manage and invest on behalf of Catholic organizations primarily within the Diocese of Dallas. Accordingly, these assets are generally carried at fair value with a corresponding liability. There are no amounts reflected in the Statement of Activities relating to these funds.

Real Estate Held for Investments

Real estate held for investment is recorded at fair value based on appraisals made and comparable sales in the area. Contributions of real estate are recorded at fair value at the time of donation. Permanent decreases in fair value below cost are recorded to expense in the year that such decreases become known. There were no permanent decreases during the years ended December 31, 2015 and 2014.

Grants Payable

Grants are recognized as expenses in the financial statements at the time recipients are entitled to such grants. Generally, this occurs when the Foundation's Distribution Committee approves a specific grant. Approved grants are generally paid within a twelve month period.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Liability to Trust Beneficiaries

Fixed Payment Charitable Remainder Trusts

Under fixed payment charitable remainder trust agreements, the Foundation pays annual benefits from trust assets over the term of the trust to third party beneficiaries with remaining trust assets at the end of the trust's term being distributed to the Foundation. For irrevocable charitable remainder trusts, assets of the trust are generally carried at fair value. A liability is recognized equal to the present value of amounts which the Foundation expects to pay to third party beneficiaries at the risk-free rate ranging from 5.0% to 8.8%. Changes in the calculated liability due to increases or decreases in the actuarially determined life expectancy of third party beneficiaries are reflected as change in value of split-interest agreements in the Statement of Activities and Statement of Cash Flows.

Deferred Revenue

Net Income Charitable Remainder Trusts

Under net income charitable remainder trust agreements, a donor gives assets to the Foundation to invest, and the Foundation must pay the investment income earned to the donor until the donor's death, at which time the assets become the property of the Foundation. Assets are generally recognized at fair value with deferred revenue recognized equal to the difference between the fair value of the assets and the present value of those assets discounted at the risk-free rate ranging from 5.0% to 10.0% over the actuarially determined life expectancy of the donor. Changes in the calculated deferred revenue due to increases or decreases in the actuarially determined life expectancy of the donor are reflected as change in value of split-interest agreements in the Statement of Activities and Statement of Cash Flows.

Annuities Payable

The Foundation has charitable annuity agreements with donors to make payments to the annuitants for the remainder of their lives. Assets are recorded at fair value when received on the Statement of Financial Position. A liability is recorded equal to the present value of the estimated future obligations. Changes in annuity liabilities due to amortization of discount and increases or decreases in the actuarially determined life expectancy of the donor are reflected as change in value of split-interest agreements in the Statement of Activities and Statement of Cash Flows.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain expenses have been allocated among development and management and general.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Income Tax Status

The Foundation is exempt from federal income tax under Section 501(a) of the Internal Revenue Code of 1986 ("IRC"), as amended, and as a public charity described in Section 501(c)(3) of the IRC. However, income generated from activities unrelated to the Foundation's exempt purpose is subject to tax under IRC Section 511. The Foundation had no unrelated business income tax during the years ended December 31, 2015 and 2014.

The Foundation has reviewed its tax positions and believes it is more likely than not that they will be sustained upon examination. Accordingly, the Foundation does not have any unrecognized tax benefits or liabilities.

The Foundation is no longer subject to income tax examination by tax authorities for the tax years prior to 2011.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Financial Statements

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Foundation's audited financial statements for the year ended December 31, 2014, from which the summarized information was derived.

NOTE C - FAIR VALUE OF FINANCIAL INSTRUMENTS

The Foundation records its financial instruments in accordance with the fair value guidance as established by the Financial Accounting Standard Board ("FASB"). In accordance with this guidance, fair value is defined as the price the Foundation would receive from the sale of an asset, or pay to transfer a liability, in a timely transaction with an independent buyer in the principal market. This guidance establishes a three-tier hierarchy to distinguish between various types of inputs used in determining the value of the Foundation's investments and liabilities. The inputs are summarized in three levels as outlined below:

Level 1 - Quoted prices in active markets for identical assets or liabilities. Assets utilizing Level 1 inputs include the Foundation's money market funds, publicly traded securities and mutual fund investments. Valuations of these instruments do not require a high degree of judgment as the valuations are based on quoted prices in active markets that are readily available.

