

KOCH

Foundation Inc.

ANNUAL REPORT 2013

A New Beginning; Rebirth of the Church



MISSION STATEMENT

Carl Koch's belief that he was "just a steward of the finances given by God to use on His behalf" inspired the commitment he and his wife, Paula, made to founding the Koch Foundation in 1979. The Foundation's goals are to strengthen and to propagate the Roman Catholic faith by providing grant support for a wide variety of evangelization efforts. In considering applications, major emphasis is placed on sound but financially needy evangelical programs. The Koch Foundation is international in scope with no geographical preference.



Carl and Paula Koch

In Memoriam



Dorothy Bomberger
June 9, 1919—July 30, 2013



In 2013, the Koch Foundation suffered the loss of our beloved Director, Dorothy Bomberger. Until health concerns began to limit her activities, Dorothy was the voice of gentle caution on the Grants Committee, her sympathy for the less fortunate never causing her to lose sight of what could realistically be achieved. She served as Treasurer on the Executive Committee, devoting her time to the Foundation's finances.

Dorothy was also very active in her parish and her neighborhood community, leaving behind a legacy that reflects her strong faith and the lasting impact she made on those around her.

Dorothy will be deeply missed.

Letter From The EXECUTIVE DIRECTOR

What a year this has been for the Catholic Church! After the sudden resignation of Pope Benedict XVI, the Church was blessed with a new leader in the election of Pope Francis. As a member of the Society of Jesus, Pope Francis is a very educated but very humble individual. His strict lifestyle and spirit of poverty has become a model for Catholics everywhere. From the moment he was presented to the world, he has appeared more as a parish priest, closer to the people than previous popes.

Our new Pope emulates the teachings of St. Francis, showing dedication to the poor. When he was the Archbishop of Buenos Aires, he said, “St. Francis brought Christianity an idea of poverty against the luxury, pride, and vanity of the civil and ecclesiastical powers of the time.” His simple lifestyle and selection of his name carries with it the conversion of St. Francis who abandoned his worldly lifestyle when he was told by Christ to “repair my Church in ruins.” Pope Francis is seen as the force needed to face the challenges ahead for the Catholic Church—a leader who will help mend the cracks in its foundations in preparation for its tremendous ongoing growth.

His election also ushers in multiple “firsts” for the Church:

- ✠ the first Jesuit
- ✠ the first to become Pope while the previous Pope is still alive
- ✠ the first New World Pope
- ✠ the first non-European Pope in 1,300 years
- ✠ the first Pope since 913 AD to be known by a name never used by one of his predecessors

As a celebrant, Pope Francis stresses a simple but authentic and profound relationship between God and people.

As we join Pope Francis in this new beginning for the Church, we accept his invitation extended to us in his remarks after his election: “Let’s begin this journey, bishop and people, this journey of the Church of Rome, which is the one that presides in charity over all the churches—a journey of brotherhood, love, and trust among us. Let us pray for one another. Let us pray for the whole world that there be a great brotherhood.”

This year, the Koch Foundation has joined this journey by renewing and strengthening its dedication to the preparation of men and women religious and direct evangelization. Together, religious and laity, both devoted to the poor and downtrodden, will walk down the same path traveled by St. Francis and the Holy Father in order to spread the Faith.

As our journey continues, we brothers and sisters in Christ will continue to pray that the Holy Spirit gives our new Pope Francis the spiritual guidance, strength, and fortitude to meet the challenges he will encounter as he leads the Church in a new direction.

In Christ’s Name,

Carolyn Young

A NEW BEGINNING; REBIRTH OF THE CHURCH

Habemus Papam! We have a new Pope! This joyous proclamation given from the central balcony of St. Peter's Basilica on March 13, 2013 heralded a new beginning for the Catholic Church. Not only had the College of Cardinals selected a new Pope in Jorge Mario Bergoglio, they also chose someone who speaks to an area of the world and the millions of its people that are reshaping parishes in the United States and across the globe.

As the first Pope to select the name of Francis, the Holy Father has an obvious love and affinity for St. Francis, an extraordinary man who chose to be with the poor, the lepers, and outcasts of Assisi against the wishes of his wealthy merchant father. St. Francis was known for leading a simple life and, although the new Pope Francis is a member of the Society of Jesus, he emulates the Franciscan way of life in his simple and humble way. His influence has already begun to affect believers and nonbelievers worldwide, causing many people to see the Church in a new light and motivating some to return to the Church. We pray that these initial efforts by the Holy Father will act as precursors to many more positive changes in our Church and in the secular world.

We believe he will be a great Pope who can initiate changes in the Church for the betterment of all Catholics, especially the poor and the powerless of our society, and leave a stronger, more unified Church in his wake.

DIRECT EVANGELIZATION

"Therefore, we are ambassadors for Christ, God making his appeal through us. We implore you on behalf of Christ, be reconciled to God."

2 Corinthians 5:20

Pope Francis has stated, "Christians are called to do the great work of evangelizing to the ends of the world in a spirit of humility rather than an attitude of conquering." He has said that traveling the world and preaching the Gospel is "the mission of the Church." The new Pope challenges us to spread the Word of God as humble servants of the Lord, knowledgeable of our faith and strong in our commitment to Christ.

The Koch Foundation funds Direct Evangelization programs and religious activities that directly support, strengthen, and spread the Catholic proclamation of Christ's Gospel.



Siauliai Diocesan Youth Centre; Location: Siauliai, Lithuania



St. Felix of Cantalice Sisters; Location: Warsaw, Poland



St. Joseph's Church; Location: Bimbilla, Ghana

DIRECT EVANGELIZATION

San Felipe de Jesus Catholic Church	Brownsville, TX	15,000
Yauyos Prelature	Canete, Lima, Peru	10,000
Santa Fe Archdiocese	Albuquerque, NM	15,000
Parroquia Nuestra Senora de las Mercedes (Our Lady of Mercy Parish)	San Francisco de Macoris, Dominican Republic	13,581
Sisters of the Order of St. Basil the Great, Jesus Lover of Humanity Province	Fox Chase Manor, PA.	15,000
Poor Clare Colettines	Mwanza, Tanzania	10,083
Romero Center, St. Joseph Pro-Cathedral Parish	Camden, NJ	15,000
Institute of the Incarnate Word, West Siberia	Khabarovsk, Russia	15,000
Franciscan Sisters of Little Falls, Minnesota	Little Falls, MN	10,000
K.E.C. Pontifical Missionary Societies	Nairobi, Kenya	15,000
Poor Clare Sisters, Monastery of the Holy Family	San Ysidro, CA	15,000
Sisters of Notre Dame, Toledo Province.	Toledo, OH.	15,000
Muvattupuzha Diocese	Kerala, India	7,000
San Antonio Archdiocese	San Antonio, TX.	6,000
Catholic Community of Holy Name and St. Matthew	Au Sable Forks, NY	15,000
Dismas Ministry, Inc.	Milwaukee, WI.	25,000
St. Joseph's Apache Mission.	Mescalero, NM	15,000
Rajkot Diocese	Gujarat, India	8,000
Catholic World Mission, Inc.	Atlanta, GA.	20,000
St. Jude Community Center.	New Orleans, LA	15,000
Sisters of the Cross and Passion	Larne, Northern Ireland	15,000
Missionary Congregation of the Blessed Sacrament	Tabora, Tanzania	10,000
All Hallows College	Dublin 9, Ireland	20,000
Calvary Hospital	Bronx, NY.	15,000
Catholic Ministry to Deaf People, Inc.	Quezon City, Philippines	12,153
Sacred Heart Oratory, Inc.	Wilmington, DE.	20,000
Missionary Sisters of the Immaculate Heart of Mary.	New York, NY	20,000
Sisters of the Holy Faith	Downey, CA	15,400
Society of Mary, New Zealand Province	Wellington, New Zealand	10,000
Discalced Carmelite Friars Western Province	Tucson, AZ.	15,000
Congregation of Holy Cross, United States Province, Inc..	North Easton, MA	10,000
St. Philip Neri Catholic Mission	Hawthorne, FL	9,000
Taichung Diocese	Taichung City, Taiwan	10,000
Baker Diocese	Bend, OR	15,000
Sinsinawa Dominicans	Bowling Green, KY	15,000
Daughters of Charity of the Most Precious Blood	Kerala, India	6,333
Catholic Bishops of India Conference.	Karnataka, India.	4,351
Catholic Rural Ministry II, Oil City Deanery	Oil City, PA	16,000
Catholic Rural Ministry	Port Allegany, PA	8,500
Shkoder-Pult Archdiocese	Shkoder, Albania	10,000
Chanda Eparchy	Maharashtra, India	9,500
School Sisters of Notre Dame, Atlantic-Midwest Province	Wilton, CT	20,000
Catholic Community Services of Southern Arizona	Tucson, AZ.	15,000
Dominican Sisters of Peace	Great Bend, KS	15,000
Dominican Sisters of Peace	Oxford, MI	15,000
School for Adult Catechesis.	Kaunas LT, Lithuania	10,000
Mary Mother of God Mission Society	Modesto, CA.	14,840

