

**CATHOLIC COMMUNITY FOUNDATION
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020**



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**CATHOLIC COMMUNITY FOUNDATION
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YEARS ENDED JUNE 30, 2021 AND 2020**

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INDEPENDENT AUDITORS' REPORT

The Most Reverend Barry C. Knestout
Bishop of the Catholic Diocese of Richmond
Catholic Community Foundation
Richmond, Virginia

We have audited the accompanying financial statements of Catholic Community Foundation (the Foundation), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

The Most Reverend Barry C. Knestout
Catholic Community Foundation

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
September 9, 2021

**CATHOLIC COMMUNITY FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020**

| | 2021 | 2020 |
|--|----------------|----------------|
| ASSETS | | |
| ASSETS | | |
| Cash | \$ 286,168 | \$ 38,670 |
| Receivable from Catholic Diocese of Richmond | 319,506 | 982,221 |
| Charitable Gift Annuity Investments | 1,703,644 | 1,397,348 |
| Investments | 213,556,477 | 161,247,004 |
| Total Assets | \$ 215,865,795 | \$ 163,665,243 |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Agency Funds | \$ 123,942,954 | \$ 93,099,451 |
| Charitable Gift Annuity Obligation | 784,297 | 826,600 |
| Total Liabilities | 124,727,251 | 93,926,051 |
| NET ASSETS | | |
| Without Donor Restrictions | 84,774 | 65,512 |
| With Donor Restrictions: | | |
| To be Spent for Specific Purpose | 74,229,547 | 52,652,814 |
| Maintained in Perpetuity | 16,824,223 | 17,020,866 |
| Total Net Assets | 91,138,544 | 69,739,192 |
| Total Liabilities and Net Assets | \$ 215,865,795 | \$ 163,665,243 |

See accompanying Notes to Financial Statements.

**CATHOLIC COMMUNITY FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2021 AND 2020**

| | 2021 | | | 2020 | | |
|--|------------------------------|---------------------------|----------------------|------------------------------|---------------------------|----------------------|
| | Without Donor Restriction | With Donor Restriction | Total | Without Donor Restriction | With Donor Restriction | Total |
| REVENUES | | | | | | |
| Contributions | \$ 70,003 | \$ 1,457,288 | \$ 1,527,291 | \$ 40,052 | \$ 1,514,119 | \$ 1,554,171 |
| Contributions - Charitable Gift Annuities | - | - | - | - | 6,185 | 6,185 |
| Fee for General Support | 275,349 | - | 275,349 | 251,307 | - | 251,307 |
| Net Investment Income | 511 | 1,219,957 | 1,220,468 | 549 | 1,308,904 | 1,309,453 |
| Net Unrealized/Realized Gain on Investments | 8,773 | 20,948,170 | 20,956,943 | 253 | 696,532 | 696,785 |
| Change in Value - Split Interest Agreement | - | (14,705) | (14,705) | - | (3,693) | (3,693) |
| Other Miscellaneous Income | 867 | - | 867 | - | - | - |
| Release from Restrictions | 2,230,620 | (2,230,620) | - | 2,017,953 | (2,017,953) | - |
| Total Revenues | <u>2,586,123</u> | <u>21,380,090</u> | <u>23,966,213</u> | <u>2,310,114</u> | <u>1,504,094</u> | <u>3,814,208</u> |
| EXPENSES | | | | | | |
| Fundraising Expenses | 228,984 | - | 228,984 | 167,237 | - | 167,237 |
| Management Expenses | 261,408 | - | 261,408 | 265,127 | - | 265,127 |
| Program Expenses | 2,076,469 | - | 2,076,469 | 1,877,629 | - | 1,877,629 |
| Total Expenses | <u>2,566,861</u> | <u>-</u> | <u>2,566,861</u> | <u>2,309,993</u> | <u>-</u> | <u>2,309,993</u> |
| TOTAL CHANGE IN NET ASSETS | 19,262 | 21,380,090 | 21,399,352 | 121 | 1,504,094 | 1,504,215 |
| Net Assets - Beginning of Year | <u>65,512</u> | <u>69,673,680</u> | <u>69,739,192</u> | <u>65,391</u> | <u>68,169,586</u> | <u>68,234,977</u> |
| NET ASSETS - END OF YEAR | <u>\$ 84,774</u> | <u>\$ 91,053,770</u> | <u>\$ 91,138,544</u> | <u>\$ 65,512</u> | <u>\$ 69,673,680</u> | <u>\$ 69,739,192</u> |

See accompanying Notes to Financial Statements.

