

CHRIST PROMISES WORDS OF GRACE AND GIVES

OCEANS OF MERCY



KØCH
Foundation Inc.

2019 ANNUAL REPORT

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 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 need evangelical programs. The Koch Foundation is international in scope with no geographical preference.

Carl & Paula Koch



LETTER FROM THE EXECUTIVE DIRECTOR

When I attended second grade Sister Josephine was preparing us for First Communion. We had already learned the Our Father, Hail Mary, and Act of Contrition prayers saying them daily, and then one-by-one in front of the class. One day Sister began teaching the class about God's Grace and Mercy and how it affected our daily lives. She told us that God's Grace was God's kindness and salvation towards us regardless of what we truly deserve. His Mercy was His love where He helps those that are in need or trouble. One of my best friends was acting up in the back of the class having a great time talking and playing around and Sister walked over to him and stated that he should pray for God's Grace and Salvation before he would end up receiving Sister Josephine's wrath. My friend responded, "I was kinda hoping that you would always show me God's Mercy!"

We all want God's Grace, so life will hopefully be easier. We all need His Mercy, when we face the problems that life presents on a daily basis. It is hard to speak of God's Mercy without first talking about His Grace. God's Grace is a gift and cannot be earned, because we are saved by the gift of His Grace. It transforms our lives for the better and has the power to redeem, enlighten and encourage us regardless of our selfishness and laziness; but it is His Mercy that moves in and takes away the punishment that is due to us.

However, if we want to be shown Mercy we must also show Mercy to others. We must learn to forgive those who hurt us, and that is a great challenge. When we say the Our Father prayer, we say "Forgive us our trespasses, as we forgive those who have trespassed against us." Jesus has taught us that He will forgive us; but if you do not forgive others, you will not be forgiven. Everyone who wants to share in God's Mercy and Grace must remember that we do not deserve either, but pray that we receive both.

Carolyn Young



CHRIST PROMISES WORDS OF GRACE AND GIVES OCEANS OF MERCY

“Mercy” and “Grace” are terms whose meanings are often confused and misunderstood. In short, Mercy is God not giving us what we do deserve after we have greatly sinned; Grace is salvation from God which is also something we do not deserve.

Mercy is the face of God’s love turned toward sinners, searching them out, and offering them pardon and salvation. Pope Francis has stated that “when faced with the gravity of sin, God responds with the fullness of mercy.” God’s mercy is the expression of His fundamental love. Wrath of God and His merciful pardon and how mercy triumphs over that wrath.

Saving Grace is grace from God that provides salvation to a person. Historically, the Roman Catholic tradition has defined Grace as “the God-given gift of salvation granted to humanity.” In contemporary Catholicism, “Grace is a reciprocal process performed by God on behalf of humanity and by humanity in adoration of God and in reverence of God’s created order.”

The Mercy of God and the Grace of God go hand in hand which we are called to share with others. We deserve judgement, but if we receive Jesus Christ as our Savior, we receive mercy from God, we are delivered from judgement and through His grace and forgiveness of sins, and we receive grace and eternity with Him.



DIRECT EVANGELIZATION & MASS MEDIA

*But as you excel in everything—in faith, in speech, in knowledge, in all earnestness, and in our love for you—see that you excel in this act of grace also.
(2 Corinthians 8:7)*



Ukrain Greek Catholic Church Patriarchal Curia, Lviv, Ukraine



Missionaries of Jesus, El Peten, Guatemala

Pope Francis has called upon all Catholics to spread the faith and carry the Word of God to those who are unchurched as well as those who are alienated from the Church. As catechists and missionaries teach of God's Grace and Mercy, they are able to help others to know Him. Using the various means of communication available to us in this era of social media, we are able to reach even more people. We can share the message of salvation through the Catholic faith and how His mercy is to be shared with others so we become one with the Church.

The Koch Foundation funds Direct Evangelization programs and religious activities that directly support, strengthen and spread the Catholic proclamation of Christ's Gospel. Mass Media is supported to provide assistance in spreading the Word of God through various means of media.



St. Joseph's Girls High School, Machakos, Kenya

DIRECT EVANGELIZATION & MASS MEDIA

Mount St. Anne's Retreat Centre, Co., Laois, Ireland	\$10,000.00
Society of Jesus, Lithuanian Province, Kaunas, Lithuania	\$10,000.00
Dominican Sisters of Peace, Detroit, MI	\$6,000.00
Light of Hearts Villa, Cleveland, OH	\$10,000.00
Catholic Community Services of Southern Arizona, Inc., Tucson, AZ	\$15,000.00
Daughters of Mary Help of Christians, Province of Slovenia-Croatia, Ljubljana, Slovenia	\$10,000.00
St. Vincent de Paul Society of San Mateo County, San Mateo, CA	\$10,000.00
Diocese of Down and Connor, Belfast, Northern Ireland	\$10,000.00
Basilica of the National Shrine of the Little Flower, San Antonio, TX	\$10,000.00
Fellowship of St. Alban, Rochester, NY	\$10,000.00
Our Lady of Deliverance Syriac Catholic Diocese, Bayonne, NJ	\$10,000.00
Life and Faith Institute, Kaunas, Lithuania	\$10,000.00
Holy Ghost Parish, Chippewa Falls, WI	\$10,000.00
Saints Peter and Paul Cathedral Parish, Sokal, Ukraine	\$10,000.00
Diocese of Fajardo-Humacao, Fajardo, PR	\$100,000.00
Dismas Ministry, Inc., Milwaukee, WI	\$15,000.00
St. Edward Catholic Church, Baltimore, MD	\$10,000.00
Ignatian Spirituality Project, Chicago, IL	\$10,000.00
Catholic Rural Ministry II, Oil City Deanery, Oil City, PA	\$10,000.00
Society of Jesus, Kyrgyzstan, Bishkek, Kyrgyzstan	\$10,000.00
St. Stephen Protomartyr Parish, Des Plaines, IL	\$10,000.00
Diocese of Bridgetown, Bridgetown, Barbados	\$10,000.00
Congregation of the Sisters of St. Joseph, Spouse of the Blessed Virgin Mary, Siberia, Prokopivsk, Russian Federation	\$7,500.00
Diocese of Roseau, Roseau, Dominica	\$10,000.00
Providence House, Inc., Brooklyn, NY	\$10,000.00
Archdiocese of Kyiv, Kyiv, Ukraine	\$15,000.00
Saint Pascal Baylon Convent Church, Naples, Italy	\$10,000.00
Diocese of Same, Same, Tanzania	\$9,000.00
Dominican Sisters of Peace, Inc., Columbus, OH	\$10,000.00
Holy Child Jesus Catholic Church, Canton, MS	\$15,000.00
Standing Rock Reservation, McLaughlin, SD	\$15,000.00
Magiri Parish, Tabora, Tanzania	\$10,000.00
Desert House of Prayer, Tucson, AZ	\$10,000.00
Polish Messenger of the Sacred Heart, Inc., Chicago, IL	\$10,000.00
St. James Parish, Carthage, NY	\$15,000.00
National Shrine of Our Lady of Prompt Succor, New Orleans, LA	\$10,000.00
Sioux Spiritual Center, Howes, SD	\$10,000.00
Handmaids of Mary, Jharsuguda-Mary Villa, Ambikapur, India	\$1,500.00
Piarist Fathers, Province of the United States and Puerto Rico, San Juan, PR	\$40,000.00
The Parish of Christ the Redeemer, Belfast, Northern Ireland	\$15,000.00
Santa Cruz Catholic Church, Tucson, AZ	\$10,000.00
Armenian Catholic Eparchy of Our Lady of Nareg in United States and Canada, Various Parishes in the USA and Canada	\$10,000.00
Diocese of Lodwar, Lodwar, Kenya	\$15,000.00
Archdiocese of Denver, Denver, CO	\$10,000.00
Rosaryville Spirit Life Center, Inc., Ponchatoula, LA	\$6,500.00
Our Lady of Guadalupe Parish, St. Louis, MO	\$10,000.00
Franciscan Renewal Center, Scottsdale, AZ	\$15,000.00
Glenmary Home Missioners, Various Dioceses in the United States	\$50,000.00
Missionary Servants of the Most Holy Trinity, Silver Spring, MD	\$15,000.00



