

**CATHOLIC COMMUNITY FOUNDATION  
FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021**



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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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the Catholic Community Foundation (the Foundation), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, 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.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

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

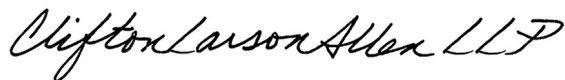
### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



**CliftonLarsonAllen LLP**

Arlington, Virginia  
November 8, 2022

**CATHOLIC COMMUNITY FOUNDATION  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2022 AND 2021**

	2022	2021
<b>ASSETS</b>		
<b>ASSETS</b>		
Cash	\$ 40,701	\$ 286,168
Pledges Receivable	550	-
Receivable from Catholic Diocese of Richmond	222,676	319,506
Charitable Gift Annuity Investments	1,431,722	1,703,644
Investments	186,321,783	213,556,477
Total Assets	\$ 188,017,432	\$ 215,865,795
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Agency Funds	\$ 108,391,274	\$ 123,942,954
Charitable Gift Annuity Obligation	754,179	784,297
Total Liabilities	109,145,453	124,727,251
<b>NET ASSETS</b>		
Without Donor Restrictions	76,232	84,774
With Donor Restrictions:		
To Be Spent for Specific Purpose	61,317,354	74,229,547
Maintained in Perpetuity	17,478,393	16,824,223
Total Net Assets	78,871,979	91,138,544
Total Liabilities and Net Assets	\$ 188,017,432	\$ 215,865,795

See accompanying Notes to Financial Statements.

**CATHOLIC COMMUNITY FOUNDATION  
STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022			2021		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
<b>REVENUES</b>						
Contributions	\$ 54,049	\$ 2,088,028	\$ 2,142,077	\$ 70,003	\$ 1,457,288	\$ 1,527,291
Fee for General Support	299,352	-	299,352	275,349	-	275,349
Net Investment Income	608	1,392,634	1,393,242	511	1,219,957	1,220,468
Net Unrealized/Realized Gain on Investments	(5,678)	(12,749,245)	(12,754,923)	8,773	20,948,170	20,956,943
Change in Value - Split Interest Agreement	-	(26,882)	(26,882)	-	(14,705)	(14,705)
Other Miscellaneous Income	5	-	5	867	-	867
Total Revenues	<u>348,336</u>	<u>(9,295,465)</u>	<u>(8,947,129)</u>	<u>355,503</u>	<u>23,610,710</u>	<u>23,966,213</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>						
Satisfaction of Purpose Restrictions	<u>2,962,558</u>	<u>(2,962,558)</u>	<u>-</u>	<u>2,230,620</u>	<u>(2,230,620)</u>	<u>-</u>
Total Net Assets Released from Restrictions	<u>2,962,558</u>	<u>(2,962,558)</u>	<u>-</u>	<u>2,230,620</u>	<u>(2,230,620)</u>	<u>-</u>
Total Revenues and Reclassifications	<u>3,310,894</u>	<u>(12,258,023)</u>	<u>(8,947,129)</u>	<u>2,586,123</u>	<u>21,380,090</u>	<u>23,966,213</u>
<b>EXPENSES</b>						
Fundraising Expenses	222,060	-	222,060	228,984	-	228,984
Management Expenses	295,891	-	295,891	261,408	-	261,408
Program Expenses	2,801,485	-	2,801,485	2,076,469	-	2,076,469
Total Expenses	<u>3,319,436</u>	<u>-</u>	<u>3,319,436</u>	<u>2,566,861</u>	<u>-</u>	<u>2,566,861</u>
<b>TOTAL CHANGE IN NET ASSETS</b>	(8,542)	(12,258,023)	(12,266,565)	19,262	21,380,090	21,399,352
Net Assets - Beginning 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>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 76,232</u>	<u>\$ 78,795,747</u>	<u>\$ 78,871,979</u>	<u>\$ 84,774</u>	<u>\$ 91,053,770</u>	<u>\$ 91,138,544</u>

See accompanying Notes to Financial Statements.