**CATHOLIC COMMUNITY FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020**

| | 2021 | 2020 |
|--|---------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in Net Assets | \$ 21,399,352 | \$ 1,504,215 |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities: | | |
| Net Unrealized and Realized Gain on Investments | (20,956,943) | (696,785) |
| Change in Value - Split Interest Agreement | 14,705 | 3,693 |
| Contributions Restricted to Endowment | (111,180) | (27,900) |
| Decrease in Receivable from Catholic Diocese of Richmond | 662,715 | 925,359 |
| Increase in Agency Funds | 30,843,503 | 310,923 |
| Net Cash Provided by Operating Activities | 31,852,152 | 2,019,505 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Payments on Charitable Gift Annuity Obligations | (57,008) | (33,501) |
| Purchase of Investments | (36,826,397) | (9,000,823) |
| Proceeds from Sale of Investments | 5,167,571 | 6,979,200 |
| Net Cash Used by Investing Activities | (31,715,834) | (2,055,124) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Additions to Charitable Gift Annuity Obligations | - | 8,815 |
| Collections of Contributions Restricted to Endowments | 111,180 | 27,900 |
| Net Cash Provided by Financing Activities | 111,180 | 36,715 |
| INCREASE IN CASH AND CASH EQUIVALENTS | 247,498 | 1,096 |
| Cash and Cash Equivalents - Beginning of Year | 38,670 | 37,574 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 286,168 | \$ 38,670 |

See accompanying Notes to Financial Statements.

**CATHOLIC COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 ORGANIZATION

The Catholic Community Foundation of the Catholic Diocese of Richmond (the Foundation) was established as of September 23, 2014, to build a dynamic force of Catholic philanthropy in the Catholic Diocese of Richmond (the Diocese) that enables donors to make a significant impact in the lives of others by helping to perpetuate the work of its parishes, schools, and ministries. By contributing major endowment gifts, bequests, charitable gift annuities, trusts, and/or other legacy gifts through the Foundation, donors build long-term financial stability for the Catholic causes they hold dear while making a profound impact on the future generations of the Church.

The Foundation is a corporation sole. The Bishop of the Catholic Diocese of Richmond, Virginia, or his successor in office, is the sole member of the corporation. The affairs of the Foundation are managed by a board of directors appointed by the sole member of the corporation subject to the powers reserved exclusively for the sole member.

The Foundation accomplishes its mission through the following activities:

Endowments

Endowment funds are recorded as net assets on the statements of financial position. Endowments originate from donor contributions and from the Living Our Mission Campaign (the Campaign).

The Living Our Mission Campaign is currently being administered by the Administrative Offices of the Diocese to raise funds to benefit the Diocese. Many of the case elements included in the Living Our Mission Campaign are for the benefit of the Foundation.

Charitable Gift Annuities

Charitable gift annuities are offered to donors wishing to make a deferred gift to the Foundation for the benefit of the Diocese or its affiliates. Donors receive life income payments and the gift remainders are restricted for Foundation endowments or other charitable causes. Net earnings on charitable gift annuities in excess of the payments made to donors are restricted for Foundation endowment programs or other charitable causes selected by the donor in the original gift instrument.

Agency Funds

The Foundation manages and invests funds as an agent for the Administrative Offices of the Diocese, parishes, schools, and other affiliated entities within the Diocese. Deposits and withdrawals are made at the direction of the respective organization. Either party may cancel an agency agreement at any time.

**CATHOLIC COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting. As such, revenues are recognized when earned and expenses are recognized when the underlying obligations are incurred.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent asset and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Income Tax Status

The Foundation is exempt from the payment of income taxes under Internal Revenue Code Section 501(c)(3) and has been classified by the Internal Revenue Service as other than a private foundation under Section 509(a)(3).

The Foundation believes it has appropriate support for any tax positions taken and, therefore, does not have any uncertain income tax positions that are material to the financial statements.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments, without donor restriction, with an initial maturity of three months or less to be cash equivalents.

Pledges Receivable

Unconditional promises to give are recorded as receivables and revenue when received and allowances are provided for amounts estimated to be uncollectible.