Holy Trinity Ukrainian Catholic Church, Carnegie, PA	\$10,000.00
St. Joseph the Worker, Cape Coast, Ghana	\$10,000.00
St. Joseph the Worker Divine Ministry, Ijebu Ode, Nigeria	\$10,000.00
Kiyunga Catholic Church, St. Gonzaga Training Centre, Jinja, Uganda	\$11,000.00
St. Paul Catholic Church, Savannah, GA	\$10,000.00
Servants of the Plan of God, Guayaquil, Ecuador.....	\$10,000.00
Kaunas Archdiocese Youth Centre, Kaunas, Lithuania.....	\$10,000.00
Diocese of Crookston, Crookston, MN	\$10,000.00
Logos Project, Inc., Auckland, New Zealand	\$10,000.00
Donnelly College, Kansas City, KS	\$15,000.00
Handmaids of the Holy Child Jesus, Ijebu-Ode, Nigeria.....	\$9,000.00
LAMP Ministries, Inc., New York, NY.....	\$15,000.00
Catholic Student Union, Tallahassee, FL	\$10,000.00
Jerusalem Farm, Inc., Kansas City, MO	\$7,000.00
Diocese of Rapid City, Rapid City, SD	\$10,000.00
Manresa Jesuit Retreat House, Bloomfield Hills, MI	\$10,000.00
Sisters of Charity of the Incarnate Word, Hidalgo, Mexico.....	\$6,000.00
Saint John Paul II Newman Center, Chicago, IL.....	\$10,000.00
Church of St. Mary, Melrose, MN	\$10,000.00
St. Lawrence Catholic Campus Center, Lawrence, KS.....	\$10,000.00
Order of Friars Minor General Curia, Various Dioceses.....	\$100,000.00
Sisters of the Order of St. Basil the Great, Jesus, Lover of Humanity Province, Jenkintown, PA	\$10,000.00
Divine Redeemer Parish, Mount Carmel, PA	\$10,000.00
Diocese of Roseau, Roseau, Dominica	\$10,000.00
Dominican Sisters of Peace, Great Bend, KS.....	\$16,000.00
Archdiocese of Dublin, Dublin, Ireland.....	\$10,000.00
Archdiocese of Port of Spain, Port of Spain, Trinidad and Tobago.....	\$10,000.00
Saint Peter's University, Jersey City, NJ.....	\$10,000.00
Don Bosco Cristo Rey High School, Takoma Park, MD	\$15,000.00

Total Direct Evangelization\$1,074,500.00

Archdiocese of Nassau, Nassau, Bahamas.....	\$15,000.00
Archdiocese of Kyiv, Kyiv, Ukraine	\$10,000.00
Xavier Society for the Blind, New York, NY.....	\$15,000.00
Mercy Home for Boys & Girls, Chicago, IL.....	\$10,000.00
Guadalupe Media, Benque Viejo del Carmen, Belize.....	\$10,000.00
Liguori Publications, Liguori, MO	\$10,000.00
Ukrainian Greek Catholic Church Patriarchal Curia, Lviv, Ukraine.....	\$10,000.00
Jesuit School of Theology of Santa Clara University, Berkeley, CA.....	\$10,000.00
The American Benedictine Review, Richardton, ND.....	\$10,000.00
United States Conference of Catholic Bishops, Various Dioceses	\$15,000.00
Salesians of Don Bosco, Paraguay, Asuncion, Paraguay	\$10,000.00

Total Mass Media.....\$125,000.00

TOTAL \$1,199,500.00



PREPARATION OF EVANGELISTS

Grace, mercy, and peace, which come from God the Father and from Jesus Christ—the Son of the Father—will continue to be with us who live in truth and love.

(2 John 1:3)



Ukrainian Greek Catholic Eparchy of Ivano-Frankivsk, Ukraine



*Sisters of St Fleix of Cantalice, Mother of God
Queen of Poland, Warszawa, Poland*

Many of the men and women religious, who have dedicated their lives to serving the Lord, are spreading the Good News of God's Grace and Mercy. They bring the message of salvation to the four corners of the earth, often facing the most challenging of situations to strengthen us in our faith and devotion to God.