DIRECT EVANGELIZATION

(CONTINUED)

Society of St. Vincent de Paul of St. Louis	St. Louis, MO	9,000
Diocese of Orlando	Orlando, FL	15,000
Minim Brothers of Saltillo	Saltillo, Coahuila, Mexico	20,000
Cap-Haitien Archdiocese	Cap-Haitien, Haiti	10,000
Society of Mary, New Zealand Province	Wellington, New Zealand	15,000
LAMP Ministries, Inc.	Bronx, NY	30,000
Order of Friars Minor	Rome, Italy	15,000
Mount Tabor Center	Menasha, WI	15,000
Congregation of the Missionary Benedictine Sisters of Tutzing	Zarevbrod BG, Schumensko, Bulgaria	14,200
Kottayam Archdiocese	Kerala, India	8,900
Claretian Missionaries, Chennai Province	Chennai, India	5,800
Order of Friars Minor, Province of the Sacred Heart of Jesus	St. Louis, MO	20,000
Our Lady of Hope Catholic Parish	Philadelphia, PA	15,000
St. Thomas Aquinas Church-Newman Center	Lincoln, NE	15,000
St. Bernard's Catholic Church	Osceola, IA	15,000
Sisters of the Adoration of the Blessed Sacrament	Orissa, India	7,951
Irinjalakuda Diocese	Kerala, India	10,000
Franciscan Renewal Center	Scottsdale, AZ	20,000
St. Francis de Sales Missionaries, East Africa Province	Morogoro, Tanzania	15,000
Mary Immaculate Church, Pacoima	Pacoima, CA	15,000
Lafayette Diocese	Lafayette, LA	7,000
St. Vincent de Paul Society of San Mateo County	San Mateo, CA	15,000
Rapid City Diocese	Rapid City, SD	5,000
Ursuline Sisters of Cleveland	Pepper Pike, OH	15,000
Carmelite Sisters of the Most Sacred Heart of Los Angeles	Alhambra, CA	15,000
Franciscan Sisters of Mary Immaculate, Province of Our Lady of Mercy	Narino, Colombia	10,000

TOTAL \$988,592

PREPARATION OF EVANGELISTS

“And I tell you, you are Peter, and on this rock I will build my church, and the gates of hell shall not prevail against it. I will give you the keys of the kingdom of heaven, and whatever you bind on earth shall be bound in heaven, and whatever you loose on earth shall be loosed in heaven.”

Matthew 16:18-19

The Holy Father, Pope Francis, has spoken often about the need for more religious vocations. He has stated that, “the proclamation and witness of the Gospel—for every Christian—are never isolated acts. Christians do not do well because of a personal inspiration, but in union with the mission of the Church and in its name.” Holy men and women live a life of poverty and rely on God’s providence. They serve the poor and those forgotten by society. Many are located in remote, hostile areas or in slums, going wherever they have felt a calling to teach the Word of God.

The Koch Foundation funds the Preparation of Evangelists, formation programs, and religious activities that prepare individuals and groups to proclaim the Good News of salvation through the Catholic faith.



Institute of the Incarnate Word; Location: Rome, Italy



*Congregation of the Mother of Carmel;
Location: Kerala, India*



Order of Saint Clare; Location: Matelica, Italy

PREPARATION OF EVANGELISTS

Santiago de Cuba Archdiocese	Santiago de Cuba ,Cuba	12,474
Hue Archdiocese	Hue, Viet Nam	13,000
Servants of the Sick	Nairobi, Kenya	15,000
Cap-Haitien Archdiocese	Cap-Haitien, Haiti	4,871
Vicariate Apostolic of Benghazi.	Benghazi, Libya	15,000
Franciscan Center of SS Francis and Clare of Assisi.	Guatemala Ciudad, Guatemala	15,000
Order of Friars Minor	Rome, Italy	20,000
Yarra Theological Union	Victoria, Australia	10,000
Institute on Religious Life	Libertyville, IL	10,000
Society of Jesus, Detroit Province	Detroit, MI	10,000
Mocoa-Sibundoy Diocese	Mocoa, Putumayo, Colombia	15,000
Ukrainian Catholic University	Oblast, Ukraine	12,000
Catholic Theological Union	Chicago, IL	20,000
Shreveport Diocese	Shreveport, LA	10,000
Lyke Foundation	Montz, Louisiana	10,000
Barry University	Miami Shores, FL	10,000
Order of Friars Minor, Venetian Province of St. Anthony of Padua	Vittorio Veneto (Treviso), Italy	20,000
Jesuit School of Theology of Santa Clara University	Berkeley, CA	15,000
Carmelite Missions	Darien, IL	10,000
Missionary Congregation of the Evangelizing Sisters of Mary.	Mbagathi, Nairobi, Kenya	13,000
Congregation of the Mission, Western Province	Earth City, MO	10,000
Eparchy of St. Maron of Brooklyn	Brooklyn, NY	20,000
Yauyos Prelature	Canete, Lima, Peru	20,000
Capuchin Franciscan Friars, St. Augustine Province	Pittsburgh, PA	20,000
Benedictine Fathers of Sacred Heart Mission, St. Gregory's Abbey.	Shawnee,OK	15,000
Sisters of Charity of Leavenworth	Leavenworth, KS	10,000
Dominican Order of the Catholic Church, Mexican Province	Houston, TX	20,000
Oudtshoorn Diocese	Oudtshoorn, South Africa	20,000
Benedictine Monks of Chicago.	Chicago, IL	15,000
The Institute of the Incarnate Word (IVE).	Viterbo, Italy	20,000
Redemptoris Mater Diocesan Missionary Seminary	Kitwe, Zambia	20,000
Order of Friars Minor, Umbrian Province	Perugia, Italy	20,000
Order of Friars Minor, Seraphic Province of St. Francis.	Santa Maria degli Angeli (PG), Italy	20,000
Redemptoris Mater Diocesan Seminary	Niederosterreich, Austria	20,000
Missionaries of the Sacred Heart.	Bogota, D.C., Colombia	20,000
Stella Maris Major Seminary.	Nha Trang, Vietnam	20,000
Society of Mary, US Province	St. Louis, MO	17,412
Schoenstatt Fathers, Secular Institute.	Waukesha, WI	20,000
The Order of St. Benedict,Subiaco Mission.	Limpopo, South Africa	10,000
Holy Cross Congregation, Cape Coast	Cape Coast, Ghana	20,000
Sacred Heart Major Seminary.	Detroit, MI	20,000
Franciscan Missionaries of the Eternal Word.	Irondale, AL	20,000
Oratory of St. Philip Neri	Brooklyn, NY	20,000
St. Benedict's Abbey	Atchison, KS	20,000
Franciscan Missionary Brothers, St. Joseph's Province.	Kerala, India	10,000
Order of Friars Minor, Province of St. Thomas the Apostle	Karnataka, India	20,000
St. Albert's College, Ranchi	Jharkhand, India	20,000