Investments

Investments are composed of debt and equity securities. Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Realized and unrealized gains and losses for investments, other than agency obligations, are reflected in the statements of activities. Investment income and gains and losses on agency obligations are reported as a direct increase or decrease to the obligations on the statements of financial position. Investment income and gains and losses for charitable gift annuities are recorded within the trust activity.

**CATHOLIC COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

The Foundation's investments for endowments, agency funds, and charitable gift annuities are managed by various investment managers exclusively for the Foundation. Investment income and realized and unrealized gains and losses from investments as well as investment costs are allocated monthly to the individual funds based on the calculated net asset value of the total market value of the investment pool as adjusted for additions to or distributions from those funds.

Fair Value Measurements

The Foundation accounts for investments, including agency funds and charitable gift annuity investments, at their fair value.

Fair Value Hierarchy

The Foundation has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Financial assets and liabilities recorded on the statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Foundation has the ability to access.

Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:

- quoted prices for similar assets or liabilities in active markets;
- pricing models whose inputs are observable for substantially the full term of the asset or liability; and
- pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability.

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

**CATHOLIC COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

For financial statement purposes, net assets consist of the following:

Net Assets Without Donor Restrictions – Net assets that are currently available for use at the discretion of the Foundation.

Net Assets with Donor Restrictions – Net assets that are subject to donor-imposed stipulations. This includes net assets that may or will be met, either by action of the Foundation and/or the passage of time or will be maintained in perpetuity by the Foundation, the income from which is expendable in accordance with the conditions of each specific donation. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Restricted revenue whose restrictions are met in the same year are reflected as revenue without donor restrictions.

Contributions

Contributions received are recorded as with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in net assets with restrictions.

Uniform Prudent Management of Institutional Funds Act

During 2008, the Commonwealth of Virginia enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). In August 2008, an accounting standard was passed which provides guidance on the classification of endowment fund net assets for states that have enacted versions of UPMIFA. Under UPMIFA all unappropriated endowment fund assets are considered restricted.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through September 9, 2021, the date the financial statements were available for issuance.

Revenue Recognition

Revenue is recognized as the performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by the Foundation. Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided and the Foundation does not believe they are required to provide additional goods or services to the client. Fee for General Support revenue is recognized as earned on a quarterly basis based on market values of the investments as described in the fund agreement between the investor and the Foundation.

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets.

**CATHOLIC COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

NOTE 3 CONCENTRATION OF CREDIT AND MARKET RISK

The Foundation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Foundation also invests in a variety of investments. These investments are exposed to various risks, such as fluctuations in market value and credit risk. It is at least reasonably possible that changes in risk in the near term could materially affect investment balances and the amounts reported in the financial statements.

NOTE 4 FUNCTIONAL EXPENSES

The table below presents expenses by both their nature and function for the fiscal years ended June 30:

| | 2021 | | | Total |
|--|---------------------|-------------------|-------------------|---------------------|
| | Program | Management | Fundraising | |
| Contributions to Elderly Housing Facilities | \$ 1,373,909 | \$ - | \$ - | \$ 1,373,909 |
| Contributions to Catholic Diocese of Richmond | 232,551 | - | - | 232,551 |
| Awards to Catholic Schools | 421,435 | - | - | 421,435 |
| Charitable Gift Annuity Distributions to Beneficiaries | 46,074 | - | - | 46,074 |
| Contribution to Commonwealth Catholic Charities | 2,500 | - | - | 2,500 |
| Salaries and Benefits | - | 185,709 | 185,382 | 371,091 |
| Services and Professional Fees | - | 15,303 | 42,834 | 58,137 |
| Travel and Meetings | - | 8,490 | 625 | 9,115 |
| Technology Support and Software Expense | - | 32,284 | - | 32,284 |
| Supplies and Office Expenses | - | 19,542 | - | 19,542 |
| Fees and Bank Charges | - | 80 | 143 | 223 |
| Total Expenses | <u>\$ 2,076,469</u> | <u>\$ 261,408</u> | <u>\$ 228,984</u> | <u>\$ 2,566,861</u> |