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



Poor Clares Cochabamba, Bolivia

PREPARATION OF EVANGELISTS

St. Francis de Sales Parish, Iyolwa, Uganda	\$10,000.00
Claretian Missionaries, St. Charles Lwanga Independent Delegation, Nairobi, Kenya	\$10,000.00
St. Francis Catholic Parish, Biharamulo, Tanzania	\$10,000.00
St. Joseph College Seminary, Chicago, IL.....	\$10,000.00
Chavara Regional Formation House, Dar-es-Salaam, Tanzania.....	\$10,000.00
Vicariate Apostolic of the Galapagos, Galapagos Islands, Ecuador.....	\$10,000.00
Order of Friars Minor General Curia, Rome, Italy.....	\$100,000.00
Christ in the City, Denver, CO	\$10,000.00
St. Nicholas Ukrainian Eparchy of Chicago, Chicago, IL.....	\$10,000.00
Congregation of the Missionary Sisters of Mary Help of Christians, Maputo, Mozambique.....	\$10,000.00
Poor Clares, Holy Cross Monastery, Pignataro Maggiore, Italy	\$10,000.00
Diocese of Burlington, South Burlington, VT	\$10,000.00
Legionaires of Christ, Mexico, Monterrey, Mexico	\$10,000.00
The Augustinians, Province of Our Mother of Good Counsel, Chulucanas, Peru	\$10,000.00
Diocese of Sioux Falls, Sioux Falls, SD	\$10,000.00
Franciscan Monastery, Custody of the Holy Land, Washington, DC	\$10,000.00
Major Seminary of the Prelature of Yauyos, Lima, Peru.....	\$10,000.00
Congregation of the Sacred Heart of Jesus, Hue, Hue, Viet Nam	\$10,000.00
Wiaoso Diocesan Priests' Association, Sefwi-Wiaoso, Ghana.....	\$10,000.00
Our Lady of Wisdom University Parish, San Marco, TX.....	\$10,000.00
St. Luke Institute, Inc., Silver Spring, MD	\$10,000.00
Immaculate Heart Sisters of Africa, Musoma, Tanzania	\$10,000.00
Daughters of Mary (Bannabikiira Sisters), Masaka, Uganda.....	\$10,000.00
Ukrainian Greek Catholic Church Patriarchal Curia, Kiev, Ukraine	\$10,000.00
Diocese of Corner Brook and Labrador, Newfoundland, Canada.....	\$10,000.00
St. Benedict Sisters, Piura, Peru	\$12,000.00
Holy Cross Hospital, Inc., Fort Lauderdale, FL.....	\$15,000.00
St. Francis de Sales Novitiate House, Kibaha, Morogoro, Tanzania.....	\$10,000.00
Subiaco Abbey, Subiaco, AR	\$10,000.00
Congregation of Mother of Carmel, Pretoria, South Africa	\$10,000.00
Eparchy of Saint Vladimir Le Grand De Paris, Lourdes, France.....	\$10,000.00
Catholic Near East Welfare Association, Various Dioceses.....	\$100,000.00
Society of St. Vincent de Paul, Council of Los Angeles, Los Angeles, CA.....	\$10,000.00
St. John Vianney's Catholic Church, Foya, Gbarnga, Liberia.....	\$10,000.00
Fransalian Agency for Social Care and Education, Guwahati, India	\$7,000.00
School Sisters of Notre Dame Worldwide, Sunyani, Ghana	\$10,000.00
Ukrainian Greek Catholic Archeparchy of Ivano-Frankivsk, Ivano-Frankivsk, Ukraine.....	\$10,000.00
Sisters of Our Lady Queen of Africa, Motherhouse, Sumbawanga, Tanzania.....	\$10,000.00
Missionary Sisters of the Holy Family, Kabwe, Zambia	\$10,000.00
Sisters of Mercy of the Holy Cross Good Hope Health Centre, Mahyoro, Uganda.....	\$10,000.00
Notre Dame Seminary, New Orleans, LA.....	\$10,000.00
Holy Ghost Fathers and Brothers, Blantyre, Malawi	\$6,000.00
Comboni Missionaries, Wau, South Sudan.....	\$10,000.00
Sisters of the Perpetual Adoration of the Blessed Sacrament, Saltillo, Mexico.....	\$10,000.00
Franciscan Clarist Congregation Generalate, Nirmalrani Province, Ifakara, Tanzania.....	\$10,000.00
St. Joseph's Missionary Society, Nairobi, Kenya	\$10,000.00



PREPARATION OF EVANGELISTS

The Saint Benedict Forum, Holland, MI.....	\$15,000.00
Poor Clares, Monastery of Saint Damian, Baja California Norte, Mexico.....	\$10,000.00
Franciscan Sisters of Mary Immaculate, Our Lady of Mercy of Maridiaz Province, San Juan de Pasto, Colombia.....	\$10,000.00
Archeparchy of Ternopil - Zboriv, Zarvanytsya, Ukraine	\$10,000.00
Archdiocese of Onitsha, Onitsha, Nigeria.....	\$10,000.00
Franciscan Sisters of Mary Immaculate, Our Lady of Los Angeles, Provincia Limón, Costa Rica.....	\$10,000.00
Catholic Distance University, Charles Town, WV.....	\$10,000.00
Little Sisters of St. Francis, East of the Rift Valley Region, Nairobi, Kenya.....	\$10,000.00
Diocese of Fort Worth, Fort Worth, TX.....	\$10,000.00
Augustinians of the Assumption, East Africa Region, Arusha, Tanzania	\$10,000.00
Eparchy of Our Lady of Lebanon of Los Angeles, Various locations	\$10,000.00
Brotherhood of Hope, Inc., Tallahassee, FL	\$10,000.00
Dead Theologians Society, Black Earth, WI.....	\$10,000.00
Order of Discalced Carmelites, Bujumbura, Burundi	\$10,000.00
Vicariate Apostolic of Tripoli, Tripoli, Libya	\$5,000.00
Mary Mother Of Mercy Catholic Parish, Arusha, Tanzania.....	\$10,000.00
Servants of the Good News Motherhouse, Mbulu, Tanzania	\$8,000.00
Diocese of Belleville, Belleville, IL	\$15,000.00
Missionaries of St. Francis de Sales, Nagpur Province, Dumka, India.....	\$9,000.00
Society for the Propagation of the Faith, US National Office, Various Dioceses in Africa	\$300,000.00
Claretian Missionaries, St. Charles Lwanga Independent Delegation, Ngong, Kenya.....	\$10,000.00
Salesians of Don Bosco, ATE, Madrid, Spain	\$4,000.00
Amate House, Chicago, IL	\$10,000.00
Society of Ursuline of Mary Immaculate, Songea, Tanzania.....	\$10,000.00
Vicariate Apostolic of the Galapagos, Galapagos Islands, Ecuador.....	\$10,000.00
Dominican Sisters of Peace, Inc., Columbus, OH.....	\$6,000.00
St. Anne's Missionary Hospital, Tabora, Tanzania.....	\$10,000.00
Benedictine Sisters, St. Placid Priory, Lacey, WA	\$20,000.00
Assumption College for Sisters, Denville, NJ	\$10,000.00
Students' Centre, Tabora, Tanzania.....	\$10,000.00
Minim Nuns of Grottaferrata, Rome, Italy.....	\$15,000.00
Diocese of San Angelo, San Angelo, TX.....	\$10,000.00
Jordan Ministry Team, Tucson, AZ	\$10,000.00
Missio Ad Gentes Malabo, Equatorial, Guinea	\$10,000.00
Centro Comunitario Teresiano, A.C., Leon, Mexico.....	\$10,000.00
Augustinians of the Assumption, Rome, Italy	\$10,000.00
Archeparchy of Ternopil - Zboriv, Ternopil, Ukraine.....	\$10,000.00
Society of African Missions, Gulf of Guinea District-in-Formation, Cape Coast, Ghana	\$10,000.00
Caritas of the Prelature of Yauyos, Yauyos, Peru.....	\$10,000.00
Capuchin Franciscan Friars, St. Augustine Province, Pittsburgh, PA.....	\$10,000.00
Vicariate Apostolic of Tripoli, Tripoli, Libya	\$15,000.00
Baraki Farm, Immaculate Heart Sisters of Africa, Musoma, Tanzania.....	\$10,000.00
Seminary of St. John Vianney and the Uganda Martyrs, Port of Spain, Trinidad and Tobago.....	\$10,000.00
Bernardine Franciscan Sisters, Lichinga, Mozambique	\$10,000.00
School Sisters of Notre Dame, Atlantic-Midwest Province, Baltimore, MD	\$10,000.00
Sisters of St. Therese of the Child Jesus, Bukoba, Tanzania	\$10,000.00