**CATHOLIC COMMUNITY FOUNDATION  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (12,266,565)	\$ 21,399,352
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Net Unrealized and Realized (Gain) Loss on Investments	12,754,923	(20,956,943)
Change in Value - Split Interest Agreement	26,882	14,705
Contributions Restricted to Endowment	(654,170)	(111,180)
Decrease in Receivable from Catholic Diocese of Richmond	96,830	662,715
Increase in Pledges Receivable	(550)	-
Increase (Decrease) in Agency Funds	(15,551,680)	30,843,503
Net Cash Provided (Used) by Operating Activities	(15,594,330)	31,852,152
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments on Charitable Gift Annuity Obligations	(57,000)	(57,008)
Purchase of Investments	(9,620,149)	(36,826,397)
Proceeds from Sale of Investments	24,371,842	5,167,571
Net Cash Provided (Used) by Investing Activities	14,694,693	(31,715,834)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Collections of Contributions Restricted to Endowments	654,170	111,180
Net Cash Provided by Financing Activities	654,170	111,180
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(245,467)	247,498
Cash and Cash Equivalents - Beginning of Year	286,168	38,670
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 40,701	\$ 286,168

See accompanying Notes to Financial Statements.

**CATHOLIC COMMUNITY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**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, 2022 AND 2021**

**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 statements 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 statements 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, 2022 AND 2021**

**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, 2022 AND 2021**

**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 November 8, 2022, 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, 2022 AND 2021**

**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:

	2022			Total
	Program	Management	Fundraising	
Contributions to Elderly Housing Facilities	\$ 1,812,000	\$ -	\$ -	\$ 1,812,000
Contributions to Catholic Diocese of Richmond	394,671	-	-	394,671
Awards to Catholic Schools	570,754	-	-	570,754
Contributions to beneficiaries	24,060	-	-	24,060
Salaries and Benefits	-	234,185	199,011	433,196
Services and Professional Fees	-	10,371	10,769	21,140
Travel and Meetings	-	6,493	12,099	18,592
Technology Support and Software Expense	-	17,792	-	17,792
Supplies and Office Expenses	-	26,955	-	26,955
Fees and Bank Charges	-	95	181	276
Total Expenses	<u>\$ 2,801,485</u>	<u>\$ 295,891</u>	<u>\$ 222,060</u>	<u>\$ 3,319,436</u>
	-			
	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
Contributions to beneficiaries	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>

**CATHOLIC COMMUNITY FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**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, 2022 AND 2021**

**NOTE 5 LIQUIDITY AND AVAILABILITY (CONTINUED)**

The table below presents financial assets available for general expenditures within one year at June 30, 2022 and 2021.

	2022	2021
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 40,701	\$ 286,168
Pledges Receivable	550	-
Receivable from Catholic Diocese of Richmond	222,676	319,506
Charitable Gift Annuity Investments	1,431,722	1,703,644
Investments	186,321,783	213,556,477
Total Financial Assets	188,017,432	215,865,795
Less: Amounts Not Available to be Used Within One Year:		
Charitable Gift Annuity Obligation Due After One Year	(754,179)	(784,297)
Net Assets with Donor Restrictions (Purpose Restricted)	(61,317,354)	(74,229,547)
Agency Funds	(108,391,274)	(123,942,954)
Endowments Held in Perpetuity	(17,478,393)	(16,824,223)
Financial Assets Not Available to be Used Within One Year	(187,941,200)	(215,781,021)
Financial Assets Available to Meet		
General Expenditures Within One Year	\$ 76,232	\$ 84,774

**NOTE 6 INVESTMENTS**

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

	2022		2021	
	Cost	Fair Value	Cost	Fair Value
Money Market	\$ 10,554,106	\$ 10,554,106	\$ 7,965,248	\$ 7,965,248
U.S. Government Obligations	25,624,096	23,186,964	19,574,952	19,638,973
Corporate Obligations	14,232,331	12,499,421	15,150,355	15,786,840
Equity Securities	101,588,625	130,073,205	100,137,099	165,147,050
Preferred Securities	47,976	4,519	21,895	24,494
Mutual Funds - Equity	9,877,186	11,435,290	5,150,000	6,697,516
Total Investment Securities	161,924,320	187,753,505	147,999,549	215,260,121
Less: Amounts Presented Separately on the Statements of Financial Position:				
Charitable Gift Annuity Investments	1,089,178	1,431,722	1,107,754	1,703,644
Total Investments	\$ 160,835,142	\$ 186,321,783	\$ 146,891,795	\$ 213,556,477

**CATHOLIC COMMUNITY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**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, 2022 and 2021 by level within the fair value hierarchy:

	2022			
	Level 1	Level 2	Level 3	Total
Money Market	\$ 10,554,106	\$ -	\$ -	\$ 10,554,106
U.S. Government Obligations	23,186,964	-	-	23,186,964
Corporate Obligations	12,499,421	-	-	12,499,421
Equity Securities	130,073,205	-	-	130,073,205
Preferred Securities	4,519	-	-	4,519
Mutual Funds - Equity	11,435,290	-	-	11,435,290
Total	\$ 187,753,505	\$ -	\$ -	\$ 187,753,505