| | 2020 | | | Total |
|---|---------------------|-------------------|-------------------|---------------------|
| | Program | Management | Fundraising | |
| Contributions to Elderly Housing Facilities | \$ 1,344,538 | \$ - | \$ - | \$ 1,344,538 |
| Contributions to Catholic Diocese of Richmond | 191,208 | - | - | 191,208 |
| Awards to Catholic Schools | 341,883 | - | - | 341,883 |
| Salaries and Benefits | - | 185,917 | 118,648 | 304,565 |
| Services and Professional Fees | - | 18,185 | 37,193 | 55,378 |
| Travel and Meetings | - | 6,176 | 8,896 | 15,072 |
| Technology Support and Software Expense | - | 16,491 | - | 16,491 |
| Supplies and Office Expenses | - | 38,204 | 2,500 | 40,704 |
| Fees and Bank Charges | - | 154 | - | 154 |
| Total Expenses | <u>\$ 1,877,629</u> | <u>\$ 265,127</u> | <u>\$ 167,237</u> | <u>\$ 2,309,993</u> |

**CATHOLIC COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 4 FUNCTIONAL EXPENSES (CONTINUED)

Nonpersonnel expenses have been classified as management or fundraising expenses based on a review of the expense and the purpose for which the expense was incurred. Salary and benefit expenses were allocated between fundraising and management expenses based on an estimate of the time spent by each employee on these categories. No other allocation of expenses has occurred other than expenses that have been allocated to the Foundation by the Catholic Diocese of Richmond through the relationship described in Note 11.

NOTE 5 LIQUIDITY AND AVAILABILITY

The Foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs. The Foundation receives minimal support without donor restrictions; therefore, annual program funding needs are typically funded by appropriated earnings from gifts with donor restrictions as well as a quarterly fee for general support from investors.

The Foundation considers investment income without donor restrictions, appropriated earnings from donor-restricted endowments, contributions without donor restrictions and contributions with donor restrictions for use in current programs to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses and fundraising expenses expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Foundation's fiscal year.

The Foundation manages its cash available to meet general expenditures based on the following guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Ensuring investments are managed in a manner that will sustain the Foundation and provide for grants in perpetuity in accordance with donor restrictions.

The Foundation's Board reviews the spending policy on an annual basis and reviews investment performance and allocations quarterly to ensure liquid assets are available as needed. The Foundation strives to maintain at least 1% of its investments in cash or cash equivalents in order to meet the liquidity needs of the upcoming fiscal year. Based on the timing of contributions to the pooled investment fund the actual cash, cash equivalents, or highly liquid money market funds, are normally higher than the 1% goal.

**CATHOLIC COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 5 LIQUIDITY AND AVAILABILITY (CONTINUED)

The table below presents financial assets available for general expenditures within one year at June 30, 2021 and 2020.

| | 2021 | 2020 |
|--|---------------|---------------|
| Financial Assets at Year-End: | | |
| Cash and Cash Equivalents | \$ 286,168 | \$ 38,670 |
| Receivable from Catholic Diocese of Richmond | 319,506 | 982,221 |
| Charitable Gift Annuity Investments | 1,703,644 | 1,397,348 |
| Investments | 213,556,477 | 161,247,004 |
| Total Financial Assets | 215,865,795 | 163,665,243 |
| Less: Amounts Not Available to be Used Within One Year: | | |
| Charitable Gift Annuity Obligation Due After One Year | (784,297) | (826,600) |
| Net Assets with Donor Restrictions | (74,229,547) | (52,652,814) |
| Agency Funds | (123,942,954) | (93,099,451) |
| Endowments Held in Perpetuity | (16,824,223) | (17,020,866) |
| Financial Assets Not Available to be Used Within One Year | (215,781,021) | (163,599,731) |
| Financial Assets Available to Meet General Expenditures Within One Year | \$ 84,774 | \$ 65,512 |