PREPARATION OF EVANGELISTS

(CONTINUED)

Vicariate Apostolic of the Galapagos	Isla San Cristobal, Galapagos, Ecuador. . .	15,000
Redemptoris Mater Archdiocesan Missionary Seminary	Kearny, NJ	20,000
Trichur Archdiocese.	Kerala, India	20,000
Vincentian Congregation	Kerala, India	20,000
Las Cruces Diocese	Las Cruces, NM	20,000
Ternopil - Zboriv Eparchy	Ternopil, Ukraine	10,000
Order of Friars Minor, Umbrian Province	Perugia, Italy.	20,000
Order of Friars Minor, Umbrian Province	Perugia, Italy.	20,000
Shkoder-Pult Archdiocese.	Shkoder, Albania	11,000
Carmelite Missions	Darien, IL	13,200
Society for the Propagation of the Faith, US National Office.	New York, NY	300,000
Augustinian Order, Our Mother of Good Counsel Province	Chicago, IL	20,000
Archdiocese for the Military Services, USA.	Washington, DC	20,000
Congregation of Holy Cross, United States Province, Inc..	North Easton, MA	15,000
Society of Jesus of Ecuador	Quito, Pichincha, Ecuador	13,037
Province of the Most Holy Name of Jesus, Western Dominican Province	Oakland, CA	20,000
Oxford Oratory of St. Philip Neri	Oxford, United Kingdom	20,000
Archdiocese of Chicago	Chicago, IL	20,000
University of St. Mary of the Lake/Mundelein Seminary	Mundelein, IL	20,000
Discalced Carmelite Fathers.	Munster, IN.	12,000
Mary Mother of God Mission Society	Modesto, CA.	10,936
Zamora en Ecuador Apostolic Vicariate	Zamora (Zamora-Chinchipe), Ecuador . . .	15,000
Order of Friars Minor, Province of the Sacred Heart of Jesus.	St. Louis, MO.	20,000
Montfort Missionaries, U.S. Province.	Ozone Park, NY	20,000
New Orleans Archdiocese.	New Orleans, LA	20,000
Helena Diocese	Helena, MT.	20,000
Order of Friars Minor	Rome, Italy.	10,000
Order of Friars Minor	Rome, Italy.	15,000
Order of Friars Minor	Rome, Italy.	15,000
Order of Friars Minor, St. Paul the Apostle Province	Santa Rosa, Risaralda-Colombia.	20,000
Franciscan Friars, Vice Province of St. Benedict of the Amazon	Santarem - Para, Brazil.	20,000
Order of Friars Minor	Rome, Italy.	15,000
Discalced Carmelite Fathers, Colombia.	Bogota, Colombia	15,000
Discalced Carmelite Fathers, Colombia.	Bogota, Colombia	18,000
Pallottine Fathers, Irish Province	Wyandotte, MI	14,400
Order of Friars Minor, Sacred Heart Province	St. Louis, MO.	20,000
Order of Friars Minor, Incarnate Word Province.	Lome, Togo	20,000
St. Francis de Sales Missionaries, East Africa Province	Morogoro, Tanzania	20,000
Order of Friars Minor, Incarnate Word Province.	Lome, Togo	10,000
Congregation of the Sacred Hearts of Jesus and Mary, Colombia	Bogota D.C., Colombia	15,000
Belleville Diocese	Belleville, IL	20,000
Discalced Carmelite Friars, California-Arizona Province	Redlands, CA	20,000
Order of Friars Minor	Rome, Italy.	15,000
Archdiocesan Missionary Redemptoris Mater Seminary	La Paz, Bolivia	15,000
Missionaries of St. Francis de Sales, Nagpur Province	Maharashtra, India	20,000
Order of Friars Minor, Venetian Province of St. Anthony of Padua	Venice, Italy	15,000
Order of Friars Minor	Rome, Italy.	15,000

PREPARATION OF EVANGELISTS

(CONTINUED)

Congregation of the Mission, Western Province	Earth City, MO.	15,063
Franciscan Sisters of St. Bernadette, Luhanga Community.	Dar es Salaam, Tanzania.	15,000
Poor Clares, Monastery of St. Clare.	8Nocera Infreiore (Salerno), Italy.	20,000
Little Sisters of St. Francis of Assisi	Jinja, Uganda	15,000
Apostles of the Interior Life	Lawrence, USA	15,000
Blessed Sacrament Sisters	Bensalem, PA	15,000
Poor Clare Sisters	Lome, Togo	10,000
Sisters of Perpetual Adoration of the Blessed Sacrament.	Chula Vista, USA	20,000
Poor Clares Colettines	Bukoba, Tanzania	10,000
St. Joseph of Tarbes Sisters	Nairobi, Kenya.	9,125
Bikira Maria Association of Poor Clares	Kokstad, South Africa	20,000
Poor Clares of Perpetual Adoration	Andhra Pradesh, India.	20,000
Sisters of St. Ann	Yaounde, Cameroon.	20,000
Poor Clares Colettines	Mpeketoni, Kenya	20,000
Bernardine Franciscan Sisters.	Reading, PA	16,900
Poor Clares, Our Lady Monastery, Djiri, Brazzaville	Brazzaville, Republic of the Congo	15,000
Poor Clares, Our Lady of Light Monastery	Bungoma, Kenya	20,000
Contemplative Sisters Clarisse, Immaculate Conception Monastery	Zacatecas, Zac, Mexico	20,000
Lovers of the Holy Cross Sisters, Los Angeles	Gardena, CA	20,000
Poor Clares Congregation	Paray-le-Monial, France	15,000
Adorer Missionary Sisters of the Poor.	Port St. Lucie, FL	20,000
Sisters of Our Lady Queen of Africa	Sumbawanga, Tanzania.	10,000
Poor Clares Monastery, Ouahigouya	Ouagadougou, Burkina Faso.	20,000
Poor Clare Monastery, Kamonyi	Kigali, Rwanda	20,000
Sisters of the Good Shepherd.	Astoria, NY	20,000
Dominican Sisters of St. Cecilia Congregation	Nashville, TN.	20,000
Sisters of Our Lady Queen of Africa	Sumbawanga, Tanzania.	10,000
Daughters of Mary Immaculate Congregation	San Antonio, TX.	15,375
Poor Clares of Nigeria.	Ijebu-Ode, Ogun State, Nigeria	20,000
Daughters of St. Francis de Sales.	Arusha, Tanzania	15,000
St. Ann Sisters	Londrina CEP, Parana, Brazil	20,000
Parish Visitors of Mary Immaculate Sisters	Monroe, NY	20,000
Servants of the Good News Motherhouse.	Arusha, Tanzania	7,541
Sisters of the Order of St. Basil the Great, Blessed Trinity Province	Lviv, Ukraine	10,765
Missionary Congregation of the Evangelizing Sisters of Mary.	Mbagathi, Nairobi, Kenya	12,095
Catholic Near East Welfare Association	New York, NY	20,000
School Sisters of Notre Dame, District of Africa.	St. Louis, MO.	17,932
Lovers of the Holy Cross of Thanh Hoa	Thanh Hoa, Vietnam.	20,000
Sisters of the Adoration of the Blessed Sacrament, Pavitrathma Province	Chattisgarh, India	12,000
Infant Jesus Society Sisters	Cape Coast, Ghana.	8,000
Poor Clare Sisters, St. Maria Maddalena Monastery	Matelica MC, Italy	20,000
Poor Clares, Monastery of the Sacred Heart	Alcamo TP, Italy	20,000
Poor Clares, Monastery of Our Lady of Africa	Lubango, Huila, Angola.	13,500
Handmaids of the Sacred Heart of Jesus.	Wyncote, PA	20,000
Missionary Sisters of the Holy Family	West Allis, WI	15,000
Sisters of Mary Reparatrix	Kampala, Uganda	15,380
Sisters of Social Service Generalate	Budapest, Hungary	15,000

PREPARATION OF EVANGELISTS

(CONTINUED)

