

**CATHOLIC COMMUNITY FOUNDATION  
FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022**



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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, 2023 and 2022, 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, 2023 and 2022, 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*

**CliftonLarsonAllen LLP**

Arlington, Virginia  
September 28, 2023

**CATHOLIC COMMUNITY FOUNDATION  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2023 AND 2022**

	2023	2022
<b>ASSETS</b>		
<b>ASSETS</b>		
Cash	\$ 49,441	\$ 40,701
Pledges Receivable	1,942	550
Receivable from Catholic Diocese of Richmond	25,104	222,676
Charitable Gift Annuity Investments	1,549,325	1,431,722
Investments	209,992,837	186,321,783
Total Assets	\$ 211,618,649	\$ 188,017,432
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Agency Funds	\$ 122,831,822	\$ 108,391,274
Charitable Gift Annuity Obligation	772,477	754,179
Accounts Payable and Accrued Expenses	741	-
Total Liabilities	123,605,040	109,145,453
<b>NET ASSETS</b>		
Without Donor Restrictions	86,193	76,232
With Donor Restrictions:		
To be Spent for Specific Purpose	70,444,229	61,317,354
Maintained in Perpetuity	17,483,187	17,478,393
Total Net Assets	88,013,609	78,871,979
Total Liabilities and Net Assets	\$ 211,618,649	\$ 188,017,432

See accompanying Notes to Financial Statements.

**CATHOLIC COMMUNITY FOUNDATION  
STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023			2022		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
<b>REVENUES</b>						
Contributions	\$ 49,241	\$ 2,400,097	\$ 2,449,338	\$ 54,049	\$ 2,088,028	\$ 2,142,077
Fee for General Support	341,350	-	341,350	299,352	-	299,352
Net Investment Income	766	1,627,224	1,627,990	608	1,392,634	1,393,242
Net Unrealized/Realized Gain (Loss) on Investments	4,179	8,428,328	8,432,507	(5,678)	(12,749,245)	(12,754,923)
Change in Value - Split Interest Agreement	-	(70,191)	(70,191)	-	(26,882)	(26,882)
Other Miscellaneous Income	-	-	-	5	-	5
Total Revenues	<u>395,536</u>	<u>12,385,458</u>	<u>12,780,994</u>	<u>348,336</u>	<u>(9,295,465)</u>	<u>(8,947,129)</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>						
Satisfaction of Purpose Restrictions	3,253,789	(3,253,789)	-	2,962,558	(2,962,558)	-
Total Net Assets Released from Restrictions	<u>3,253,789</u>	<u>(3,253,789)</u>	<u>-</u>	<u>2,962,558</u>	<u>(2,962,558)</u>	<u>-</u>
Total Revenues and Reclassifications	3,649,325	9,131,669	12,780,994	3,310,894	(12,258,023)	(8,947,129)
<b>EXPENSES</b>						
Fundraising Expenses	242,227	-	242,227	222,060	-	222,060
Management Expenses	319,953	-	319,953	295,891	-	295,891
Program Expenses	3,077,184	-	3,077,184	2,801,485	-	2,801,485
Total Expenses	<u>3,639,364</u>	<u>-</u>	<u>3,639,364</u>	<u>3,319,436</u>	<u>-</u>	<u>3,319,436</u>
<b>TOTAL CHANGE IN NET ASSETS</b>	9,961	9,131,669	9,141,630	(8,542)	(12,258,023)	(12,266,565)
Net Assets - Beginning of Year	<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>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 86,193</u>	<u>\$ 87,927,416</u>	<u>\$ 88,013,609</u>	<u>\$ 76,232</u>	<u>\$ 78,795,747</u>	<u>\$ 78,871,979</u>

See accompanying Notes to Financial Statements.