PREPARATION OF EVANGELISTS

Diocese of Bridgetown, Bridgetown, Barbados	\$10,000.00
Lumen Christi Institute, Arusha, Tanzania	\$10,000.00
Conference of Catholic Bishops of India, Bangalore, India	\$7,000.00
Diocese of Las Cruces, Inc, Las Cruces, NM	\$10,000.00
Servants of the Plan of God, Motherhouse, Lima, Peru	\$10,000.00
School Sisters of St. Francis, Bangalore, India	\$10,000.00
Poor Clares, Monastery of the Holy Church, Mbarara, Uganda	\$10,000.00
Missionary Congregation of the Evangelizing Sisters of Mary, Motherhouse, Ngong, Kenya.....	\$15,000.00
Eparchy of Chernivtsi, Kolomyia, Ukraine.....	\$9,000.00
Missionary Sisters of the Holy Redeemer, Ukrainian Province, Lviv, Ukraine.....	\$15,000.00
Prelature of El Salto, Durango, Mexico.....	\$15,000.00
Franciscan Sisters of the Immaculate Heart of Mary, Nyeri, Nyeri, Kenya	\$10,000.00
Brooklyn Oratory of St. Philip Neri, Various Dioceses in Europe	\$10,000.00
Sisters of the Adoration of the Blessed Sacrament, Madhya Pradesh, India.....	\$10,000.00
Missio ad Gentes, Libreville, Gabon	\$10,000.00
Archdiocese of New York, New York, NY.....	\$15,000.00
Sacred Heart Fraternity, Girardota, Colombia.....	\$10,000.00
Prelature of El Salto, Durango, Mexico.....	\$15,000.00
Missionary Sisters of the Immaculate Heart of Mary, American Province, Brownsville, TX	\$15,000.00
Piarist Fathers, Province of the United States and Puerto Rico, Orocovis, PR.....	\$50,000.00
International Dominican Foundation, Rome, Italy.....	\$10,000.00
Missionary Sisters of St. Ann of Luzern, East African Region, Morogoro, Tanzania	\$10,000.00
Parish Visitors of Mary Immaculate, Inc., Monroe, NY.....	\$15,000.00
Carmelite Province of Australia and East Timor, Dili, Timor-Leste	\$10,000.00
Diocese of Amarillo, Amarillo, TX.....	\$10,000.00
Poor Clares, Manastiri Sh. Kjara Scutari, Shkoder, Albania.....	\$9,000.00
Discalced Carmelite Friars, Oklahoma Province of St. Therese, San Antonio, TX	\$10,000.00
Pastoral and Formation Center, Sefwi-Wiawso, Ghana.....	\$10,000.00
Redemptoris Mater Diocesan Seminary, Vienna, Austria.....	\$10,000.00
Franciscan Missionary Sisters of the Holy Eucharist, Morogoro, Tanzania	\$10,000.00
Congregation of the Mission of St. Vincent de Paul, Province of Vietnam, Da Lat, Viet Nam.....	\$10,000.00
Archdiocese for the Military Services, USA, Washington, DC	\$10,000.00
Redemptorist Fathers and Brothers, Denver Province, Jackson, MS	\$10,000.00
Society of Divine Vocations, Ijebu-Ode, Ijebu-Ode, Nigeria	\$10,000.00
Society of Jesus, South Poland Province, Stara Wies, Poland	\$10,000.00
Congregation of Holy Cross, District of West Africa, Cape Coast, Ghana.....	\$10,000.00
Missionary Sisters of St. Benedict, Abbey of the Immaculate Conception, Zhytomyr, Ukraine.....	\$10,000.00
Augustine Institute, Denver, CO	\$10,000.00
North American Theology Residence, San Antonio, TX.....	\$10,000.00
Monastero Santa Chiara, Rome, Italy	\$10,000.00
Catholic Near East Welfare Association, Various Dioceses.....	\$100,000.00
Daughter of Mary, Endulen Convent, Arusha, Tanzania.....	\$10,000.00
Congregation of the Mission, Western Province, Nairobi, Kenya	\$10,000.00
Missionaries of St. Francis de Sales, Mozambique Mission, Tete, Mozambique	\$10,000.00
Passionist Fathers, St. Gemma Galgani, Arusha, Tanzania.....	\$10,000.00
Diocese of Pointe-Noire, Pointe-Noire, Republic of the Congo	\$10,000.00
Dominican Sisters of Mary, Mother of the Eucharist, Ann Arbor, Michigan	\$15,000.00



PREPARATION OF EVANGELISTS

Congregation of the Holy Spirit, Tanzania Province, Arusha, Tanzania.....	\$10,000.00
Missionary Sisters of the Holy Family, Meru, Meru, Kenya	\$10,000.00
Marianists, Province of the United States, St. Louis, MO	\$10,000.00
Mercy Volunteer Corps, Inc., Philadelphia, PA	\$10,000.00
Diocese of Gaylord, Gaylord, MI	\$10,000.00
Order of Friars Minor, Province of the Sacred Heart, Chicago, IL.....	\$10,000.00
Missionary Sisters of St. Ann of Luzern, East African Region, Arusha, Tanzania	\$10,000.00
Redemptoris Mater Archdiocesan Missionary Seminary, Newark, NJ	\$10,000.00
Missionaries of St. Francis de Sales, Chad-Cameroon Mission, Yaounde, Cameroon.....	\$10,000.00
Pallottine Fathers, Arusha, Tanzania	\$10,000.00
Poor Clares, Bomadi, Nigeria	\$10,000.00
Diocese of Santa Rosa, Santa Rosa, CA.....	\$10,000.00
Marian Spiritual Center - Zarvanytsya, Ukraine	\$10,000.00
Magereza Church, Ipuli, Tabora, Tanzania	\$10,000.00
Franciscan Sisters of Mary Immaculate, St. Joseph Community, Chiriqui, Panama	\$10,000.00
Community of St. Paul, Inc., Racine, WI.....	\$15,000.00
Oblates of the Virgin Mary, St. Ignatius Province, Cebu, Philippines.....	\$10,000.00
Dominican University, River Forest, IL.....	\$10,000.00
Diocese of Baker, Bend, OR	\$10,000.00
Comboni Missionary Sisters, Mexico-Costa Rica-Guatemala Province, Guadalajara, Mexico.....	\$10,000.00