Congregation of the Sisters of St. Ann	San Juan de Lurigancho, Lima, Peru	20,000
Sisters of Adoration of Blessed Sacrament, Jai Matha Adoration Province	Kerala, India	10,000
Poor Clares, Our Lady of Guadalupe and Our Father of San Francisco	Zacatecas, Zacatecas C.P., Mexico	20,000
Comboni Missionary Sisters, Kenya	Nairobi, Kenya	20,000
Missionary Sisters of the Holy Family	Komorow, Poland	20,000
Missionary Sisters of the Holy Family	West Allis, WI	13,500
Lovers of the Holy Cross of Go Vap	Ho Chi Minh City, Viet Nam	15,000
Institute Servants of the Lord and the Virgin of Matara, Immaculate Conception	Caloocan City, Philippines	20,000
Samaritan Sisters Congregation	Kerala, India	10,000
Snehagiri Missionary Sisters, Palai	Kerala, India	11,000
Cistercian Monastery of Our Lady of Phuoc Hai	Vung Tau, BaRia - VungTau, Viet Nam	20,000
Disciples of the Lord Jesus Christ	Prayer Town, TX	20,000
Apostles of the Sacred Heart of Jesus	Hamden, CT, USA	20,000
Daughters of the Sacred Heart	Bataan, Philippines	15,000
Holy Cross Sisters, Juli Prelature	Canto Grande, Lima, Peru	20,000
Disalced Carmelite Sisters	Dywity, Poland	20,000
Sisters of Our Lady Immaculate, Ontario	Cambridge, ON, Canada	20,000
Congregation of Daughters of Mary, St. Mary's Province	Kerala, India	11,146
Poor Clare Sisters, St. Clare Monastery	Naples, Italy	15,000
Carmelite Missions	Darien, IL, USA	10,000
Missionary Congregation of the Evangelizing Sisters of Mary	Bagamoyo, Tanzania	9,000
Minim Nuns of Grottaferrata	Rome, Italy	15,000
School Sisters of St. Francis	Milwaukee, WI	15,000
Minim Nuns of St. Francis of Paula	Coahuila, Mexico	20,000
Zamora en Ecuador Apostolic Vicariate	Zamora (Zamora-Chinchipe), Ecuador	15,000
Canonical Federation of Conceptionist Monasteries of Colombia	Cartago, Valle, Colombia	16,000
Disalced Carmelite Sisters of Ecuador	Quito, Pichincha, Ecuador	18,000
Poor Clares, Monasterio S. Chiara	Cortona (Arezzo), Italy	15,000
Sisters of Charity of Seton Hill	Chicago, IL	20,000
Assisi Sisters of Mary Immaculate, Sacred Heart Provincialate	Maharashtra, India	9,000
Sisters of the Annunciation, San Jose Province	Cali, Valle del Cauca, Colombia	20,000
Missionary Sisters of the Immaculate Heart of Mary, Caribbean Province	St. Croix, US VI	20,000
Congregation of Our Lady of Charity of the Good Shepherd	Raedene, Johannesburg, South Africa	10,000
Congregation of Our Lady of Charity of the Good Shepherd	Raedene, Johannesburg, South Africa	15,000
Sisters of Christian Doctrine	Bogota, Cundinamarca, Colombia	20,000
Franciscan Sisters of Mary Immaculate, Province of Our Lady of Mercy	Narino, Colombia	19,000
Missionary Orientation Center	Kerala, India	10,000
Sisters of Our Lady of Peace	Latacunga, Cotopaxi, Ecuador	15,000
Missionaries of Little Flower Congregation	Kerala, India	12,000
Mbeya Diocese	Mbeya, Tanzania	4,000
Dominican Sisters of Peace	Columbus, OH	15,000
Ursuline Sisters of St. Jerome in Somasca	Dumaguete City, Negros Oriental, Philippines	10,000
Dominican Sisters of Mary, Mother of the Eucharist	Ann Arbor, MI	20,000
Religious of Jesus and Mary	Ciudad de Buenos Aires, Argentina	10,511

TOTAL \$3,282,163

CATHOLIC SCHOOLS

“And these words that I command you today shall be on your heart. You shall teach them diligently to your children, and shall talk of them when you sit in your house, and when you walk by the way, and when you lie down, and when you rise.”

Deuteronomy 6:6-7

Pope Francis is a member of the Society of Jesus, a congregation known for their work in education. The Pope is also well educated with a background in chemistry, philosophy, and theology. His congregation, the Jesuits, founded the Nativity Miguel Network, a group of Catholic schools often located in low-income areas. They provide a strong academic curriculum free of charge to poor students who, upon completion of the program, go on to college where many become first in their families to graduate. This model is replicated in many Catholic schools worldwide, educating children in the Catholic faith as well as providing a good education. Many times Catholic schools are the only symbol of a Catholic presence in the area and provide not only an education for the local children, but also for their families.

The Koch Foundation provides support to resource-poor areas where Catholic schools are the only means of evangelization. The Foundation also funds innovative programs that have the potential to provide future Church leaders.



St. Felix of Cantalice Sisters; Location: Warsaw, Poland



Comboni Missionary Sisters; Location: Nairobi, Kenya



Congregation of the Immaculate Heart of Mary; Location: Khanh Hoa, Viet Nam

CATHOLIC SCHOOLS

Grand Rapids Diocese	Grand Rapids, MI	20,000
Jesuit High School	New Orleans, LA	15,000
John Paul II Newman Center	Chicago, IL	20,000
Binh Dien Parish	Hue, Viet Nam	15,000
Our Lady of Victory Church, Maria Lanakila Parish	Lahaina, Maui, Hawaii, USA	25,000
Bridgeport Diocese	Bridgeport, CT	10,000
Superior Diocese	Superior, WI	16,500
Diocese of Orlando	Orlando, FL	20,000
Religious Education Department, Sekondi-Takoradi Diocese	Sekondi, Western Region, Ghana	15,000
Diocese of Orlando	Orlando, FL	15,000
Sisters of St. Joseph	Brentwood, NY	10,000
Franciscan Clarist Congregation	Maharashtra, India	10,000
Little Sisters of St. Francis, East of the Rift Valley Region.	Nairobi, Kenya	5,000
St. Joseph Children's Home	Maharashtra, India	6,875
San Antonio Archdiocese	San Antonio, TX.	15,000
Daughters of Mary Help of Christians.	Haledon, NJ	15,000
Stratford Catholic Regional School System	Stratford, CT	10,000
Congregation of Holy Cross, Sacred Heart of Jesus Province of Bangladesh	Dinajpur, Bangladesh	14,000
Congregation of Sisters of St. Thomas of Villanova.	Neuilly sur Seine, France	10,000
Missionary Franciscan Sisters, Immaculate Conception Province.	Newton, MA	15,000
Society of Jesus, Czech Province	Czech Republic	15,000
Society of Mary, US Province	St. Louis, MO.	12,515
University of Portland.	Portland, OR	10,000
Fajardo-Humacao Diocese	Fajardo, PR	16,000
Sister Thea Bowman Catholic School	East St. Louis, IL	15,000
St. Joseph Parish	Fort Mitchell, AL	10,000
St. Gabriel Catholic School	Kansas City, MO.	6,000
Archdiocese of Newark.	Newark, NJ.	2,500
Christian Brothers Association of South Africa	Boksburg, South Africa	15,000
St. Joseph Mission School	San Fidel, NM	20,000
St. Louis Archdiocese	St. Louis, MO.	15,000
Oakland Diocese.	Oakland, CA	10,000
Congregation of Our Lady of Charity of the Good Shepherd	Raedene, Johannesburg, South Africa	10,000
Assumption College for Sisters	Mendham, New Jersey	15,000
Holy Name Parish and School	Omaha, NE.	15,000
Marist Brothers of the Schools	Bayonne, NJ	15,000
Holy Rosary School	Tacoma, WA	15,000
Ukrainian Salesian Eastern Rite Delegation Mary Help of Christians	Lviv 79014, Ukraine	10,000
Daughters of St. Francis de Sales.	Mlolongo, Kenya	13,125
Aquinas High School	Augusta, GA	10,000
Sisters of Notre Dame de Namur, Boston Province.	Everett, MA	8,700
Valle Catholic Schools	St. Genevieve, MO	15,000
Pontifical Mission - Jerusalem	Jerusalem	15,000
Gallup Diocese Catholic Schools.	Gallup, New Mexico	20,000
Institute of the Incarnate Word, St. Paul Church	New York, NY	10,000
Catholic Education Foundation	Kansas City, Kansas,	10,000
St. Paul Catholic School	New Bern, NC	10,000