NOTE 6 INVESTMENTS

Investments are stated at their readily determinable fair value and are summarized as follows as of June 30:

| | 2021 | | 2020 | |
|--|----------------|----------------|----------------|----------------|
| | Cost | Fair Value | Cost | Fair Value |
| Money Market | \$ 7,965,248 | \$ 7,965,248 | \$ 8,360,648 | \$ 8,360,648 |
| U.S. Government Obligations | 19,574,952 | 19,638,973 | 15,906,847 | 16,946,333 |
| Corporate Obligations | 15,150,355 | 15,786,840 | 14,427,200 | 15,283,381 |
| Common Stocks | 100,137,099 | 165,147,050 | 99,051,549 | 119,113,940 |
| Preferred Securities | 21,895 | 24,494 | 26,350 | 23,707 |
| Mutual Funds - Equity | 5,150,000 | 6,697,516 | 2,750,000 | 2,916,343 |
| Total Investment Securities | 147,999,549 | 215,260,121 | 140,522,594 | 162,644,352 |
| Less: Amounts Presented Separately on the Statements of Financial Position: | | | | |
| Charitable Gift Annuity Investments | 1,107,754 | 1,703,644 | 1,176,525 | 1,397,348 |
| Total Investments | \$ 146,891,795 | \$ 213,556,477 | \$ 139,346,069 | \$ 161,247,004 |

**CATHOLIC COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 6 INVESTMENTS (CONTINUED)

The following tables present the balances of assets and liabilities measured at fair value on a recurring basis as of June 30, 2021 and 2020 by level within the fair value hierarchy:

| | 2021 | | | |
|-----------------------------|----------------|---------|---------|----------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Money Market | \$ 7,965,248 | \$ - | \$ - | \$ 7,965,248 |
| U.S. Government Obligations | 19,638,973 | - | - | 19,638,973 |
| Corporate Obligations | 15,786,840 | - | - | 15,786,840 |
| Common Stocks | 165,147,050 | - | - | 165,147,050 |
| Preferred Securities | 24,494 | - | - | 24,494 |
| Mutual Funds - Equity | 6,697,516 | - | - | 6,697,516 |
| Total | \$ 215,260,121 | \$ - | \$ - | \$ 215,260,121 |

| | 2020 | | | |
|-----------------------------|----------------|---------|---------|----------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Money Market | \$ 8,360,648 | \$ - | \$ - | \$ 8,360,648 |
| U.S. Government Obligations | 16,946,333 | - | - | 16,946,333 |
| Corporate Obligations | 15,283,381 | - | - | 15,283,381 |
| Common Stocks | 119,113,940 | - | - | 119,113,940 |
| Preferred Securities | 23,707 | - | - | 23,707 |
| Mutual Funds - Equity | 2,916,343 | - | - | 2,916,343 |
| Total | \$ 162,644,352 | \$ - | \$ - | \$ 162,644,352 |

The Foundation has evaluated the various types of investment funds in its investment portfolio to determine an appropriate fair value hierarchy level based on trading activity and the observability of market inputs.

Total net investment earnings for the years ended June 30, 2021 and 2020 consist of the following:

| | 2021 | 2020 |
|---|---------------|--------------|
| Catholic Community Foundation | | |
| Net Investment Income | \$ 1,220,468 | \$ 1,309,453 |
| Net Unrealized/Realized Gain (Loss) on Investments | 20,956,943 | 696,785 |
| | 22,177,411 | 2,006,238 |
| Agency Funds | | |
| Investment Earnings Allocated to Agency Funds | 29,573,748 | 2,749,467 |
| Total Net Investment Earnings - Catholic Community Foundation and Agency funds | \$ 51,751,159 | \$ 4,755,705 |

Investment management expenses, which have been netted within Investment Income and Funds held for other Diocesan entities, totaled \$433,493 and \$525,924 for the years ended June 30, 2021 and 2020, respectively.

**CATHOLIC COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 7 PLEDGES RECEIVABLE

The receivable from the Administrative Offices of the Catholic Diocese of Richmond is related to pledges receivable from the Living Our Mission Campaign. The amount of the receivable was calculated based on pledges received by the Diocese for the Living Our Mission Campaign, net of allowance and discount. The Diocese allocated the net pledges received as of year-end to the various cases included in the Campaign. The net pledges allocated to the cases that benefit the Foundation are \$309,934 and \$977,221 as of June 30, 2021 and 2020, respectively.

The pledges receivable will be paid to the Foundation as cash is collected by the Diocese. There is no set schedule for payments as the Diocese must distribute the parishes' share and administrative expenses prior to making distributions to the cases. Additionally, the Diocese has discretion as to which order the cases of the Campaign will be funded.

NOTE 8 CHARITABLE GIFT ANNUITY OBLIGATIONS

The Foundation has entered into seven charitable gift annuities with its donors. During the fiscal year ended June 30, 2021, one of the seven charitable gift annuities matured, and the residual investment was paid out to the applicable beneficiary. The Foundation is obligated to make payments to the annuitants for the remainder of their lives. The contributed funds for charitable gift annuities immediately become part of the general assets and liabilities of the Foundation.