**CATHOLIC COMMUNITY FOUNDATION  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 9,141,630	\$ (12,266,565)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Net Unrealized and Realized (Gain) Loss on Investments	(8,432,507)	12,754,923
Change in Value - Split Interest Agreement	70,191	26,882
Contributions Restricted to Endowment	(4,795)	(654,170)
Decrease in Receivable from Catholic Diocese of Richmond	197,572	96,830
Increase in Pledges Receivable	(1,392)	(550)
Increase in Accounts Payable	741	-
Increase (Decrease) in Agency Funds	14,440,548	(15,551,680)
Net Cash Provided (Used) by Operating Activities	15,411,988	(15,594,330)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments on Charitable Gift Annuity Obligations	(57,000)	(57,000)
Purchase of Investments	(22,030,292)	(9,620,149)
Proceeds from Sale of Investments	6,674,142	24,371,842
Net Cash Provided (Used) by Investing Activities	(15,413,150)	14,694,693
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Additions to Charitable Gift Annuity Obligations	5,107	-
Collections of Contributions Restricted to Endowments	4,795	654,170
Net Cash Provided by Financing Activities	9,902	654,170
 <b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	8,740	(245,467)
Cash and Cash Equivalents - Beginning of Year	40,701	286,168
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 49,441	\$ 40,701

See accompanying Notes to Financial Statements.

**CATHOLIC COMMUNITY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**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, 2023 AND 2022**

**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, 2023 AND 2022**

**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, 2023 AND 2022**

**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 REPORT DATE, 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, 2023 AND 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Adoption of New Accounting Standards**

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Foundation adopted the requirement of the guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, with certain practical expedients available. The standard did not have a material impact on the statement of financial position, statements of activities, or statements of cash flows as the Foundation has no lease arrangements.

The Foundation determines if an arrangement is a lease at inception. Operating leases are reported on the statement of financial position as an ROU asset and lease liability. ROU assets represent the Foundation's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the Foundation uses a risk-free rate based on the information available at the lease commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Foundation has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statement of financial position.

**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.

**CATHOLIC COMMUNITY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**NOTE 4 FUNCTIONAL EXPENSES**

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

	2023			Total
	Program	Management	Fundraising	
Contributions to Elderly Housing Facilities	\$ 2,156,000	\$ -	\$ -	\$ 2,156,000
Contributions to Catholic Diocese of Richmond	288,819	-	-	288,819
Awards to Catholic Schools	567,927	-	-	567,927
Contributions to beneficiaries	64,438	-	-	64,438
Salaries and Benefits	-	238,582	204,320	442,902
Services and Professional Fees	-	9,705	16,061	25,766
Travel and Meetings	-	16,256	20,858	37,114
Technology Support and Software Expense	-	34,727	-	34,727
Supplies and Office Expenses	-	20,467	-	20,467
Fees and Bank Charges	-	216	988	1,204
Total Expenses	<u>\$ 3,077,184</u>	<u>\$ 319,953</u>	<u>\$ 242,227</u>	<u>\$ 3,639,364</u>
	-			
	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>

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.

**CATHOLIC COMMUNITY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**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, 2023 AND 2022**

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

The table below presents financial assets available for general expenditures within one year at June 30:

	2023	2022
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 49,441	\$ 40,701
Pledges Receivable	1,942	550
Receivable from Catholic Diocese of Richmond	25,104	222,676
Charitable Gift Annuity Investments	1,549,325	1,431,722
Investments	209,992,837	186,321,783
Total Financial Assets	211,618,649	188,017,432
Less: Amounts Not Available to be Used Within One Year:		
Charitable Gift Annuity Obligation Due After One Year	(772,477)	(754,179)
Net Assets with Donor Restrictions	(70,444,229)	(61,317,354)
Agency Funds	(122,831,822)	(108,391,274)
Endowments Held in Perpetuity	(17,483,187)	(17,478,393)
Financial Assets Not Available to be Used Within One Year	(211,531,715)	(187,941,200)
Financial Assets Available to Meet		
General Expenditures Within One Year	\$ 86,934	\$ 76,232