CATHOLIC SCHOOLS

(CONTINUED)

Vietnamese Dominican Sisters, Mary Immaculate Province	Houston, TX	15,000
Society of Mary, US Province	St. Louis, MO	10,000
Gregorian University Foundation	New York, NY	20,000
Language and Catechetical Institute	Gaming, Austria	10,000
Society of Mary, US Province	St. Louis, MO	10,000
Little Sisters of St. Therese of the Child Jesus	Port-de-Prince Haiti	15,000
Most Pure Heart of Mary School	Mobile, AL	20,000
Washington Archdiocese	Washington, DC	15,000
Our Lady of Lourdes Catholic School	Daytona Beach, FL	15,000
Covington Diocese	Covington, KY	10,000
Sisters of the Immaculate Heart of Mary, Mother of Christ, Nigeria	Onitsha, Anambra State, Nigeria	10,000
St. Mary's School	Ticonderoga, NY	20,000
Sisters of Mercy of the Holy Cross, Osia	Tororo, Uganda	10,000
Congregation of the Mother of Carmel, Holy Queen's Province	Kerala, India	12,500
St. Jean Baptiste Parish, Sassier	Jeremie, Haiti	15,000
Sacred Heart Congregation, S.H. Jyothis Bhavan	Kerala, India	7,440
St. Francis Xavier Church	Tamil Nadu, India	7,012
Djibouti Diocese	Djibouti, Djibouti	15,000
St. Ann's Church & School	Carthage, MO	15,000
Blessed Edmund Rice School for Pastoral Ministry	Arcadia, FL	20,000
Archdiocese of Chicago	Chicago, IL	5,000
Wichita Diocese	Wichita, KS	15,000
Guardian Catholic Schools	Jacksonville, FL	20,000
Carmelites of Mary Immaculate, Mary Matha Vice-Province	Andhra Pradesh, India	6,500
Strake Jesuit College Preparatory	Houston, TX	15,000
Sisters of the Destitute	Madhya Pradesh, India	3,756
Assisi Sisters of Mary Immaculate, St. Joseph Provincialate	Kerala, India	11,012
Washington Middle School for Girls	Washington, District of Columbia	15,000
St. Mary's Mission Church & School	Red Lake, MN	20,000
Diocese of Chanda (Chandrapur)	Maharashtra, India	6,374
Walla Walla Catholic Schools	Walla Walla, WA	9,847
Congregation of the Daughters of Mary, St. Joseph's Province	Tamil Nadu, India	7,000
Cristo Rey Network	Chicago, IL	15,000
The Congregation of Snehagiri Missionary Sisters	Kerala, India	6,191
Franciscan Clarist Congregation, Kothamangalam Province	Kerala, India	5,476
Holy Cross Sisters, Inc.	Notre Dame, IN	15,000
Catholic Near East Welfare Association	New York, NY	10,000
Bridgeport Diocese	Bridgeport, CT	15,000
Carmelite Missionary Sisters of St. Therese of the Child Jesus	Dar es Salaam, Tanzania	10,000
Norbertine Fathers, Nigeria	Mgbowo, Enugu State, Nigeria	10,200
San Diego Diocese	San Diego, CA	15,000
Our Lady of Kilimanjaro Sisters	Moshi, Tanzania	10,000
International Theological Institute for Studies on Marriage and the Family	Trumau, Austria	15,000
Religious of Jesus and Mary	Bangkal, Philippines	15,000
Daughters of Mary, Mwanza Archdiocese	Mwanza, Tanzania	10,000
San Francisco Archdiocese	San Francisco, CA	15,000
Daughters of Mary	Tabora, Tanzania	15,000

CATHOLIC SCHOOLS

(CONTINUED)

Missionary Sisters of St. Ann Luzern	Arusha, Tanzania	11,000
Sisters of Mary of Kakamega	Malava, Kenya	15,000
Redemptorist Fathers and Brothers, Denver Province.	Denver, CO.	15,000
Archdiocese of Chicago	Chicago, IL	10,000
Sisters of the Divine Savior	Milwaukee, WI.	8,000
Congregation of the Mission, Madagascar Province.	Tolagnaro, Madagascar	9,000
Dominican Fathers, Province of St. Albert the Great.	Chicago, IL	10,000
Port-au-Prince Archdiocese	Port-au-Prince, Haiti	15,000
Sisters of the Presentation of the Blessed Virgin Mary.	Aberdeen, SD	15,000
The Nativity Miguel Middle School of Buffalo.	Buffalo, NY	20,000
Corpus Christi School.	Falls Church, VA.	20,000
Gallup Diocese.	Gallup, NM.	10,000
Joplin Area Catholic Schools	Joplin, MO	15,000
Missionaries of St. Francis de Sales, Nagpur Province	Maharashtra, India	7,000
Missionaries of St. Francis de Sales, Nagpur Province	Maharashtra, India	10,200
Dallas Diocese	Dallas, TX.	10,000

TOTAL \$1,409,723

MASS MEDIA

“Let the word of Christ dwell in you richly, teaching and admonishing one another in all wisdom, singing psalms and hymns and spiritual songs, with thankfulness in your hearts to God.”

Colossians 3:16

In a world of rapidly changing digital media, Pope Francis is pioneering new ways of sharing the faith with people both within and outside of the Church. As a teacher and pastor, it is his responsibility to promote unity in the Church and he is known for describing religious concepts with visually clear images that ordinary people can understand. As his papacy continues, he will expand the methods of disseminating his message to everyone through various social media, radio, and print.

The Koch Foundation supports Mass Media efforts which carry the Word of God.



Siauliai Diocesan Youth Centre; Location: Siauliai, Lithuania



Redemptoris Mater Archdiocesan Missionary Seminary; Location: Yona, Guam



St. Felix of Cantalice Sisters; Location: Warsaw, Poland

Guest House, Inc.	Lake Orion, MI.	\$10,000.00
Missionaries of the Sacred Heart.	Aurora, IL	\$15,000.00
St. Luke Institute	Silver Spring, MD	\$20,000.00
Franciscan Sisters of the Immaculate Conception, St. Clare of Assisi Province		\$10,000.00
Poor Clares, Monastery of the Lord of Mercy	Guadalupe, Nuevo Leon, Mexico	\$20,000.00

TOTAL \$75,000.00

CAPITAL EXPENDITURES

"The LORD said to him: "I have heard the prayer of petition which you offered in my presence. I have consecrated this temple which you have built; I confer my name upon it forever, and my eyes and my heart shall be there always."

1 Kings Chapter 9:3

No matter how vivid its light, a flame will extinguish when left exposed. Chapels, shrines, monasteries, seminaries, and many other structures are essential shelters to the hearts of the faithful. Stone by stone and brick by brick, the expansion of the Church renews Christ's covenant with St. Peter, the original architect of grace. This year and beyond, our Holy Father asks us to use the tools of our faith to continue this tradition and build firm foundations for the Church in communities worldwide.

The Koch Foundation provides support for Capital Expenditures which include the construction or repair of church buildings, convents, monasteries, and religious formation centers worldwide.