NOTE C - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

Level 2 - Other significant observable inputs that reflect the assumptions market participants would use in pricing an asset or liability based on market data obtained from independent market sources. These observable inputs include quoted prices for similar investments, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability. Valuations in this category are inherently less reliable than quoted market prices due to the degree of subjectivity involved in determining appropriate methodologies and the applicable underlying assumptions. Assets included in Level 2 include five investment pools, real estate, one limited partnership investing in primarily publically traded growth oriented companies and an annuity contract.

Level 3 - Unobservable inputs that reflect the reporting entities own assumptions market participants would use in pricing an asset or liability based upon the best information available in the circumstances. Assets utilizing Level 3 inputs include the Foundation’s investment in hedge fund of funds, a real estate opportunity fund, a private equity venture capital partnership and private equity small company funds, distressed securities funds and beneficial interest in trusts held by others. These financial instruments have inputs that cannot be validated by readily determinable market data and generally involve considerable judgment by management of the funds. The Foundation’s assessment of the significance of a particular input to the fair value measurements in its entirety requires judgment and considers factors specific to the financial instruments.

NOTE C - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

The schedule below classifies the Foundation's financial assets measured on a recurring basis based upon the three-tier hierarchy discussed above:

Fair Value Measurements at December 31, 2015

Description	December 31, 2015	Using Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market	$ 19,034,354	$19,034,354	$ -	$ -
Fixed income	641,849	641,849	-	-
Equities:				
Domestic	11,430,304	10,935,228	495,076	-
International	191,464	191,464	-	-
Mutual funds:				
Domestic	33,166,396	33,166,396	-	-
International	9,245,512	9,245,512	-	-
Investment Pools:				
Money market	2,876,076	-	2,876,076	-
Mutual Funds Domestic	29,753,067	-	29,753,067	-
Mutual Funds International	9,349,011	-	9,349,011	-
Investments in limited partnerships	1,917,188	-	1,917,188	-
Hedge Fund of Funds	9,120,257	-	-	9,120,257
Private Equity Venture Capital	332,462	-	-	332,462
Private Equity Small Company	271,042	-	-	271,042
Real Estate Opportunity Fund	743,720	-	-	743,720
Distressed Securities	1,032,566	-	-	1,032,566
Total investments	$129,105,268	$73,214,803	$44,390,418	$11,500,047

Fair Value Measurements at December 31, 2015

Description	December 31, 2015	Using Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial interest in trusts held by others	$ 1,995,633	$ -	$ -	$ 1,995,633
Real estate held for investment	$ 3,641,031	$ -	$ 3,641,031	$ -

NOTE C - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

The schedule below summarizes the 2015 year activity for the investments above which have been classified as a Level 3 investments:

	Hedge Fund Of Funds	Private Equity Venture Capital	Private Equity Small Company	Real Estate	Distressed Securities	Funds Held in Trust by Others
Beginning Balance	$6,833,477	$386,526	$ 398,152	$ 921,452	$ 554,533	$2,313,135
Total gains (losses)						
Included in realized/unrealized	82,860	32,462	-	22,580	(8,940)	-
Included in other income (loss)	3,920	(5,732)	28,559	21,544	(73)	-
Change in value of split interest agreements	-	-	-	-	-	(117,938)
Purchases and issuances	2,200,000	15,500	-	-	566,318	-
Distributions	-	(96,294)	(155,669)	(221,856)	(79,272)	(199,564)
Ending Balance	$9,120,257	$332,462	$ 271,042	$ 743,720	$1,032,566	$1,995,633

Total Level 3 gains and losses are all included in the Statement of Activities, and all relate to financial assets still held at year-end. The gains relating to assets still held at December 31, 2015 was $191,925.

The following table summarizes the fair value measurement of the Foundation's investments in certain entities that calculate net asset value per share:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
Alternatives - Hedge Fund of Funds (1)	$9,120,257	-	Quarterly/ Annually	45-110 days

(1) This category contains three hedge funds with varying strategies which include absolute return, event driven, and multi-strategy. The fair values of the investments in this category have been estimated using net asset value as a practical expedient. As of December 31, 2015, the Foundation was not in the process of redeeming any of these investments.