TOTAL \$2,242,000.00



CATHOLIC SCHOOLS

*Remember your mercy, O Lord, and your steadfast love, for they have been from of old.
Remember not the sins of my youth or my transgressions; according to your steadfast love
remember me, for the sake of your goodness, O Lord!*

(Psalm 25:6-7)



Sisters of the Adoration of the Blessed Sacrament, Balasore, India



*Dominican Sisters, Congregation of the Blessed Imelda,
Kosice, Slovak*

Catholic Schools in many remote areas are the primary evangelization tool for communities to learn of God's Mercy and Grace. Children, as the future of the church are able to obtain not only a quality education, but learn about the Catholic faith in a safe environment.

The Koch Foundation provides funding for schools in poor areas where Catholic Schools are the primary means of evangelization. The Foundation also funds innovative programs that have the potential for providing future Church leaders.



Sarnelli House, Chang Mai, Thailand



CATHOLIC SCHOOLS

Hogares Teresa Toda, Canovanas, PR	\$10,000.00
Red Cloud Indian School, Inc., Pine Ridge, SD.....	\$15,000.00
Maryknoll Sisters of St Dominic, Musoma, Tanzania	\$15,000.00
Diocese of Erie, Erie, PA.....	\$10,000.00
St. Ann's Catholic School, Carthage, MO.....	\$10,000.00
Bishop Ward High School, Kansas City, KS.....	\$10,000.00
St. Therese Catechetical Centre, Tlawi, Tanzania.....	\$10,000.00
Mother Kevin English Medium Primary School, Same, Tanzania.....	\$10,000.00
St. Ludovick Parish Secondary School, Ulyankulu, Tanzania.....	\$10,000.00
St. Raphael School, Los Angeles, CA.....	\$10,000.00
Sacred Heart Academy, Grand Rapids, MI	\$10,000.00
St. Mary Catholic School, Sleepy Eye, MN	\$10,000.00
Cardinal Ritter College Preparatory High School, St. Louis, MO	\$10,000.00
Ukrainian Greek Catholic Archeparchy of Ivano-Frankivsk, Ivano-Frankivsk, Ukraine.....	\$10,000.00
St. Anthony School Programs, Wexford, PA.....	\$9,600.00
Daughters of Charity, Province of Nuestra Senora de la Mision America-Sur, Santiago, Chile.....	\$10,000.00
Lumen Christi Institute, Chicago, IL.....	\$10,000.00
San Miguel Febres Cordero School, Inc., Chicago, IL.....	\$10,000.00
St. Paul Catholic School, New Bern, NC.....	\$50,000.00
All Saints Catholic School, Broken Arrow, OK	\$5,000.00
St. Catherine of Siena Catholic Newman Center, Salt Lake City, UT	\$10,000.00
St. Matthias Church and School, Amarata, Amarata, Nigeria.....	\$10,000.00
Kobonal Mission Catholic School, Hinche, Haiti.....	\$10,000.00
St. Dominic Savio Catholic High School, Austin, TX	\$10,000.00
CMC Primary School, Makutano, Kenya	\$10,000.00
St. Mary School, Lake Leelanau, MI.....	\$8,000.00
Holy Savior Catholic Academy, Wichita, KS	\$10,000.00
Order of Saint Augustine, Rome, Italy.....	\$10,000.00
Missionary Sisters of St. Ann Luzern, Nairobi, Kenya	\$10,000.00
All Saints Catholic School, Omaha, NE	\$10,000.00
Everest Academy, Inc, Clarkston, MI	\$10,000.00
Saint Joseph High School, Metuchen, NJ	\$10,000.00
St. Austin Catholic School, Austin, TX	\$10,000.00
Saint Joseph Academy, Brownsville, TX	\$10,000.00
Today and Tomorrow Educational Foundation, St. Louis, MO.....	\$10,000.00
Christ the King Preparatory School, Newark, NJ.....	\$10,000.00
Guardian Angel Nursery School and Day Care, Kakamas, South Africa.....	\$10,000.00
Guardian Catholic Schools, Jacksonville, FL.....	\$10,000.00
St. Patrick's Girls' Secondary School, Siaya, Kenya	\$8,000.00
Archdiocese of Kansas City in Kansas, Kansas City, KS	\$15,000.00
Notre Dame School, New York, NY	\$10,000.00
St. Jude Thaddeus Catholic School, Havre, MT.....	\$10,000.00
Morning Star School, Jacksonville, FL.....	\$10,000.00
Diocese of St. Thomas, St. Thomas, VI.....	\$100,000.00
Missionaries of St. Francis de Sales, Chad-Cameroon Mission, Yaounde, Cameroon.....	\$10,000.00
St. Edward Catholic School, Little Rock, AR	\$10,000.00
Mater Christi School, Omasi-Uno, Nigeria	\$10,000.00
Strake Jesuit College Preparatory, Houston, TX.....	\$10,000.00
St. Jude Regional Catholic School, Rockville, MD	\$10,000.00
St. Ignatius the Martyr Church, Austin, TX.....	\$10,000.00
Sarnelli House, Nongkhai, Thailand	\$10,000.00