	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
Equity Securities	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

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, 2022 and 2021 consist of the following:

	2022	2021
<b>Catholic Community Foundation</b>		
Net Investment Income	\$ 1,393,242	\$ 1,220,468
Net Unrealized/Realized Gain (Loss) on Investments	(12,754,923)	20,956,943
	(11,361,681)	22,177,411
<b>Agency Funds</b>		
Investment Earnings Allocated to Agency Funds	(15,590,027)	29,573,748
Total Net Investment Earnings - Catholic Community Foundation and Agency Funds	\$ (26,951,708)	\$ 51,751,159

Investment management expenses, which have been netted within Investment Income and Funds held for other Diocesan entities, totaled \$512,236 and \$433,493 for the years ended June 30, 2022 and 2021, respectively.

**CATHOLIC COMMUNITY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**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 \$222,676 and \$309,934 as of June 30, 2022 and 2021, 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- for both of the years ended June 30, 2022 and 2021.

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:

	2022	2021
Beginning Gift Annuity Liabilities	\$ 784,297	\$ 826,600
Contributions	-	-
Net Actuarial Changes in Liabilities	26,882	14,705
Payments to Beneficiaries	(57,000)	(57,008)
Ending Gift Annuity Liabilities	\$ 754,179	\$ 784,297



**CATHOLIC COMMUNITY FOUNDATION  
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**NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS**

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

	2022	2021
<b>Subject to Expenditure for Specific Purpose:</b>		
St. Mary's Woods Rental Assistance Fund	\$ 12,418,303	\$ 14,191,777
Our Lady of Peace Rental Assistance Fund	9,521,221	10,966,639
Our Lady of the Valley Rental Assistance Fund	9,291,595	10,894,535
Marian Manor Rental Assistance Fund	9,092,893	10,467,683
Our Lady of Hope Rental Assistance Fund	6,221,122	7,181,944
Our Lady of Perpetual Help Rental Assistance Fund	6,223,505	7,258,293
MPFE: Catholic School Tuition Assistance	3,727,325	4,390,720
Tuition Assistance	219,695	250,000
Women's Giving Circle Donor Advised Fund	6,173	13,517
Total	<u>\$ 56,721,832</u>	<u>\$ 65,615,108</u>
<b>Expendable Income of Investments in Perpetuity:</b>		
MPFE: Catholic School Tuition Assistance	\$ 2,117,001	\$ 3,781,953
LOM - Seminarian Education and Advanced Education Endowment	509,319	1,142,387
LOM - Youth, Young Adult and Campus Ministry Endowment	483,925	1,109,962
LOM - Social Ministry Outreach and Mission Parish Endowment	422,151	935,962
E & E Scholarship Endowment for St. Joseph Catholic School	115,281	224,581
MPFE: Catholic School Teacher Development	78,157	108,472
MPFE: Catholic School Academic Innovations	78,157	108,472
LOM - CCF Tuition Assistance	49,166	71,193
JBH Fund for Tuition Assistance	51,766	95,041
Bishop DiLorenzo Memorial Fund for Priests	38,418	67,745
James F. Kauffmann Endowment Fund for Seminarians and Priests	23,819	43,971
Advanced Education for Incardinated Priests	1,332	5,353
Anonymous Fund for Our Lady of the Blessed Sacrament, West Point (Underwater Endowment)	(23,868)	-
Michael Mumejian Fund (Underwater Endowment)	(26,645)	-
Total	<u>\$ 3,917,979</u>	<u>\$ 7,695,092</u>
<b>Subject to Death of Annuity Beneficiary:</b>		
Harlan Seymour Charitable Gift Annuity for the Benefit of St. Michael Catholic Church	\$ 652,042	\$ 887,108
Colette Pettit Charitable Gift Annuity for the Benefit of St. John the Evangelist, Waynesboro Building Fund	7,032	8,637
Steve Huppert Charitable Gift Annuity for the Benefit of Holy Spirit Church, Christiansburg	5,121	6,351
Fr. Benoit Charitable Gift Annuity for the Benefit of the Diocese	4,605	5,906
Christine McGrath Charitable Gift Annuity for the Benefit of Music Ministry with the Office of Worship, Pastoral Center	4,449	6,390
Sal LaPaglia Charitable Gift Annuity for the Benefit of St. Joseph Church, Richmond	4,294	4,955
Total	<u>\$ 677,543</u>	<u>\$ 919,347</u>
<b>Investments in Perpetuity Subject to Foundation Spending Policy (Excluding Expendable Income):</b>		
MPFE: Catholic School Tuition Assistance	\$ 7,426,970	\$ 7,466,079
LOM - Youth, Young Adult and Campus Ministry Endowment	2,873,641	2,875,404
LOM - Seminarian Education and Advanced Education Endowment	2,864,765	2,860,105
LOM - Social Ministry Outreach and Mission Parish Endowment	2,322,827	2,329,574
E & E Scholarship Endowment for St. Joseph Catholic School	496,607	436,174
JBH Fund for Tuition Assistance	241,996	216,996
Anonymous Fund for Our Lady of the Blessed Sacrament, West Point	381,189	-
Michael Mumejian Fund	228,825	-
Bishop DiLorenzo Memorial Fund for Priests	160,185	160,085
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 and Priests	102,338	100,756
LOM - CCF Tuition Assistance	100,000	100,000
Advanced Education for Incardinated Priests	25,000	25,000
Total	<u>\$ 17,478,393</u>	<u>\$ 16,824,223</u>
Total Net Assets with Donor Restrictions	<u>\$ 78,795,747</u>	<u>\$ 91,053,770</u>