The Foundation invests in three private equity funds with investment strategies focused on private companies and limited partnerships. The Foundation also invests in a real estate fund with investment strategies focused on opportunities in residential and commercial mortgage-related investments and distressed securities funds which focus on investing in the European sovereign, corporate and financial institutional credit markets. These funds are valued at fair value utilizing the following methodologies: the nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance, marketability, restrictions on disposition, and financing transactions subsequent to the acquisition of the underlying investments. The fair value measurements for these funds generally involve considerable judgment by management of these funds. Investments in these funds cannot be redeemed because the investments include restrictions that do not allow for fund redemption, varying from 12 months to 12 years, after acquisition. The Foundation has made capital commitments to the investment managers of the private equity funds and the distressed securities funds of $ 4.2 million. As of December 31, 2015 and 2014, $581,500 and $2,194,000, respectively, of these capital commitments had been funded.

NOTE C - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

The schedule below classifies the Foundation's financial assets measured on a recurring basis based upon the three-tier hierarchy discussed above:

Fair Value Measurements at December 31, 2014

Description	December 31, 2014	Using Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market	$ 13,525,427	$ 13,525,427	$ -	$ -
Fixed income	653,587	653,587	-	-
Equities:				
Domestic	12,517,887	11,999,248	518,639	-
International	349,590	349,590	-	-
Mutual funds:				
Domestic	66,576,868	66,576,868	-	-
International	13,790,709	13,790,709	-	-
Investments in limited partnerships	1,934,498	-	1,934,498	-
Hedge Fund of Funds	6,833,477	-	-	6,833,477
Private Equity Venture Capital	386,526	-	-	386,526
Private Equity Small Company	398,152	-	-	398,152
Real Estate Opportunity Fund	921,452	-	-	921,452
Distressed Securities	554,533	-	-	554,533
Total investments	$118,442,706	$106,895,429	$2,453,137	$9,094,140

Fair Value Measurements at December 31, 2014

Description	December 31, 2014	Using Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial interest in trusts held by others	$2,313,135	$ -	$ -	$2,313,135
Real estate held for investment	$3,408,031	$ -	$3,408,031	$ -

NOTE C - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

The schedule below summarizes the prior year activity for the investments above which have been classified as a Level 3 investment:

	Hedge Fund Of Funds	Private Equity Venture Capital	Private Equity Small Company	Real Estate	Distressed Securities	Funds Held in Trust by Others
Beginning Balance	$ 7,914,678	$ 474,556	$ 394,522	$1,018,548	$ -	$2,481,158
Total gains (losses)						
Included in realized/unrealized	328,050	61,058	-	7,126	19,533	-
Included in other income (loss)	-	(1,082)	34,550	61,540	-	-
Change in value of split interest agreements	-	-	-	-	-	(168,023)
Purchases and issuances	902,213	5,250	94,566	-	535,000	-
Distributions	(2,311,464)	(153,256)	(125,486)	(165,762)	-	-
Ending Balance	$ 6,833,477	$ 386,526	$ 398,152	$ 921,452	$554,533	$2,313,135

Total Level 3 gains and losses are all included in the Statement of Activities. The gains relating to assets still held at December 31, 2014 is $511,857.

The following table summarizes the fair value measurement of the Foundation's investments in certain entities that calculate net asset value per share:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
Alternatives -				
Hedge Fund of Funds (1)	$6,833,477	-	Quarterly/ Annually	45-110 days

(1) This category contains three hedge funds with varying strategies which include absolute return, event driven, and multi-strategy. The fair values of the investments in this category have been estimated using net asset value as a practical expedient. As of December 31, 2014, the Foundation was not in the process of redeeming any of these investments.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash and Cash Equivalents, Accounts and Trade Receivable, Contributions Receivable and Grants Payable

The carrying amounts approximate fair value because of the short term maturity of these instruments.

Pledges Receivable

The fair value of pledges receivable is based upon the discounted value of expected future cash flows using the three, five, and ten year treasury bill rates.

Liability to Trust Beneficiaries, Annuities Payable and Deferred Revenue

The carrying amounts approximate fair value based on the discounted value of expected future cash flows.