San Rafael Parish; Location: Pangasinan, Philippines



Butare Diocese; Location: Kamonyi, Rwanda



Missionary Sisters of St. Benedict; Location: Otwock, Poland

CAPITAL EXPENDITURES

Little Sisters of the Lamb	Kansas City, Kansas	15,000
Holy Family Catholic Church	Dayton, Ohio	15,000
Benedictine Sisters of Cullman	Cullman, Alabama,	20,000
New Ulm Diocese	New Ulm, MN	15,000
St. Joseph School	Wakefield, Massachusetts	25,000
Diocese of Joliet, Illinois	Joliet, IL	15,000
Jesuits of the New Orleans Province	New Orleans, LA	15,000
Holy Cross Congregation	Notre Dame, IN	30,000
Jesuits of the New Orleans Province	New Orleans, LA	15,000
Oratory of St. Philip Neri	Brooklyn, NY	20,000
Jesuits of the New Orleans Province	New Orleans, LA	20,000
Sisters, Servants of the Immaculate Heart of Mary	Scranton, PA	15,000
Benedictine Sisters of Erie	Erie, PA	20,000
Catholic Charities USA	Alexandria, VA	20,000
Archdiocese of Chicago	Chicago, IL	15,000
Sisters of the Holy Family	New Orleans, LA	15,000
Academy of Our Lady High School	Marrero, LA	15,000
Shepherd of the Valley Catholic Church	Central Point, OR	15,000
Sisters of St. John the Baptist	Bronx, NY	15,000
Society of the Little Flower	Darien, IL	20,000
Des Moines Diocese	Des Moines, IA	20,000
Community of Holy Rosary and St. John the Evangelist	Columbus, OH	20,000
Discalced Carmelite Friars, California-Arizona Province	Redlands, CA	20,000
Bridgeport Diocese	Bridgeport, CT	10,000
Oklahoma City Archdiocese	Oklahoma City, OK	15,000
Camp Ondessonk	Ozark, IL	15,000
Oblates of Mary Immaculate, US Province	Washington, DC	10,000
Archdiocese of Miami	Miami Shores, FL	1,000,000
Idaho Corporation of Benedictine Sisters	Cottonwood, ID	20,000
St. Thomas Syro-Malabar Catholic Church, East Millstone	Somerset, NJ	15,000
Franciscan Poor Clare Sisters, Monastery of St. Clare	Omaha, NE	25,000
Seton Academy	Plattsburgh, New York	18,000
Diocese of the Most Holy Savior of Bayamo-Manzanillo	C.P. 85100 Gramma, Cuba	8,000
Tucson Diocese	Tucson, AZ	15,000
St. Thomas Syro Malabar Church Boston	Framingham, MA	15,000
Our Lady of Mount Carmel Sisters	Reno, NV	20,000
Poor Clare Sisters, Second Order of St. Francis	Las Concavas, Cartago, Costa Rica	15,000
Charleston Diocese	Charleston, SC	15,000
Sisters of Mercy of the Americas	Buffalo, NY	20,000
Benedictine Sisters, St. Placid Priory	Lacey, WA	15,000
Prefecture Apostolic of the Marshall Islands	Majuro, MH, Marshall Islands	16,500
Prefecture Apostolic of the Marshall Islands	Majuro, MH, Marshall Islands	8,000
Siena Heights University	Adrian, MI	15,000
Order of Friars Minor	Rome, Italy	10,000
St. Francis House	Gainesville, FL	15,000
Benedictine Sisters of Perpetual Adoration	Clyde, MO	20,000
Prefecture Apostolic of the Marshall Islands	Majuro, MH, Marshall Islands	7,000

TOTAL \$1,757,500.00

KOCH FOUNDATION, INC. FINANCIAL STATEMENTS

MARCH 31, 2013 AND 2012

INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Koch Foundation, Inc.:

We have audited the accompanying statements of assets, liabilities and net assets – modified cash basis of Koch Foundation, Inc. (the Foundation), as of March 31, 2013 and 2012, and the related statements of cash receipts and disbursements and changes in net assets – modified cash basis and cash flows – modified cash basis for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Koch Foundation, Inc. as of March 31, 2013 and 2012, and its receipts and disbursements for the years then ended in accordance with the modified cash basis of accounting as described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

James Moore + Co., P.L.

Gainesville, Florida
August 27, 2013

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Member of AGN International with offices in principal cities worldwide

KOCH FOUNDATION, INC.
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS
MARCH 31, 2013 AND 2012

	2013	2012
<u>ASSETS</u>		
Cash and cash equivalents		
Cash	\$ 163,666	\$ 74,325
Money market fund	13,684,509	4,207,880
Total cash and cash equivalents	13,848,175	4,282,205
Investments, note 2(c):		
Common stock and exchange traded funds net of \$281,240 stock options sold as of March 31, 2012 respectfully	92,482,351	88,502,337
U.S. Treasury exchange-traded fund	821,375	1,022,500
U.S. corporate bond exchange traded funds	-	2,641,635
Foreign bond mutual fund	-	6,289,059
Private equity investments	3,010,626	3,328,425
Total investments	96,314,352	101,783,956
Property and equipment, net	283,305	299,432
Total assets	\$ 110,445,832	\$ 106,365,593
<u>LIABILITIES AND NET ASSETS</u>		
Accrued expenses	\$ 37,945	\$ 34,932
Net assets	110,407,887	106,330,661
Total liabilities and net assets	\$ 110,445,832	\$ 106,365,593

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

KOCH FOUNDATION, INC.
STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS AND
CHANGES IN NET ASSETS - MODIFIED CASH BASIS
FOR THE YEARS ENDED MARCH 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Receipts		
Interest	\$ 653	\$ 1,747
Dividends	2,537,569	2,451,743
Return of charitable distributions	263,161	139,011
Total receipts	<u>2,801,383</u>	<u>2,592,501</u>
Disbursements		
Charitable distributions	7,542,598	8,591,668
Management and general	487,213	499,963
Investment expense	369,559	326,861
Foreign tax	24,559	59,114
Federal excise tax	29,166	31,912
Total disbursements	<u>8,453,095</u>	<u>9,509,518</u>
Deficiency of receipts under disbursements before gain on sale of investments and unrealized appreciation (depreciation) of investments	<u>(5,651,712)</u>	<u>(6,917,017)</u>
Gain on sale of investments	879,147	1,333,472
Unrealized appreciation (depreciation) of investments	8,849,791	(5,201,127)
Total excess (deficiency) of receipts over disbursements after gain on sale of investments and unrealized appreciation (depreciation) of investments	<u>4,077,226</u>	<u>(10,784,672)</u>
Net assets, beginning of year	106,330,661	117,115,333
Net assets, end of year	<u>\$ 110,407,887</u>	<u>\$ 106,330,661</u>

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

KOCH FOUNDATION, INC.
STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS
FOR THE YEARS ENDED MARCH 31, 2013 AND 2012

	2013	2012
Cash flows from operating activities		
Excess (deficiency) of receipts over disbursements after gain on sale of investments and unrealized appreciation of investments	\$ 4,077,226	\$ (10,784,672)
Adjustments to reconcile excess (deficiency) of receipts over disbursements after gain on sale of investments and unrealized appreciation of investments to net cash provided by operating activities:		
Depreciation	17,397	16,219
Increase in accrued expenses	3,013	12,922
Gain on sale of investments	(879,147)	(1,333,472)
Unrealized depreciation (appreciation) of investments	(8,849,791)	5,201,127
Proceeds from sale of investments	19,407,179	13,833,965
Purchases of investments	(4,208,637)	(5,264,937)
Net cash provided by operating activities	9,567,240	1,681,152
Cash flows from investing activities		
Purchase of property and equipment	(1,270)	(21,117)
Net increase in cash and cash equivalents	9,565,970	1,660,035
Cash and cash equivalents, beginning of year	4,282,205	2,622,170
Cash and cash equivalents, end of year	\$ 13,848,175	\$ 4,282,205

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

KOCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012

(1) **Business Organization:**

The Koch Foundation, Inc. (the Foundation), a Florida not-for-profit corporation, was established in February 1979 as a private Florida foundation through a grant from Carl and Paula Koch. The primary purpose of the Foundation is to invest funds for the generation of investment income, which is to be used to provide grants for Roman Catholic activities that propagate the faith. Carl and Paula Koch were the principal donors of the Foundation. The distribution of these donations is subject to the Board of Directors' (the Board) approval. All funds of the Foundation are unrestricted as they are used for the primary purpose of the Foundation.