CATHOLIC SCHOOLS

St. Francis de Sales Catholic School, Mabanga-Jallingo, Ngaoundere, Cameroon	\$10,000.00
Saint Raphael Catholic School, Raleigh, NC	\$10,000.00
St. Kizito School, Imiringi, Nigeria	\$10,000.00
Sacred Heart School, Kingston, MA	\$15,000.00
Carmel Pathutshedzo Special School, Louis Trichardt, South Africa.....	\$10,000.00
Marist High School, Bayonne, NJ	\$10,000.00
Our Lady of Angels Regional Catholic School, Morton, PA	\$15,000.00
St. James Academy, Lenexa, KS	\$15,000.00
Sister Thea Bowman Catholic School, East St. Louis, IL	\$10,000.00
St. Patrick's Roman Catholic Primary School, Bridgetown, Barbados	\$8,000.00
St. Francis of Assisi Primary School for the Disabled and Orphans, Moshi, Tanzania	\$10,000.00
Gesu School, Philadelphia, PA	\$10,000.00
Diocese of San Diego, San Diego, CA	\$10,000.00
St. Ignatius School, New York, NY	\$10,000.00
St. Anne Catholic School, Grants Pass, OR	\$10,000.00
Bright Futures Fund, Kansas City, MO	\$15,000.00
Franciscan Clarist Congregation, Morogoro, Kihonda, Tanzania	\$10,000.00
Servants of the Good News Motherhouse, Babati, Tanzania	\$10,000.00
St Francis Model Primary School, Masaka, Uganda	\$10,000.00
Judge Memorial Catholic High School, Salt Lake City, UT.....	\$15,000.00
Marie Louise Bayle Catholic School, Ouanaminthe, Haiti	\$10,000.00
St. Joseph Catholic School, Bryan, TX.....	\$10,000.00
Diocese of Roseau, Roseau, Dominica	\$15,000.00
CMC Home for Street Children, Kigoma, Tanzania	\$10,000.00
Ukrainian Catholic University, Kyiv, Ukraine	\$10,000.00
Kennedy Catholic Family of Schools, Hermitage, PA	\$10,000.00
Pallotti High School, Belize City, Belize	\$10,000.00
Holy Rosary Academy and High School, New Orleans, LA.....	\$10,000.00
St. Alphonsa School, Chalinze, Tanzania.....	\$9,000.00
Diocese of St. Thomas, St. Thomas, VI.....	\$100,000.00
Bishop George Ahr High School, Edison, NJ	\$10,000.00
Seton Academy, Plattsburgh, NY	\$10,000.00
Diocese of Austin, Austin, TX	\$15,000.00
Mother Kevina Center, Arusha, Tanzania.....	\$8,000.00
Unidad Academica Campesina - Carmen Pampa (UAC-CP), La Paz, Bolivia.....	\$10,000.00
St. Alphonsus Catholic Church, Brooklyn Center, MN	\$10,000.00
Sacred Heart of Jesus School, Jicamarca, Peru	\$10,000.00
St. Mark's College, Vancouver, BC, Canada.....	\$10,000.00

TOTAL \$1,145,600.00



CAPITAL EXPENDITURES

Surely goodness and mercy shall follow me all the days of my life, and I shall dwell in the house of the Lord forever.

(Psalm 23:6)



Diocese of the Marshall Islands



Christ Roi Church, Port au Prince, Haiti



Sacred Heart Church, Port au Prince, Haiti

Primarily the people of God are the Church, they gather for religious activities, services, meetings, and liturgical celebrations in churches, religious houses and parish centers to ask for God's Mercy and to seek salvation. Often these buildings are located in remote places that offer safety from the weather or a place for the community to gather.

The Koch Foundation provides financial resources to construct or repair religious structures, convents, monasteries and formation centers within the United States and its territories.



CAPITAL EXPENDITURES

Saint Thomas More Center, Panora, IA	\$10,000.00
Perpetual Help Retreat Center, Oconomowoc, WI.....	\$10,000.00
Daughters of St. Paul, Honolulu, HI.....	\$50,000.00
Discalced Carmelite Sisters, Carmel of the Holy Face of Jesus, Hague, ND.....	\$50,000.00
Saint Patrick Roman Catholic Parish, Bisbee, AZ.....	\$10,000.00

TOTAL \$130,000.00

GRAND TOTAL
\$4,717,100.00



KOCH FOUNDATION FINANCIAL STATEMENTS

MARCH 31, 2018 -
MARCH 31, 2019



November 1, 2019

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

We have audited the financial statements of Koch Foundation, Inc. (the Foundation) as of and for the year ended March 31, 2019, and have issued our report thereon dated November 1, 2019. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated May 2, 2019, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight and approval are presented fairly, in all material respects, in accordance with the modified cash basis of accounting. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of Koch Foundation, Inc. solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team and our firm have complied with all relevant ethical requirements regarding independence.

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5931 NW 1st Place
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2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308-4386
Telephone: 850-386-6184

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Koch Foundation, Inc. is included in Note 2 to the financial statements. The Foundation implemented ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, during the year ended March 31, 2019. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimate affecting the financial statements is:

Investments – Alternative investments for which quoted market prices are not available include private equity investments. The estimated fair value of alternative investments is based on the net asset value of the fund or other valuation methods. The Foundation reviews and evaluates the values and assesses the valuation methods and assumptions used in determining the fair value of the alternative investments. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ from the value that would have been used had a readily available market for such investments existed and differences could be material. We evaluated the key factors and assumptions used to develop the valuation methods and assumptions used in determining the fair value of the alternative investments and determined that they are reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the Foundation's financial statements is:

The disclosure in Note 9 to the financial statements regarding risk and uncertainties provides a summary of the risks related to investments.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. No uncorrected misstatements were noted as part of the audit process.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. We identified no such misstatements as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Foundation's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which were included in a management representation letter that they signed and provided to us, dated November 1, 2019.

Management's Consultations with Other Accountants

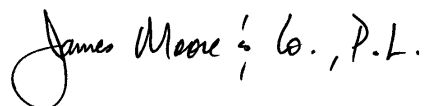
In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings or Issues

In the normal course of our professional association with the Foundation, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Foundation's auditors.

This report is intended solely for the information and use of the board of directors and management of Koch Foundation, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



JAMES MOORE & CO., P.L.

KOCH FOUNDATION, INC.
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS
MARCH 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
Cash and cash equivalents		
Cash	\$ 97,111	\$ 33,350
Money market fund	20,015,323	28,233,655
Total cash and cash equivalents	<u>20,112,434</u>	<u>28,267,005</u>
Investments		
Common stock and exchange traded funds	84,960,668	81,477,613
Private equity investments	2,820,330	1,629,532
Total investments	<u>87,780,998</u>	<u>83,107,145</u>
Property and equipment, net	246,639	271,931
Total assets	<u><u>\$ 108,140,071</u></u>	<u><u>\$ 111,646,081</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
Accrued expenses	\$ 55,519	\$ 42,704
Net assets without donor restrictions	108,084,552	111,603,377
Total liabilities and net assets	<u><u>\$ 108,140,071</u></u>	<u><u>\$ 111,646,081</u></u>

The accompanying notes to 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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Receipts		
Interest and dividends, net of investment expense	\$ 2,492,815	\$ 2,080,512
Tax refund	-	34,579
Return of charitable distributions	33,354	40,000
Total receipts	<u>2,526,169</u>	<u>2,155,091</u>
Disbursements		
Charitable distributions	4,667,100	5,147,238
Compensation and benefits	455,726	426,466
Other support and administrative expenses	155,056	161,742
Federal excise tax	250,025	273,305
Total disbursements	<u>5,527,907</u>	<u>6,008,751</u>
Deficiency of receipts under disbursements before net appreciation (depreciation) in fair value of investments	<u>(3,001,738)</u>	<u>(3,853,660)</u>
Net appreciation (depreciation) in fair value of investments	(517,087)	8,838,093
Excess (deficiency) of receipts over disbursements after net appreciation (depreciation) in fair value of investments	<u>(3,518,825)</u>	<u>4,984,433</u>
Net assets without donor restrictions, beginning of year	111,603,377	106,618,944
Net assets without donor restrictions, end of year	<u><u>\$ 108,084,552</u></u>	<u><u>\$ 111,603,377</u></u>