NOTE D - PLEDGES RECEIVABLE AND CONTRIBUTIONS

During 2015, five designated funds were established at the Foundation to receive and process pledges and payments associated with the St. Augustine Catholic Church Building in Faith Capital Campaign, the Building Together the Future of Good Shepherd Catholic Church Capital Campaign, the Nuestra Senora del Pilar Catholic Church Evangelizing Future Generations Capital Campaign, the St. Michael the Archangel Catholic Church Go Build God's House Capital Campaign and the Sacred Heart Catholic Church Our Past, Our Present, Our Future Capital Campaign. The funds join the Our Faith Our Future Diocese of Dallas Capital Campaign, which was established in 2013, the St. Anthony Catholic Church Caring for Our Present, Planning for Our Future Capital Campaign, the Divine Mercy of Our Lord Catholic Church Growing with Faith Capital Campaign, and the St. Gabriel the Archangel Catholic Community Raising the Walls Capital Campaign. The later campaigns were established in 2014. The pledge phase of all campaigns has been completed. The collection phase of these campaigns is expected to continue through 2020. These pledges and payments are deemed to be temporarily restricted.

The allowance for uncollectible pledges has increased significantly in the current year due to the following; an overall increase in the number of pledges, an increase in the number of pledges greater than 60 days past due, and an additional general reserve based on subsequent campaign results. The Diocese of Dallas and the parishes are responsible for the relationships with these donors. The Foundation is working closely with them to maximize collections going forward.

Pledges receivable, all related to the campaigns as described above, consisted of the following:

	December 31, 2015	December 31, 2014
Pledges receivable before unamortized discount and allowance for uncollectibles		
Less than one year	$ 986,049	$ 2,124,522
One to five years	56,341,803	33,973,390
More than five years	1,439,632	32,780
Total	58,767,484	36,130,692
Less:		
Unamortized present value discount	(1,125,762)	(842,363)
Allowance for uncollectibles	(20,398,143)	(4,993,218)
Pledges receivable, net	$ 37,243,579	$30,295,111

Pledge receivables at December 31, 2015 and 2014 were discounted using rates ranging from .48% to 1.85% and .48% to 2.61%, respectivly.

NOTE E - ENDOWMENTS

The Foundation's endowment consists of approximately 90 individual funds established for a variety of purposes. These individual funds consist of donor restricted endowment funds which are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Foundation interprets the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) enacted by the State of Texas as allowing the Foundation, absent of any donor stipulations to the contrary, to appropriate so much of an endowment fund as the Foundation determines is prudent for the uses, benefits, purposes, and duration for which the endowment is established. Unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the Foundation. The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the Foundation and the donor-restricted endowment fund.
3. General economic 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 Foundation.
7. The investment policies of the Foundation.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. These deficiencies are the result of unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that were deemed prudent by the Foundation. Losses on the investments of a donor-restricted endowment fund reduce temporarily restricted net assets to the extent that restrictions on the net appreciation of the fund have not been met before the loss occurs. Any remaining loss reduces unrestricted net assets. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level are classified as an increase in unrestricted net assets. The aggregate amount of funds that had fallen below their original gift value was $(39,996) and $(21,467) as of December 31, 2015 and 2014, respectively.

NOTE E - ENDOWMENTS - Continued

Endowment Net Asset Composition by Type of Fund as of December 31, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$(39,996)	$10,251,106	$29,909,749	$40,120,859
Changes in Endowment Net Assets for the year ended December 31, 2015:				
Endowment net assets, beginning of year	$(21,467)	$12,460,204	$29,399,498	$41,838,235
Contributions	-	1,900	510,251	512,151
Investment income				
Dividends and interest	-	819,503	-	819,503
Net realized and unrealized losses on investments	(18,529)	(1,429,477)	-	(1,448,006)
Net assets released from restrictions	-	(1,603,975)	-	(1,603,975)
Other	-	2,951	-	2,951
Endowment net assets, end of year	$(39,996)	$10,251,106	$29,909,749	$40,120,859

NOTE E - ENDOWMENTS - Continued

Endowment Net Asset Composition by Type of Fund as of December 31, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (21,467)	$12,460,204	$29,399,498	$41,838,235
Changes in Endowment Net Assets for the year ended December 31, 2014:				
Endowment net assets, beginning of year	$(118,183)	$13,450,863	$26,699,406	$40,032,086
Contributions	-	6,050	538,013	544,063
Investment income				
Dividends and interest	-	956,950	-	956,950
Net realized and unrealized gains on investments	96,716	1,623,063	-	1,719,779
Net assets released from restrictions	-	(1,420,068)	-	(1,420,068)
Transfers	-	(2,162,079)	2,162,079	-
Other	-	5,425	-	5,425
Endowment net assets, end of year	$ (21,467)	$12,460,204	$29,399,498	$41,838,235

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor specified period as well as board-designated funds. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 5.5% annually plus inflation. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity–based investments to achieve its long-term return objectives within prudent risk constraints.