**NOTE 6 INVESTMENTS**

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

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Money Market	\$ 8,992,452	\$ 8,992,452	\$ 10,554,106	\$ 10,554,106
U.S. Government Obligations	28,116,169	25,148,028	25,624,096	23,186,964
Corporate Obligations	12,609,783	10,944,035	14,232,331	12,499,421
Equity Securities	105,446,597	153,584,113	101,588,625	130,073,205
Preferred Securities	47,976	1	47,976	4,519
Mutual Funds - Equity	10,884,237	12,873,533	9,877,186	11,435,290
Total Investment Securities	166,097,214	211,542,162	161,924,320	187,753,505
Less: Amounts Presented Separately on the Statements of Financial Position:				
Charitable Gift Annuity Investments	1,078,400	1,549,325	1,089,178	1,431,722
Total Investments	\$ 165,018,814	\$ 209,992,837	\$ 160,835,142	\$ 186,321,783

**CATHOLIC COMMUNITY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**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, 2023 and 2022 by level within the fair value hierarchy:

	2023			
	Level 1	Level 2	Level 3	Total
Money Market	\$ 8,992,452	\$ -	\$ -	\$ 8,992,452
U.S. Government Obligations	-	25,148,028	-	25,148,028
Corporate Obligations	-	10,944,035	-	10,944,035
Equity Securities	153,584,113	-	-	153,584,113
Preferred Securities	1	-	-	1
Mutual Funds - Equity	12,873,533	-	-	12,873,533
Total	\$ 175,450,099	\$ 36,092,063	\$ -	\$ 211,542,162

  

	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	\$ 152,067,120	\$ 35,686,385	\$ -	\$ 187,753,505

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, 2023 and 2022 consist of the following:

	2023	2022
<b>Catholic Community Foundation</b>		
Net Investment Income	\$ 1,627,990	\$ 1,393,242
Net Unrealized/Realized Gain (Loss) on Investments	8,432,507	(12,754,923)
	10,060,497	(11,361,681)
<b>Agency Funds</b>		
Investment Earnings Allocated to Agency Funds	13,501,947	(15,590,027)
Total Net Investment Earnings - Catholic Community Foundation and Agency Funds	\$ 23,562,444	\$ (26,951,708)

Investment management expenses, which have been netted within Investment Income and Funds held for other Diocesan entities, totaled \$429,722 and \$512,236 for the years ended June 30, 2023 and 2022, respectively.



**CATHOLIC COMMUNITY FOUNDATION  
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JUNE 30, 2023 AND 2022**

**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 Living Our Mission Campaign. The net pledges allocated to the cases that benefit the Foundation are \$25,104 and \$222,676 as of June 30, 2023 and 2022, 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 Living Our Mission Campaign will be funded.

**NOTE 8 CHARITABLE GIFT ANNUITY OBLIGATIONS**

The Foundation currently has seven charitable gift annuities with its donors. 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 \$4,893 and \$-0- for the years ended June 30, 2023 and 2022, respectively.

The deferred gift obligations have imputed interest rates between 4.6% and 7.4%. The change in the charitable gift annuity liabilities consist of the following for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Beginning Gift Annuity Liabilities	\$ 754,179	\$ 784,297
Contributions	5,107	-
Net Actuarial Changes in Liabilities	70,191	26,882
Payments to Beneficiaries	<u>(57,000)</u>	<u>(57,000)</u>
Ending Gift Annuity Liabilities	<u>\$ 772,477</u>	<u>\$ 754,179</u>