The accompanying notes to 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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Excess (deficiency) of receipts over disbursements after net appreciation (depreciation) in fair value of investments	\$ (3,518,825)	\$ 4,984,433
Adjustments to reconcile excess (deficiency) of receipts over disbursements after net appreciation (depreciation) in fair value of investments to net cash used in operating activities:		
Depreciation	26,512	27,179
Gain on sale of investments	(2,231,995)	(8,037,697)
Change in fair value of investments held	2,749,082	(800,396)
Increase in accrued expenses	12,815	10,184
Net cash used in operating activities	<u>(2,962,411)</u>	<u>(3,816,297)</u>
Cash flows from investing activities		
Purchase of property and equipment	(1,220)	-
Purchases of investments	(7,664,967)	(12,283,897)
Proceeds from sales and maturities of investments	2,474,027	17,750,061
Net cash provided by (used in) investing activities	<u>(5,192,160)</u>	<u>5,466,164</u>
Net increase (decrease) in cash and cash equivalents	<u>(8,154,571)</u>	<u>1,649,867</u>
Cash and cash equivalents, beginning of year	28,267,005	26,617,138
Cash and cash equivalents, end of year	<u><u>\$ 20,112,434</u></u>	<u><u>\$ 28,267,005</u></u>
Supplemental disclosure of cash flow information		
Cash paid for taxes	<u><u>\$ 250,025</u></u>	<u><u>\$ 273,305</u></u>

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

KOCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018

(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 without donor restrictions 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:

Appreciation and depreciation in fair value of investments, which is recognized based on fair market value of investments bought and sold, as well as held, during the year.

An accrued vacation liability has been recorded 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.

Net assets of the Foundation and changes therein are classified and reported as follows:

Net assets without donor restrictions—Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions—Net assets subject to donor-imposed stipulations. Some donor-imposed restrictions can be temporary in nature, such as those that will be met either by actions of the Foundation and/or passage of time. Other donor-imposed restrictions can be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by laws. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. As of March 31, 2019 and 2018, there were no donor imposed restrictions on net assets. The Foundation implemented ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, during fiscal year 2019.

KOCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018

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

(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 are reflected in the accounts of the Foundation at fair value. For information on how the Foundation determines fair value, see Note 11. Interest and dividend income is recorded when paid. Net appreciation (depreciation) in fair value of investments includes gains and losses on investments bought and sold as well as held during the year.

(d) **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.

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

	<u>Years</u>
Office building and improvements	40
Furniture and fixtures	5
Computer equipment	3

(f) **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. The Foundation's income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

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.

(g) **Subsequent events**—The Foundation has evaluated events and transactions for potential recognition or disclosure in the financial statements through November 1, 2019, the date the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

(h) **Reclassification**—Certain amounts in the 2018 financial statements have been reclassified. The reclassifications had no effect on 2018 net deficiency of receipts under disbursements or net assets for the Foundation.

KOCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018

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

(i) **Recent accounting pronouncements**—In June 2018, the FASB issued Accounting Standards Update 2018-08: *Not-for-Profit Entities (Topic 958)*: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, to clarify whether a transaction should be considered a contribution or an exchange transaction and to determine whether a contribution is conditional. The new standard is effective for fiscal years beginning after December 15, 2018 and may be adopted earlier. The Foundation is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

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

At March 31, 2019 and 2018, the Foundation had demand deposits and money market accounts with local and national banks with bank balances amounting to \$20,328,630 and \$28,459,263, 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, 2019 and 2018, the Foundation had distributions in excess of the required minimum for both years.

(5) **Property and Equipment:**

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

	2019	2018
Office building and improvements	\$ 356,322	\$ 356,322
Furniture and fixtures	107,876	106,656
Computer equipment	75,174	75,174
Software	42,300	42,300
	581,672	580,452
Less: Accumulated depreciation	335,033	308,521
	\$ 246,639	\$ 271,931

Depreciation expense was \$26,512 and \$27,179 for the years ended March 31, 2019 and 2018, respectively.

KOCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018

(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 values of these contributions were approximately \$329,000 and \$326,000 during the years ended March 31, 2019 and 2018, respectively. 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 and \$7,568 were made during the years ended March 31, 2019 and 2018, respectively, and were 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:

Prior to April 1, 2018, Foundation sponsored a Simplified Employee Pension Plan (the SEP Plan) and a §403(b) Tax Deferred Annuity Plan (the TDA Plan) to provide for retirement benefits for the employees of the Foundation. Beginning April 1, 2018, the Foundation adopted a §403(b) Thrift Plan (the §403(b) Plan) that completely replaced the previous plans. Under the §403(b) 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 §403(b) 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 future obligations related to the §403(b) Plan and is charged approximately \$1,300 a year to maintain the plan option for employees. Benefits in the plan are fully vested immediately upon contribution. Contributions of \$20,064 and \$20,103 were made during the years ended March 31, 2019 and 2018, respectively, and were included in management and general disbursements.

(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.

KOCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018

(10) Investments:

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

	2019		2018	
	Cost	Fair Value	Cost	Fair Value
Common stock and exchange traded funds	\$ 63,417,380	\$ 84,960,668	\$ 56,981,933	\$ 81,477,613
Private equity investments	2,313,595	2,820,330	1,357,906	1,629,532
Total investments	<u>\$ 65,730,975</u>	<u>\$ 87,780,998</u>	<u>\$ 58,339,839</u>	<u>\$ 83,107,145</u>

Net appreciation (depreciation) in fair value of investments comprises the following for the years ended March 31, 2019 and 2018:

	2019	2018
Change in fair value of investments held at March 31	\$ (2,749,082)	\$ 800,396
Realized gain on sale of investments	2,231,995	8,037,697
Net appreciation (depreciation) in fair value of investments	<u>\$ (517,087)</u>	<u>\$ 8,838,093</u>

Interest and dividends, net of investment expense is comprised of the following for the years ended March 31, 2019 and 2018.

	2019	2018
Interest income	\$ 260,944	\$ 93,202
Dividend income	2,290,594	2,038,978
Investment expense	(58,723)	(51,668)
Total interest and dividends, net of investment expense	<u>\$ 2,492,815</u>	<u>\$ 2,080,512</u>

(11) 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.

KOCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018

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

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, 2019 and 2018.

Common stock and exchange-traded funds – Valued at quoted market prices.