NOTE E - ENDOWMENTS - Continued

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation may appropriate for distribution each year 4.5% of its endowment fund's previous twenty quarters average ending fair value. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 1% plus inflation annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

NOTE F - NET ASSETS

Permanently and temporarily restricted net assets are restricted primarily for Catholic organizations in the Diocese of Dallas.

Unrestricted net assets include $556,394 and $712,797 of board designated grants at December 31, 2015 and 2014, respectively.

Temporarily restricted net assets were released from restrictions by satisfaction of restrictions as follows:

	Years ended December 31,	
	2015	2014
Distributions from donor advised funds	$ 7,148,639	$ 6,135,046
Distributions from designated capital campaign funds	7,091,259	4,905,395
Distributions from split-interest agreements	347,569	341,422
Other	1,867,141	1,398,098
	$16,454,608	$12,779,961

NOTE G - COMMITMENTS AND CONTINGENCIES

The Foundation leases office space and equipment under noncancellable operating lease agreements. During 2015, the Foundation signed a new lease for 8,732 square feet of office space for a term of eight years beginning August 1, 2015. Rent expense, including electrical costs, was approximately $138,000 and $110,000 for the years ended December 31, 2015 and 2014, respectively. The office lease expires July 31, 2023 and the equipment leases expire May 31, 2017 and April 30, 2019.

NOTE G - COMMITMENTS AND CONTINGENCIES - Continued

Minimum future rental payments as of December 31, 2015 are as follows:

Years ending December 31,	
2016	$ 145,390
2017	160,098
2018	163,016
2019	163,976
2020	167,727
Thereafter	452,963
Total	$1,253,170

NOTE H - EMPLOYEE BENEFIT PLAN

The Foundation allows employees to contribute to a savings plan (the "Plan") which is subject to Section 403(b) of the IRC. All employees are eligible to contribute to the Plan any whole percentage of their salary not to exceed the maximum allowed by the IRC. The total value of the participant's contribution is fully and immediately vested. Employees are eligible to participate in the Plan upon employment with the Foundation. The Foundation matches up to 6% of the employee's annual salary. The Foundation's match vests to the participant ratably over a three-year period. The Foundation's contributions for the years ended December 31, 2015 and 2014 were approximately $76,000 and $68,000, respectively.

NOTE I - AGENCY FUNDS

The Foundation accepts funds to manage and invest from organizations primarily in the Catholic Diocese of Dallas. A number of the funds managed by the Foundation are held as agency accounts since the owner of the fund has the ability to withdraw the funds at their discretion.

The following is a summary of assets held under agency relationships:

	December 31,	
	2015	2014
Accounts and interest receivable	$ 1,314,068	$ 19,389
Investments, at fair value		
Money market funds	101,205	1,279,773
Marketable securities	15,293,197	41,691,395
Pooled investments	28,078,323	-
Other assets	637,600	591,634
Total agency assets	$45,424,393	$43,582,191

NOTE I - AGENCY FUNDS - Continued

The following is a summary of agency activity. This activity is not included in the Foundation's Statement of Activities.

	Years ended December 31, 2015	Years ended December 31, 2014
Revenue and net gains on investments		
Investment income	$ 794,807	$ 780,253
Net realized and unrealized gains (losses) on investments	(848,910)	1,943,996
Other income	46,152	43,924
Total revenue and net gains (losses) on investments	(7,951)	2,768,173
Operating expenses and transfers	(300,035)	(356,775)
Agency accounts additions	5,629,795	2,140,617
Agency accounts distributions	(3,479,607)	(8,036,417)
Net agency activity	1,842,202	(3,484,402)
Agency liability at beginning of year	43,582,191	47,066,593
Agency liability at end of year	$45,424,393	$43,582,191

NOTE J - SUBSEQUENT EVENTS

The Foundation evaluated its financial statements for subsequent events through May 12, 2016, the date the financial statements were available to be issued. The Foundation is not aware of any additional subsequent events which would require recognition or disclosure in the financial statements.