Assets received are recorded at fair value on the date the agreement is recognized, and a liability is recorded equal to the present value of the estimated future obligations based on mortality rates derived from ordinary life annuity tables.

Contribution revenue on charitable gift annuity agreements totaled \$-0- and \$6,185 for the years ended June 30, 2021 and 2020, respectively.

The six remaining deferred gift obligations have imputed interest rates between 4.6% and 6.2%. The change in the charitable gift annuity liabilities consist of the following for the years ended June 30:

| | 2021 | 2020 |
|--------------------------------------|-------------------|-------------------|
| Beginning Gift Annuity Liabilities | \$ 826,600 | \$ 847,593 |
| Contributions | - | 8,815 |
| Net Actuarial Changes in Liabilities | 14,705 | 3,693 |
| Payments to Beneficiaries | (57,008) | (33,501) |
| Ending Gift Annuity Liabilities | <u>\$ 784,297</u> | <u>\$ 826,600</u> |

**CATHOLIC COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of June 30:

| | 2021 | 2020 |
|---|----------------------|----------------------|
| Subject to Expenditure for Specific Purpose: | | |
| St. Mary's Woods Rental Assistance Fund | \$ 14,191,777 | \$ 10,545,257 |
| Our Lady of Peace Rental Assistance Fund | 10,966,639 | 8,316,946 |
| Our Lady of the Valley Rental Assistance Fund | 10,894,535 | 8,372,756 |
| Marian Manor Rental Assistance Fund | 10,467,683 | 7,853,943 |
| Our Lady of Hope Rental Assistance Fund | 7,181,944 | 5,532,534 |
| Our Lady of Perpetual Help Rental Assistance Fund | 7,258,293 | 5,521,280 |
| MPFE: Catholic School Tuition Assistance | 4,390,720 | 3,453,928 |
| Tuition Assistance | 250,000 | - |
| IT Initiatives | - | 5,000 |
| Womens' Giving Circle Donor Advised Fund | 13,517 | 4,414 |
| Total | <u>\$ 65,615,108</u> | <u>\$ 49,606,058</u> |
| Expendable Income of Investments in Perpetuity: | | |
| MPFE: Catholic School Tuition Assistance | \$ 3,781,953 | \$ 1,419,859 |
| LOM - Seminarian Education and Advanced Education Endowment | 1,142,387 | 284,004 |
| LOM - Youth, Young Adult and Campus Ministry Endowment | 1,109,962 | 262,084 |
| LOM - Social Ministry Outreach and Mission Parish Endowment | 935,962 | 243,358 |
| E & E Scholarship Endowment for St. Joseph Catholic School | 224,581 | 83,580 |
| MPFE: Catholic School Teacher Development | 108,472 | 52,525 |
| MPFE: Catholic School Academic Innovations | 108,472 | 52,525 |
| LOM - CCF Tuition Assistance | 71,193 | 30,449 |
| JBH Fund for Tuition Assistance | 95,041 | 24,862 |
| Bishop DiLorenzo Memorial Fund for Priests | 67,745 | 13,310 |
| James F. Kauffmann Endowment Fund for Seminarians | 43,971 | 9,452 |
| Advanced Education for Incardinated Priests | 5,353 | - |
| Total | <u>\$ 7,695,092</u> | <u>\$ 2,476,008</u> |
| Subject to Death of Annuity Beneficiary: | | |
| Harlan Seymour Charitable Gift Annuity for the Benefit of St. Michael Catholic Church | \$ 887,108 | \$ 521,078 |
| Bernard and Nancy Goehring Charitable Gift Annuity for the Benefit of St. Francis of Assisi Church, Rocky Mount | - | 32,600 |
| Colette Pettit Charitable Gift Annuity for the Benefit of St. John the Evangelist, Waynesboro Building Fund | 8,637 | 4,511 |
| Steve Huppert Charitable Gift Annuity for the Benefit of Holy Spirit Church, Christiansburg | 6,351 | 3,786 |
| Fr. Benoit Charitable Gift Annuity for the Benefit of the Diocese | 5,906 | 3,756 |
| Christine McGrath Charitable Gift Annuity for the Benefit of Music Ministry with the Office of Worship, Pastoral Center | 6,390 | 2,863 |
| Sal LaPaglia Charitable Gift Annuity for the Benefit of St. Joseph Church, Richmond | 4,955 | 2,154 |
| Total | <u>\$ 919,347</u> | <u>\$ 570,748</u> |
| Investments in Perpetuity Subject to Foundation Spending Policy (Excluding Expendable Income): | | |
| MPFE: Catholic School Tuition Assistance | \$ 7,466,079 | \$ 7,414,539 |
| LOM - Youth, Young Adult and Campus Ministry Endowment | 2,875,404 | 3,023,561 |
| LOM - Seminarian Education and Advanced Education Endowment | 2,860,105 | 2,906,583 |
| LOM - Social Ministry Outreach and Mission Parish Endowment | 2,329,574 | 2,433,222 |
| E & E Scholarship Endowment for St. Joseph Catholic School | 436,174 | 436,174 |
| JBH Fund for Tuition Assistance | 216,996 | 191,996 |
| Bishop DiLorenzo Memorial Fund for Priests | 160,085 | 159,985 |
| MPFE: Catholic School Teacher Development | 127,025 | 127,025 |
| MPFE: Catholic School Academic Innovations | 127,025 | 127,025 |
| James F. Kauffmann Endowment Fund for Seminarians | 100,756 | 100,756 |
| LOM - CCF Tuition Assistance | 100,000 | 100,000 |
| Advanced Education for Incardinated Priests | 25,000 | - |
| Total | <u>\$ 16,824,223</u> | <u>\$ 17,020,866</u> |
| Total Net Assets with Donor Restrictions | <u>\$ 91,053,770</u> | <u>\$ 69,673,680</u> |