**CATHOLIC COMMUNITY FOUNDATION  
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**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:

	2022	2021
Purpose Restrictions Accomplished:		
Elderly Housing Facility Distributions	\$ 1,812,000	\$ 1,373,909
Catholic School Tuition Assistance	132,057	-
Fee Charged for General Support and Administrative Expenses	163,477	151,651
Women's Giving Circle Distributions	20,156	-
Charitable Gift Annuity Distribution to St. Francis of Assisi Church, Rocky Mount	-	46,074
IT Initiatives	-	5,000
Total	2,127,690	1,576,634
Appropriation of Endowment Earnings:		
Catholic School Tuition Assistance	438,697	421,435
Seminarian Education	141,351	83,349
Youth, Young Adult, and Campus Ministries	139,128	81,756
Social Ministry Outreach	114,192	67,446
Seminarian or Priest Study of Christian Origins	1,500	-
Total	834,868	653,986
Total Restrictions Released	\$ 2,962,558	\$ 2,230,620

**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  
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**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, 2022 and 2021:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ -	\$ 3,727,325	\$ 3,727,325
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Any Amounts Required to be Retained by Donor	-	17,478,393	17,478,393
Portion Subject to Appropriation Under UPMIFA	-	3,917,979	3,917,979
Total Funds	<u>\$ -</u>	<u>\$ 25,123,697</u>	<u>\$ 25,123,697</u>
	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ -	\$ 4,390,719	\$ 4,390,719
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Any Amounts 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>

**CATHOLIC COMMUNITY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 10 ENDOWMENTS (CONTINUED)**

Changes in endowment net assets for the years ended June 30, 2022 and 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
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
Investment Return:			
Investment Income	-	360,632	360,632
Net Appreciation	-	(3,966,271)	(3,966,271)
Total Return	-	(3,605,639)	(3,605,639)
Contributions	-	654,170	654,170
Provision for Uncollectible Contributions	-	-	-
Appropriation of Endowment Assets for Expenditure	-	(834,868)	(834,868)
Endowment Net Assets, June 30, 2022	\$ -	\$ 25,123,697	\$ 25,123,697

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. As of June 30, 2022 and 2021, the following funds had deficiencies reported in net assets with donor restriction:

	2022	2021
Anonymous Fund for Our Lady of the Blessed Sacrament, West Point	(23,868)	-
Michael Mumejian Fund	(26,645)	-
MPFE: Catholic School Tuition Assistance	(404)	-
Total Deficiencies	(50,917)	-

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 compromised of 72.5% equities, 21.5% fixed incomes, 5% alternatives, and 1% cash, while assuming a moderate level of investment risk.

**CATHOLIC COMMUNITY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 10 ENDOWMENTS (CONTINUED)**

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.

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, 2022 and 2021, the Foundation had a receivable from the Administrative Offices of the Catholic Diocese of Richmond of \$222,676 and \$319,506, respectively (see Note 7).

During the years ended June 30, 2022 and 2021, the Catholic Diocese of Richmond incurred administrative expenses on behalf of the Foundation of \$520,251 and \$491,153, respectively. During the years ended June 30, 2022 and 2021, the Diocese contributed \$52,474 and \$-0-, 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, 2022 and 2021, the Foundation contributed \$394,671 and \$232,551, respectively, to the Diocese to fund programs as specified by donors through restricted endowments held by the Foundation.

During the years ended June 30, 2022 and 2021, the Foundation contributed \$414,697 and \$403,651, respectively, to the McMahon Parater Scholarship Foundation.



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