(2) **Summary of Significant Accounting Principles:**

(a) **Basis of presentation**—The Foundation prepares its financial statements on the modified cash receipts and disbursements basis of accounting. All transactions are recognized as cash is received or paid. Therefore, revenue and expenses are recognized as cash is received or paid, and the related receivables, payables and accrued expenses are not reflected in the accompanying financial statements, with the exception of the following:

Unrealized gains or losses on investments, which are recognized based on fair market value.

Accrued interest receivable is recorded for interest due but not paid as of year-end for investments in debt securities.

An accrued vacation liability has been accrued for the amount of each employee's unpaid (unused) vacation balance.

Expenditures having an economic life of more than one year are capitalized as assets and depreciated over their estimated useful lives.

(b) **Cash and cash equivalents**—For the purposes of reporting cash flows, the Foundation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

(c) **Investments**—Investments in equity securities with readily determinable fair values and all investments in private equity and debt securities are reflected in the accounts of the Foundation at fair value. For information on how the Foundation determines fair value, see Note 12.

Unrealized appreciation and depreciation is based on the market value of investments as of March 31 and recognized currently in the statements of receipts and disbursements and changes in net assets - modified cash basis.

(d) **Derivatives**—In the normal course of business, the Foundation uses derivative financial instruments in an effort to manage exposure on long-term investments. Specifically, to manage price and interest rate risk associated with investing activities, the Foundation uses forward contracts. Under these contracts, the Foundation agrees to the future delivery of a security, on an agreed-upon date, and at an agreed-upon price. These contracts are entered into with the intention to minimize the Foundation's economic exposure to adverse fluctuations in financial markets and to reduce interest rate risk. The Foundation's forward contracts (stock options sold) are presented at fair value and are based on quotes from brokers.

KOCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012

(2) **Summary of Significant Accounting Principles:** (Continued)

(e) **Use of estimates**—The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets, net assets, receipts and disbursements during the reporting period and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

(f) **Depreciation**—Property and equipment is stated at cost. The Foundation computes depreciation using the straight-line method over the following estimated useful lives:

	Years
Office building and improvements	40
Furniture and fixtures	5
Computer equipment	3

(g) **Tax status**—The Internal Revenue Service has determined that the Foundation is exempt from federal income tax under Section 501(c)(3) of the Code. The Code imposes an excise tax of 2% (reduced to 1% if certain requirements are met) on net investment income of private foundations.

The Foundation files income tax returns in the U.S. federal jurisdiction. With few exceptions, the Foundation is no longer subject to U.S. federal, state or local income tax examinations by tax authorities for years before 2009.

The Foundation has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Foundation.

(h) **Subsequent events**—The Company has evaluated events and transactions for potential recognition or disclosure in the financial statements through August 27, 2013 the date the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

(3) **Concentration of Credit Risk:**

At March 31, 2013 and 2012, the Foundation has demand deposits and money market accounts with local and national banks amounting to \$14,013,157 and \$4,541,625, respectively. The Foundation has no policy requiring collateral to support these deposits, although amounts are federally insured up to FDIC limits.

(4) **Federal Excise Tax:**

In accordance with the applicable provisions of the Tax Reform Act of 1969 (the Act), the Foundation is subject to an excise tax on net investment income, including realized gains, as defined in the Act.

In addition, the Act requires that certain minimum distributions be made in accordance with a specified formula. As of March 31, 2013 and 2012, the Foundation had distributions in excess of the required minimum for the current year.

KOCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012

(5) Property and Equipment:

The following is a summary of the components of property and equipment as of March 31:

	2013		2012
Office building and improvements	\$ 356,322	\$	356,322
Furniture and fixtures	145,563		144,293
Computer equipment	94,596		94,596
	596,481		595,211
Less: Accumulated depreciation	(313,176)		(295,779)
	\$ 283,305		\$ 299,432

Depreciation expense was \$17,397 and \$16,219 for the years ended March 31, 2013 and 2012, respectively.

(6) Related Parties:

Directors and officers have made significant contributions of their time and services to assist the Foundation in its investment activities. The estimated fair market value of these contributions was approximately \$320,000 during the years ended March 31, 2013 and 2012. As the Foundation records its financial statements on the modified cash basis, these contributions have not been recognized in the financial statements.

(7) Employment Contracts:

As required by a terminated employment contract, a former officer began receiving retirement benefits from the Foundation of approximately \$8,000 per year during January 1995. The benefit payments continue throughout the life of the officer and the officer's spouse. Payments of \$8,256 were made during the years ended March 31, 2013 and 2012, and are included in management and general disbursements.

The Foundation has an employment contract with an Executive Director, which automatically renews from year to year for successive one year terms unless terminated by either party. The contract can be prematurely terminated if the employee voluntarily terminates the contract (must give 60 days notice) or the employee is involuntarily terminated with cause. The contract provides, among other things, a stipulated salary and annual retirement benefits.

(8) Employee Benefit Plan:

The Foundation sponsors a Simplified Employee Pension Plan (the SEP Plan) and a §403(b) Tax Deferred Annuity Plan (the §403(b) Plan) to provide for retirement benefits for the employees of the Foundation. Under the SEP Plan, each eligible employee maintains an individual retirement account into which the Foundation makes contributions. The Foundation has committed to contribute eight percent of all participating employees' annual compensation to the SEP Plan each year. The §403(b) Plan provides for participating employees to voluntarily deduct tax-deferred amounts from their gross wages to purchase tax-deferred annuities. The Foundation has no obligations related to the §403(b) Plan. Benefits in both plans are fully vested immediately upon contribution. Contributions of \$18,808 and \$17,201 were made during the years ended March 31, 2013 and 2012, respectively, and are included in management and general disbursements.

KOCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012

(9) **Risks and Uncertainties:**

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect investment account balances and the amounts reported in the statements of assets, liabilities, and net assets – modified cash basis.

(10) **Investments:**

The Foundation's investments consist of the following at March 31:

	<u>2013</u>		<u>2012</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Common stock and exchange traded funds	\$ 63,327,672	\$ 92,482,350	\$ 68,842,768	\$ 88,502,337
U.S. Treasury exchange traded fund	1,966,015	821,375	1,966,015	1,022,500
U.S. corporate bond exchange traded funds	-	-	2,528,063	2,641,635
Foreign bond mutual fund	-	-	6,098,000	6,289,059
Private equity investments	2,319,852	3,010,626	2,498,089	3,328,425
Total Investments	<u>\$ 67,613,539</u>	<u>\$ 96,314,351</u>	<u>\$ 81,932,935</u>	<u>\$ 101,783,956</u>

(11) **Derivatives:**

The notional and fair values of the forward contracts as of March 31, 2013 and 2012 are as follows:

	<u>2013</u>		<u>2012</u>	
	<u>Notional Value</u>	<u>Fair Value</u>	<u>Notional Value</u>	<u>Fair Value</u>
Forward contracts (stock options)	\$ -	\$ -	\$ 24,266,550	\$ (281,240)

The effect of derivative instruments not designated as hedging instruments on the statement of activities as of March 31, 2013 and 2012 consist of the following:

	<u>Location of gain or (loss) recognized in change in net assets</u>	<u>2013</u>	<u>2012</u>
		<u>Amount of gain or (loss) recognized in change in net assets</u>	<u>Amount of gain or (loss) recognized in change in net assets</u>
Forward contracts (stock options)	Gain (loss) on sale of investments	\$ (351,248)	\$ 886,933
Forward contracts (stock options)	Unrealized appreciation (depreciation) of investments	27,565	1,331,163
Total		<u>\$ (323,683)</u>	<u>\$ 2,218,096</u>

KOCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012

(12) **Fair Value Measurements:**

The fair value measurement accounting literature provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access as of the measurement date.