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

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, 2019 and 2018, respectively:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
March 31, 2019				
Exchange-traded funds	\$ 61,976,491	\$ -	\$ -	\$ 61,976,491
Common stock	22,984,177	-	-	22,984,177
Private equity investments measured at NAV ¹	-	-	-	2,820,330
Total assets at fair value	<u>\$ 84,960,668</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,780,998</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
March 31, 2018				
Exchange-traded funds	\$ 57,290,956	\$ -	\$ -	\$ 57,290,956
Common stock	24,186,657	-	-	24,186,657
Private equity investments measured at NAV ¹	-	-	-	1,629,532
Total assets at fair value	<u>\$ 81,477,613</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,107,145</u>

¹ In accordance with Subtopic 820-10, certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of assets, liabilities and net assets – modified cash basis.

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

Following is a description of the significant investment strategies of each major category of investments for which fair value has been estimated using the NAV per share of the investments as a practical expedient as of March 31, 2019 and 2018:

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.

The following tables disclose certain additional information as of March 31, 2019 and 2018, related to the Foundation's investments in private equity investments:

	Fair Value	Unfunded Commitments
March 31, 2019		
Commonfund Capital Private Equity Partners VI, LP ^(a)	\$ 275,907	\$ 74,925
Commonfund Capital International Partners V, LP ^(b)	269,206	47,156
Commonfund Capital Venture Partners VII, LP ^(c)	193,494	9,000
Commonfund Capital Venture Partners XII, LP ^(d)	273,940	1,720,000
Commonfund Capital Secondary Partners II, LP ^(e)	641,733	1,580,004
Commonfund Capital Co-Investment Opportunities Fund II, LP ^(f)	538,395	472,500
Commonfund Capital Global Private Equity Partners II, LP ^(g)	627,655	2,479,500
Total	<u>\$ 2,820,330</u>	<u>\$ 6,383,085</u>
	Fair Value	Unfunded Commitments
March 31, 2018		
Commonfund Capital Private Equity Partners VI, LP ^(a)	\$ 411,081	\$ 79,425
Commonfund Capital International Partners V, LP ^(b)	320,777	58,406
Commonfund Capital Venture Partners VII, LP ^(c)	240,341	10,250
Commonfund Capital Venture Partners XII, LP ^(d)	73,391	1,960,000
Commonfund Capital Secondary Partners II, LP ^(e)	145,765	1,960,000
Commonfund Capital Co-Investment Opportunities Fund II, LP ^(f)	230,684	760,000
Commonfund Capital Global Private Equity Partners II, LP ^(g)	207,493	2,808,000
Total	<u>\$ 1,629,532</u>	<u>\$ 7,636,081</u>

^(a)—This category includes private equity funds that are organized for the purpose of providing endowment funds and non-profit organizations the opportunity to invest in private investment funds, which in turn, make investments in equity securities, warrants or other options that are generally not actively traded at the time of investment. Redemptions do not apply; these are closed ended limited partnership investments.

^(b)—This category includes private equity funds that are organized for the purpose of providing endowment funds and nonprofit organizations the opportunity to invest in investment funds, which in turn, make international private equity investments with the objective of obtaining long-term capital growth. Redemptions do not apply; these are closed ended limited partnership investments.

^(c)—This category includes private equity funds that are organized for the purpose of providing endowment funds and nonprofit organizations the opportunity to invest in investment funds, which in turn, make venture capital investments primarily in emerging growth companies with the objective of obtaining long term capital growth. Redemptions do not apply; these are closed ended limited partnership investments.

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

(d)—This category includes private equity funds that primarily seek to achieve long-term capital appreciation and invest globally in venture capital investments and target investments on either a primary or secondary basis. The partnership may also make a limited number of investments directly in operating companies. Redemptions do not apply; these are closed ended limited partnership investments.

(e)—This partnership seeks to acquire investments principally in secondary market transactions in leveraged buyout, growth equity, distressed securities, mezzanine financing, natural resources, and venture capital investment funds on a global basis. The partnership may also invest directly in pooled investment vehicles or fund of funds. Redemptions do not apply; these are closed ended limited partnership investments.

(f)—This partnership seeks to principally acquire direct private equity investments in leveraged buyout, growth equity, distressed mezzanine financing on a global basis. In addition, the partnership may invest in natural resources, venture capital, and mezzanine type investments. Investments may be acquired directly by the partnership or indirectly via special purpose vehicles. Redemptions do not apply; these are closed ended limited partnership investments.

(g)—This partnership was established primarily for the purpose of providing endowment funds and nonprofit organizations the opportunity to invest in three affiliated limited partnerships which in turn invest in investment funds that make equity capital investments primarily in emerging growth companies, domestic and international private equity investments with the objective of obtaining long-term capital growth and in equity securities, warrants or other options that are generally not actively traded at the time of investment. Redemptions do not apply; these are closed ended limited partnership investments.

(12) **Liquidity and Availability:**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of assets, liabilities and net assets - modified cash basis, comprise the following as of March 31, 2019:

Financial assets available within one year, at year end:	
Cash	\$ 97,111
Money market fund	20,015,323
Common stock and exchange traded funds	84,960,668
Financial assets available to meet cash needs for general expenditures within one year	<u>\$105,073,102</u>

The Foundation structures its financial assets to be available and liquid as its general expenditures, liabilities, and other obligations come due. Although the Foundation does not intend to liquidate assets other than for amounts needed for general expenditures budgeted during the year, these amounts could be made available if necessary. The Foundation's available financial assets exclude certain assets that the Foundation would not be able to liquidate within one year of the date of the statement of assets, liabilities and net position - modified cash basis.

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(13) Functional Expenses:

The Foundation's functional expenses, displayed by natural expense classification, for the years ended March 31, 2019 and 2018, are summarized in the tables below.

	Charitable Programs	Management and General	Total Expense
March 31, 2019			
Charitable distributions	\$ 4,667,100	\$ -	\$ 4,667,100
Compensation and benefits	340,019	115,707	455,726
Other support and administrative expenses	115,395	39,661	155,056
Federal excise tax	125,013	125,012	250,025
Total expenses	<u>\$ 5,247,527</u>	<u>\$ 280,380</u>	<u>\$ 5,527,907</u>
	Charitable Programs	Management and General	Total Expense
March 31, 2018			
Charitable distributions	\$ 5,147,238	\$ -	\$ 5,147,238
Compensation and benefits	325,322	101,144	426,466
Other support and administrative expenses	123,065	38,677	161,742
Federal excise tax	136,653	136,652	273,305
Total expenses	<u>\$ 5,732,278</u>	<u>\$ 276,473</u>	<u>\$ 6,008,751</u>

The costs of providing the program and supporting services are summarized on a functional basis in the schedules above. Charitable distributions are charitable costs expended for the benefit of others. Other support and administrative expenses relate to activities that support the grant-making process as well as administrative operational costs. Certain costs have been allocated among program and supporting services benefited based on total personnel costs or other systematic basis.



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