**CATHOLIC COMMUNITY FOUNDATION
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JUNE 30, 2021 AND 2020**

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specific by the donors as follows for the years ended June 30:

| | <u>2021</u> | <u>2020</u> |
|---|---------------------|---------------------|
| Purpose Restrictions Accomplished: | | |
| Elderly Housing Facility Distributions | \$ 1,373,909 | \$ 1,344,538 |
| Fee Charged for General Support and Administrative Expenses | 151,651 | 140,325 |
| Charitable Gift Annuity Distribution to St. Francis of Assisi Church, Rocky Mount | 46,074 | - |
| IT Initiatives | <u>5,000</u> | <u>-</u> |
| Total | 1,576,634 | 1,484,863 |
| Appropriation of Endowment Earnings: | | |
| Catholic School Tuition Assistance | 421,435 | 341,882 |
| Seminarian Education | 83,349 | 70,380 |
| Youth, Young Adult, and Campus Ministries | 81,756 | 66,624 |
| Social Ministry Outreach | <u>67,446</u> | <u>54,204</u> |
| Total | <u>653,986</u> | <u>533,090</u> |
| Total Restrictions Released | <u>\$ 2,230,620</u> | <u>\$ 2,017,953</u> |

NOTE 10 ENDOWMENTS

The Foundation endowments consist of various funds established for the purpose that the principal is to be held indefinitely and income from which is expendable to fund as many sponsorships as possible. As required by GAAP, net assets associated with endowment funds, including funds (if any) designated by the Foundation to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (the Act) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, investments to be held in perpetuity at the donor's instruction are classified as net assets with donor restrictions.

This includes (a) the original value of the gift donated to the endowment, (b) the original value of subsequent gifts (if any) to the endowment, (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, and (d) investment return earned on the gift until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by the Act.

The Foundation has interpreted the Act as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund unless a donor stipulates the contrary.

**CATHOLIC COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 10 ENDOWMENTS (CONTINUED)

As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be underwater when the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Foundation has interpreted the Act to permit spending from underwater funds in accordance with prudent measures required under the law.

