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Foster
Nole &
Williams, P.A.

THE NATIONAL BLACK CATHOLIC CONGRESS, INC.

The Daniel Rudd Fund

**Financial Statements
and
Independent Auditor's Report**

Years Ended June 30, 2018 and 2017

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The National Black Catholic Congress, Inc.
Baltimore, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of The National Black Catholic Congress, Inc., The Daniel Rudd Fund (DRF), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities 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 these 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Certified Public Accountants & Business Advisors

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of DRF as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Abrams, Foster, Nole & Williams, P.A.

Abrams, Foster, Nole & Williams, P.A.
Certified Public Accountants
Baltimore, Maryland

October 22, 2018

THE NATIONAL BLACK CATHOLIC CONGRESS, INC.
The Daniel Rudd Fund
Statements of Financial Position
June 30, 2018 and 2017

	2018	2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,274	\$ 6,433
Investments	5,027,455	4,587,915
Total Assets	\$ 5,028,729	\$ 4,594,348
NET ASSETS		
Net Assets, unrestricted	\$ 5,028,729	\$ 4,594,348

“The accompanying notes are an integral part of the financial statements”

THE NATIONAL BLACK CATHOLIC CONGRESS, INC.
The Daniel Rudd Fund
Statements of Activities and Changes in Net Assets
Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenue		
Interest and dividend income	\$ 643	\$ 26,433
Realized gain on investment	26,529	319,863
Unrealized gain on investment	448,160	438,052
Total revenue	<u>475,332</u>	<u>784,348</u>
Increase in net assets	475,332	784,348
Transfers	(40,951)	(243,059)
Net assets at beginning of year	<u>4,594,348</u>	<u>4,053,059</u>
Net Assets at End of Year	<u>\$ 5,028,729</u>	<u>\$ 4,594,348</u>

“The accompanying notes are an integral part of the financial statements”

THE NATIONAL BLACK CATHOLIC CONGRESS, INC.
The Daniel Rudd Fund
Statements of Cash Flows
Years Ended June 30, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities		
Change in net assets	\$ 475,332	\$ 784,348
Adjustments to reconcile net assets to net cash provided by operating activities:		
Unrealized (gain) on investments	(448,160)	(438,052)
Net cash (used) provided by operating activities	27,172	346,296
Cash Flows from Investing Activities		
Proceeds from sales of investments	72,374	1,062,414
Purchases of investments	(63,754)	(1,177,186)
Net cash provided by investing activities	8,620	(114,772)
Transfers	(40,951)	(243,059)
Net (decrease) in cash and cash equivalents	(5,159)	(11,535)
Cash and cash equivalents at beginning of year	6,433	17,968
Cash and Cash Equivalents at End of Year	\$ 1,274	\$ 6,433

“The accompanying notes are an integral part of the financial statements”

THE NATIONAL BLACK CATHOLIC CONGRESS, INC.
The Daniel Rudd Fund
Notes to the Financial Statements
June 30, 2018 and 2017

1. NATURE OF ACTIVITIES

The National Black Catholic Congress, Inc. (Congress) was formed as a non-profit organization under the Maryland General Corporation law in 1985. This corporation is organized exclusively to assist in the development of the Church in the African American community, and to devise effective means of evangelization of African American people in the United States.

Effective June 30, 2013, the Endowment of the Congress has been designated the Daniel Rudd Fund (DRF) for African American Catholic Activities. The DRF will provide funding for programs that develop one or more aspects of the Pastoral Plan of the Congress and are faithful to the teachings of the Catholic Church. The use of these funds may be altered by a two-thirds majority vote of the Board of Directors. The Congress publishes consolidated financial statements, which are the primary financial statements. The financial statements of DRF have been prepared at Management's request.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basic of Presentation

The financial statements presentation follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205. *Financial Statements of Not-for-Profit Organizations*, under which the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Unrestricted net assets – Unrestricted net assets are the net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily restricted net assets – Temporarily restricted net assets result from contributions and grants whose use is limited by donor-imposed stipulations. Net assets may be temporarily restricted for various purposes such as use in future periods or use for specific purposes. DRF does not have any temporarily restricted net assets.

Permanently restricted net assets are funds subject to donor imposed stipulations that they be maintained permanently by DRF. DRF does not have any permanently restricted net assets.