**CATHOLIC COMMUNITY FOUNDATION  
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JUNE 30, 2023 AND 2022**

**NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS**

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

	2023	2022
<b>Subject to Expenditure for Specific Purpose:</b>		
St. Mary's Woods Rental Assistance Fund	\$ 14,037,172	\$ 12,418,303
Our Lady of Peace Rental Assistance Fund	10,492,230	9,521,221
Our Lady of the Valley Rental Assistance Fund	10,482,024	9,291,595
Marian Manor Rental Assistance Fund	10,225,657	9,092,893
Our Lady of Hope Rental Assistance Fund	7,312,874	6,221,122
Our Lady of Perpetual Help Rental Assistance Fund	6,711,922	6,223,505
MPFE: Catholic School Tuition Assistance	4,023,430	3,727,325
Tuition Assistance	587,878	219,695
Donor Advised Funds	18,353	6,173
Teacher's Salaries at St Gabriel, Lascahobas, Haiti	16,097	-
Total	<u>\$ 63,907,637</u>	<u>\$ 56,721,832</u>
<b>Expendable Income of Investments in Perpetuity:</b>		
MPFE: Catholic School Tuition Assistance	\$ 2,867,146	\$ 2,117,001
LOM - Seminarian Education and Advanced Education Endowment	805,782	509,319
LOM - Youth, Young Adult and Campus Ministry Endowment	780,532	483,925
LOM - Social Ministry Outreach and Mission Parish Endowment	663,289	422,151
E & E Scholarship Endowment for St. Joseph Catholic School	165,314	115,281
MPFE: Catholic School Teacher Development	101,928	78,157
MPFE: Catholic School Academic Innovations	102,578	78,157
LOM - CCF Tuition Assistance	66,923	49,166
JBH Fund for Tuition Assistance	87,910	51,766
Bishop DiLorenzo Memorial Fund for Priests	62,062	38,418
James F. Kauffmann Endowment Fund for Seminarians and Priests	38,839	23,819
Advanced Education for Incardinated Priests	4,350	1,332
Anonymous Fund for Our Lady of the Blessed Sacrament, West Point	20,384	(23,868)
Michael Mumejian Fund (Underwater Endowment)	(9,916)	(26,645)
Church of St. Mark Food Pantry Endowment	2,623	-
Total	<u>\$ 5,759,744</u>	<u>\$ 3,917,979</u>
<b>Subject to Death of Annuity Beneficiary:</b>		
Harlan Seymour Charitable Gift Annuity for the Benefit of St. Michael Catholic Church	\$ 744,428	\$ 652,042
Colette Pettit Charitable Gift Annuity for the Benefit of St. John the Evangelist, Waynesboro Building Fund	7,656	7,032
Steve Huppert Charitable Gift Annuity for the Benefit of Holy Spirit Church, Christiansburg	10,450	5,121
Fr. Benoit Charitable Gift Annuity for the Benefit of the Diocese	4,792	4,605
Christine McGrath Charitable Gift Annuity for the Benefit of Music Ministry with the Office of Worship, Pastoral Center	4,731	4,449
Sal LaPaglia Charitable Gift Annuity for the Benefit of St. Joseph Church, Richmond	4,791	4,294
Total	<u>\$ 776,848</u>	<u>\$ 677,543</u>
<b>Investments in Perpetuity Subject to Foundation Spending Policy (Excluding Expendable Income):</b>		
MPFE: Catholic School Tuition Assistance	\$ 7,327,236	\$ 7,426,970
LOM - Youth, Young Adult and Campus Ministry Endowment	2,892,823	2,873,641
LOM - Seminarian Education and Advanced Education Endowment	2,864,765	2,864,765
LOM - Social Ministry Outreach and Mission Parish Endowment	2,338,173	2,322,827
E & E Scholarship Endowment for St. Joseph Catholic School	520,607	496,607
JBH Fund for Tuition Assistance	262,996	241,996
Anonymous Fund for Our Lady of the Blessed Sacrament, West Point	381,189	381,189
Michael Mumejian Fund	228,825	228,825
Bishop DiLorenzo Memorial Fund for Priests	160,185	160,185
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	102,338
LOM - CCF Tuition Assistance	100,000	100,000
Advanced Education for Incardinated Priests	25,000	25,000
Church of St. Mark Food Pantry Endowment	25,000	-
Total	<u>\$ 17,483,187</u>	<u>\$ 17,478,393</u>
Total Net Assets with Donor Restrictions	<u>\$ 87,927,416</u>	<u>\$ 78,795,747</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:

	<u>2023</u>	<u>2022</u>
Purpose Restrictions Accomplished:		
Elderly Housing Facility Distributions	\$ 2,156,000	\$ 1,812,000
Catholic School Tuition Assistance	54,000	132,057
Fee Charged for General Support and Administrative Expenses	180,805	163,477
Donor Advised Fund Distributions	60,238	20,156
Total	<u>2,451,043</u>	<u>2,127,690</u>
Appropriation of Endowment Earnings:		
Catholic School Tuition Assistance	513,927	438,697
Seminarian Education	103,138	141,351
Youth, Young Adult, and Campus Ministries	101,689	139,128
Social Ministry Outreach	83,342	114,192
Seminarian or Priest Study of Christian Origins	-	1,500
Teacher Development	650	-
Total	<u>802,746</u>	<u>834,868</u>
Total Restrictions Released	<u>\$ 3,253,789</u>	<u>\$ 2,962,558</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, 2023 AND 2022**

**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, 2023 and 2022:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ -	\$ 4,023,430	\$ 4,023,430
Donor-Restricted Endowment Funds:			
Required to be Retained by Donor	-	17,483,187	17,483,187
Portion Subject to Appropriation Under UPMIFA	-	5,759,744	5,759,744
Total Funds	\$ -	\$ 27,266,361	\$ 27,266,361
	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ -	\$ 3,727,325	\$ 3,727,325
Donor-Restricted Endowment Funds:			
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	\$ -	\$ 25,123,697	\$ 25,123,697

**CATHOLIC COMMUNITY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**NOTE 10 ENDOWMENTS (CONTINUED)**

Changes in endowment net assets for the years ended June 30, 2023 and 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
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
Investment Return:			
Investment Income	-	414,240	414,240
Net Appreciation	-	2,526,375	2,526,375
Total Return	-	2,940,615	2,940,615
Contributions	-	204,795	204,795
Provision for Uncollectible Contributions	-	(200,000)	(200,000)
Appropriation of Endowment Assets for Expenditure	-	(802,746)	(802,746)
Endowment Net Assets, June 30, 2023	<u>\$ -</u>	<u>\$ 27,266,361</u>	<u>\$ 27,266,361</u>

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, 2023 and 2022, the following funds had deficiencies reported in net assets with donor restriction:

	<u>2023</u>	<u>2022</u>
Anonymous Fund for Our Lady of the Blessed Sacrament, West Point	\$ -	\$ (23,868)
Michael Mumejian Fund	(9,916)	(26,645)
MPFE: Catholic School Tuition Assistance	(705)	(404)
Total Deficiencies	<u>\$ (10,621)</u>	<u>\$ (50,917)</u>

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, 2023 AND 2022**

**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, 2023 and 2022, the Foundation had a receivable from the Administrative Offices of the Catholic Diocese of Richmond of \$25,104 and \$222,676, respectively (see Note 7).

During the years ended June 30, 2023 and 2022, the Catholic Diocese of Richmond incurred administrative expenses on behalf of the Foundation of \$565,176 and \$520,251, respectively. During the years ended June 30, 2023 and 2022, the Diocese contributed \$43,021 and \$52,474, respectively, of these expenses as an in-kind contribution to the Foundation. The Foundation reimburses the Diocese for administrative expenses using the Fee for General Support charged to investors.

During the years ended June 30, 2023 and 2022, the Foundation contributed \$288,819 and \$394,671, respectively, to the Diocese to fund programs as specified by donors through restricted endowments held by the Foundation.

During the years ended June 30, 2023 and 2022, the Foundation contributed \$482,697 and \$414,697, respectively, to the McMahon Parater Scholarship Foundation.