In accordance with the Act, the Foundation considers the following factors in making a determination to appropriate or accumulate endowment funds with donor restrictions:

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

Endowment net asset composition by type of fund was as follows as of June 30, 2021 and 2020:

| | 2021 | | |
|---|-------------------------------|----------------------------|----------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Board-Designated Endowment Funds | \$ - | \$ 4,390,719 | \$ 4,390,719 |
| Donor-Restricted Endowment Funds: | | | |
| Required to be Retained by Donor | - | 16,824,223 | 16,824,223 |
| Portion Subject to Appropriation Under UPMIFA | - | 7,695,092 | 7,695,092 |
| Total Funds | <u>\$ -</u> | <u>\$ 28,910,034</u> | <u>\$ 28,910,034</u> |
| | | | |
| | 2020 | | |
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Board-Designated Endowment Funds | \$ - | \$ 3,453,928 | \$ 3,453,928 |
| Donor-Restricted Endowment Funds: | | | |
| Required to be Retained by Donor | - | 17,020,866 | 17,020,866 |
| Portion Subject to Appropriation under UPMIFA | - | 2,476,009 | 2,476,009 |
| Total Funds | <u>\$ -</u> | <u>\$ 22,950,803</u> | <u>\$ 22,950,803</u> |

**CATHOLIC COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 10 ENDOWMENTS (CONTINUED)

Changes in endowment net assets for the years ended June 30, 2021 and 2020 are as follows:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|---------------|
| Endowment Net Assets, June 30, 2019 | \$ - | \$ 22,899,228 | \$ 22,899,228 |
| Investment Return: | | | |
| Investment Income | - | 351,419 | 351,419 |
| Net Appreciation | - | 205,346 | 205,346 |
| Total Return | - | 556,765 | 556,765 |
| Contributions | - | 27,900 | 27,900 |
| Appropriation of Endowment Assets for Expenditure | - | (533,090) | (533,090) |
| Endowment Net Assets, June 30, 2020 | - | 22,950,803 | 22,950,803 |
| Investment Return: | | | |
| Investment Income | - | 313,294 | 313,294 |
| Net Appreciation | - | 6,496,568 | 6,496,568 |
| Total Return | - | 6,809,862 | 6,809,862 |
| Contributions | - | 111,180 | 111,180 |
| Provision for Uncollectible Contributions | - | (307,825) | (307,825) |
| Appropriation of Endowment Assets for Expenditure | - | (653,986) | (653,986) |
| Endowment Net Assets, June 30, 2021 | \$ - | \$ 28,910,034 | \$ 28,910,034 |

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Act requires the Foundation to retain as a fund of perpetual duration. No funds have a deficiency as of June 30, 2021 and 2020.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for sponsorship supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity.

Under this policy, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a balanced investment portfolio comprised of 72.5% equities, 21.5% fixed incomes, 5% alternatives, and 1% cash, while assuming a moderate level of investment risk.

The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 6% – 7% annually. Actual returns in any given year may vary from this amount.

**CATHOLIC COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 10 ENDOWMENTS (CONTINUED)

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

The Foundation has adopted a policy of appropriating for distribution each year, a percent the Foundation deems prudent, of its endowment fund's fair value through the fiscal year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 3% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

NOTE 11 RELATED PARTY TRANSACTIONS

During the years ended June 30, 2021 and 2020, the Foundation had a receivable from the Administrative Offices of the Catholic Diocese of Richmond of \$319,506 and \$982,221, respectively (see Note 7).

During the years ended June 30, 2021 and 2020, the Catholic Diocese of Richmond incurred administrative expenses on behalf of the Foundation of \$491,953 and \$426,210, respectively. During the years ended June 30, 2021 and 2020, the Diocese contributed \$-0- and \$33,402, respectively, of these expenses as an in-kind contribution to the Foundation. For the fiscal year ended June 30, 2021 the Administrative Offices contributed \$69,503 to the Foundation to pay for administrative expenses related to Paycheck Protection Program loan forgiveness. The Foundation reimburses the Diocese for administrative expenses using the Fee for General Support charged to investors.

During the years ended June 30, 2021 and 2020, the Foundation contributed \$232,551 and \$191,208, respectively, to the Diocese to fund programs as specified by donors through restricted endowments held by the Foundation.

During the years ended June 30, 2021 and 2020, the Foundation contributed \$403,651 and \$329,043, respectively, to the McMahon Parater Scholarship Foundation.

**CATHOLIC COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 12 RISKS AND UNCERTAINTIES

During the fiscal year ended June 30, 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic continues to have significant effects on global markets, supply chains, businesses, and communities. Specific to the Foundation, COVID-19 may impact various parts of its 2022 operations and financial results, including investment performance and potential loss of revenue due to a reduction in contributions. Management believes the Foundation is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.