Level 2 – Inputs to the valuation methodology include: (1) quoted market prices for similar assets or liabilities in active markets, (2) quoted prices for identical or similar assets or liabilities in inactive markets, (3) inputs other than quoted prices that are observable for the asset or liability, and (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs are those that reflect the Foundation's own assumptions about the assumptions that market participants would use in pricing the asset developed based on the best information available. These types of amounts due from externally managed private equity investments are determined based on information provided by the private equity firm.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes to the methodologies used at March 31, 2013 and 2012.

Exchange-traded funds, common stock, and stock options – Valued at quoted market prices.

Mutual funds – Valued at the net asset value (NAV) of shares held by the Foundation at year-end. Mutual funds held by the Foundation are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.

Private equity investments – Valued at the net asset value of the units held by the Foundation at year end, as reported by the investment manager.

Since the private equity investments are valued utilizing unobservable inputs, and do not permit redemption at the measurement date, such investments are classified within Level 3. These investments are presented in the accompanying financial statements at fair value, as determined by the investment manager. The investment manager's determination of fair value is based upon the best available information provided by the underlying limited partnership the private equity funds invest in and may incorporate management assumptions and best estimates after considering a variety of internal and external factors.

KOCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012

(12) **Fair Value Measurements:** (Continued)

The general partners of the underlying investment partnerships generally value their investments at fair value. Securities with no readily available market are generally valued according to the market approach, which attempts to apply a fair value standard by referring to meaningful third-party transactions, comparable public market valuations and/or the income approach. Consideration is also given to the financial condition and operating results of the issuer, the amount that the investment partnerships can reasonably expect to realize upon the sale of the securities, and any other factors deemed relevant. A security can be carried at acquisition price (cost) if little has changed since the initial investment of the company and is most representative of fair value. Securities with a readily available market (listed on a securities exchange or traded in the over-the-counter market) are valued at quoted market prices or at an appropriate discount from such price if marketability of the securities is restricted.

Investments, other than the underlying diversified investment partnerships, for which price quotations are not readily available, shall be valued at fair value as determined by the General Partner. For such investments, management applies comparable transaction multiples and/or comparable trading multiples, where such comparable multiples are available and appropriate, and/or a discounted cash flow analysis, where appropriate, to estimate fair value. The General Partner establishes valuation processes and procedures to ensure that the valuation techniques for investments are fair, consistent, and verifiable. The General Partner's valuations are reviewed by the investment manager's valuation governance process on a quarterly basis which included the investment committee comprised of the investment manager's management and compliance members.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are 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.

The following table summarizes the assets of the Foundation for which fair values are determined on a recurring basis as of March 31, 2013 and 2012, respectively:

March 31, 2013	Level 1	Level 2	Level 3	Total
Exchange-traded funds				
U.S. Treasury notes	\$ 821,375	\$ -	\$ -	\$ 821,375
U.S. corporate bonds	-	-	-	-
Domestic stock index	8,633,185	-	-	8,633,185
Domestic small cap	13,648,380	-	-	13,648,380
International	24,313,006	-	-	24,313,006
Common stock				
Domestic large cap	43,889,096	-	-	43,889,096
International	1,998,683	-	-	1,998,683
Private equity investments	-	-	3,010,626	3,010,626
Total assets at fair value	<u>\$ 93,303,725</u>	<u>\$ -</u>	<u>\$ 3,010,626</u>	<u>\$ 96,314,351</u>

KOCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012

(12) **Fair Value Measurements:** (Continued)

March 31, 2012	Level 1	Level 2	Level 3	Total
Exchange-traded funds				
U.S. Treasury notes	\$ 1,022,500	\$ -	\$ -	\$ 1,022,500
U.S. corporate bonds	2,641,635	-	-	2,641,635
Domestic stock index	7,446,547	-	-	7,446,547
Domestic small cap	12,135,255	-	-	12,135,255
International	23,528,013	-	-	23,528,013
Common stock				
Domestic large cap	42,801,287	-	-	42,801,287
International	2,872,475	-	-	2,872,475
Stock options	(281,240)	-	-	(281,240)
Foreign bond mutual fund	-	6,289,059	-	6,289,059
Private equity investments	-	-	3,328,425	3,328,425
Total assets at fair value	<u>\$ 92,166,472</u>	<u>\$ 6,289,059</u>	<u>\$ 3,328,425</u>	<u>\$ 101,783,956</u>

Following is a description of the significant investment strategies of each major category of investments that calculate net asset value per share and are not in an active market (Level 2 and Level 3 measurements):

Foreign bond mutual fund – The investment seeks maximum real return by investing mainly in fixed income instruments that are economically tied to foreign countries, which may be represented by forwards or derivatives such as options, future contracts or swap agreements. It may invest in derivative instruments, such as options, futures contracts or swap agreements, or in mortgage- or asset-backed securities. The fund normally limits its foreign currency exposure to 20% of total assets. It is non-diversified.

Private equity investments – To provide long-term capital appreciation and current income through investments in limited partnerships, which invest in diversified portfolios ranging from short-term to long-term instruments, as described below.

Level 3 assets were 3.13% and 3.27% of total investment assets at fair value at March 31, 2013 and 2012, respectively. The following table presents changes in the Foundation's Level 3 investment assets measured at fair value on a recurring basis for the years ended March 31, 2013 and 2012:

	Private Equity Investments
Balance, March 31, 2011	\$ 3,032,063
Realized gains	210,471
Unrealized gains relating to instruments still held at the reporting date	314,722
Purchases	224,500
Distributions	(453,331)
Balance, March 31, 2012	<u>3,328,425</u>
Realized gains	365,959
Unrealized losses relating to instruments still held at the reporting date	(139,562)
Purchases	110,000
Distributions	(654,196)
Balance, March 31, 2013	<u>\$ 3,010,626</u>

KOCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012

(12) **Fair Value Measurements:** (Continued)

The realized gains and losses and unrealized gains relating to instruments still held at the reporting date in the schedule above are reported in the statement of cash receipts and disbursements and changes in net assets-modified cash basis under the line items gain on sale of investments and unrealized appreciation of investments.

The following table discloses certain additional information as of March 31, 2013, related to the Foundation's investments in private equity investments:

<u>Description</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>
Commonfund Capital Private Equity Partners VI, LP ^(a)	\$ 1,197,693	\$ 168,675
Commonfund Capital International Partners V, LP ^(b)	1,318,175	122,156
Commonfund Capital Venture Partners VII, LP ^(c)	467,839	44,000
Commonfund Realty Investors, LLC ^(d)	26,919	-
Total	<u>\$ 3,010,626</u>	<u>\$ 334,831</u>

^(a)—This category includes private equity funds that offer the investor the opportunity to invest in private equity transactions, such as growth equity financing, leverages buyouts, acquisitions and/or industry consolidations, recapitalizations and restructurings. Traditionally, private equity investments seek to earn returns substantially above those on publicly traded stocks over a long term (7 to 10 years) investment horizon and to further diversify the equity component of an investment portfolio. This fund is invested 86% in the United States. Redemptions do not apply; these are closed ended limited partnership investments.

^(b)—This category includes private equity funds that seek to generate higher returns over the long term than those generally available on the foreign listed securities exchanges through investments in a diversified portfolio of international private capital funds and to further diversify the equity component of a nonprofit institution's investment portfolio. This fund is invested 43% in Europe. Redemptions do not apply; these are closed ended limited partnership investments.

^(c)—This category includes private equity funds that aim to give investors the opportunity to earn long term capital appreciation by investing in early stage, high growth private companies, principally in the information technology and life sciences/healthcare fields. Traditionally, venture capital investments seek to earn returns above those in publicly traded stocks over a long-term investment horizon, and to further diversify the equity component of an investments portfolio. This fund is invested 84% in the United States. Redemptions do not apply; these are closed ended limited partnership investments.

^(d)—This category includes a portfolio of real estate properties which are bought and sold as well as held out for rent with the aim of returning optimal returns on capital to investors. The portfolio is managed with investors in mind and the decisions to sell any asset include property-specific considerations (leasing activity and capital improvements), while concurrently examining capital market activity to identify the optimal timing of assets sales. The portfolio consists of fourteen properties all located in the United States.

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