THE NATIONAL BLACK CATHOLIC CONGRESS, INC.
The Daniel Rudd Fund
Notes to the Financial Statements
June 30, 2018 and 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Cash and Cash Equivalents

DRF considers highly liquid investments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents include deposits held in money market accounts.

C. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of 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.

3. INVESTMENTS

Investments consist primarily of marketable equity securities and annuities. These investments are recorded at fair market value.

Investments at June 30, 2018 and 2017 are comprised of the following:

<u>June 30, 2018</u>		
	<u>Cost</u>	<u>Fair Value</u>
Annuities	\$ 4,000,000	\$ 4,921,559
Equity securities	75,329	105,896
Total	<u>\$ 4,075,329</u>	<u>\$ 5,027,455</u>
<u>June 30, 2017</u>		
	<u>Cost</u>	<u>Fair Value</u>
Annuities	\$ 4,000,000	\$ 4,506,215
Equity securities	56,779	81,700
Total	<u>\$ 4,056,779</u>	<u>\$ 4,587,915</u>

THE NATIONAL BLACK CATHOLIC CONGRESS, INC.
The Daniel Rudd Fund
Notes to the Financial Statements
June 30, 2018 and 2017

4. INCOME TAX STATUS

Under the provisions of Section 501(c)(3) of the Internal Revenue Code, the Congress is exempt from Federal and state income taxes, except for unrelated business income, if any. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

The internal revenue service has not examined (audited) any income tax returns of the Congress thus the previous three years are subject to examination. The Congress has not taken any questionable tax positions.

5. FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Generally accepted accounting principles in the United States (GAAP) establish a framework for measuring fair value. That framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. That hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (“Level 1”) and the lowest priority to unobservable inputs (“Level 3”). The three levels of the fair value hierarchy are described below:

Level 1

Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2

Inputs other than quoted prices that is observable for the asset or liability, either directly or indirectly.

Level 3

Inputs that are unobservable inputs that are supported by little or no market activity and that are significant to the measurement of the assets or liabilities.

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the accompanying statement of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

THE NATIONAL BLACK CATHOLIC CONGRESS, INC.
The Daniel Rudd Fund
Notes to the Financial Statements
June 30, 2018 and 2017

5. FAIR VALUE MEASUREMENTS (Continued)

Equity securities: Valued at the net assets value (“NAV”) of shares held by DRF at year end.

Annuities: Valued at Gross Accumulated Value provided by annuity company.

The method described above may produce a fair value calculation that may not be indicative of net realized value or reflective of future fair values. Furthermore, while DRF believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

DRF’s investments are reported at fair value in the accompanying statement of net assets available for benefits for the year ending June 30, 2018 and 2017 as follows:

Fair Value Measurement at Reporting Date Using:

<u>June 30, 2018</u>	<u>Fair Value</u>	Quoted Prices In Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Annuities	\$ 4,921,559	\$ -	\$ 4,921,559	\$ -
Equity Securities	105,896	105,896	-	-
Total	\$ 5,027,455	\$ 105,896	\$ 4,921,559	\$ -

Fair Value Measurement at Reporting Date Using:

<u>June 30, 2017</u>	<u>Fair Value</u>	Quoted Prices In Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Annuities	\$ 4,506,215	\$ -	\$ 4,506,215	\$ -
Equity Securities	81,700	81,700	-	-
Total	\$ 4,587,915	\$ 81,700	\$ 4,506,215	\$ -

THE NATIONAL BLACK CATHOLIC CONGRESS, INC.
The Daniel Rudd Fund
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June 30, 2018 and 2017

6. CONCENTRATION OF CREDIT RISK

DRF maintains its cash accounts with a commercial bank as well as brokerage firms. The accounts at the commercial bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to a maximum of \$250,000 per depositor. The cash accounts at the brokerage firm are insured by the Securities Investor Protection Corporation (SIPC) up to \$250,000 and the securities are insured up to \$500,000 for each brokerage account. The risk is managed by maintaining all deposits in high quality financial institutions. The SIPC insurance does not protect against market losses on investments.

7. SUBSEQUENT EVENTS

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification ASC-855, management has evaluated subsequent events and transactions through October 22, 2018, the date the financial statements were available to be issued. No events require recognition in the financial statements or disclosures of DRF.



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