

**CATHOLIC COMMUNITY FOUNDATION**

**FINANCIAL STATEMENTS**

Years Ended June 30, 2024 and 2023

# CATHOLIC COMMUNITY FOUNDATION

## FINANCIAL STATEMENTS

Years Ended June 30, 2024 and 2023

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of

### **CATHOLIC COMMUNITY FOUNDATION**

#### ***Opinion***

We have audited the financial statements of ***Catholic Community Foundation*** (the "Foundation"), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and change in net assets and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2024 and 2023, 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 that the financial statements are issued.

## ***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 audits.
- 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 audits 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.

***CBIZ CPAs P.C.<sup>1</sup>***

September 24, 2024

<sup>1</sup> In certain jurisdictions, CBIZ CPAs P.C. operates under its previous name, Mayer Hoffman McCann P.C.

# CATHOLIC COMMUNITY FOUNDATION

## STATEMENTS OF FINANCIAL POSITION

June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b><u>ASSETS</u></b>		
CASH AND CASH EQUIVALENTS	\$ 264,361	\$ 156,126
CONTRIBUTIONS RECEIVABLE	35,138	48,658
INVESTMENTS (NOTE 2)	117,009,772	110,834,064
SPLIT INTEREST AGREEMENTS (NOTE 3)	4,662,403	2,306,986
CHARITABLE LEAD ANNUITY TRUST	-	19,744
PREPAIDS	64,667	-
OTHER ASSETS	5,198	-
OPERATING LEASE RIGHT OF USE ASSET	<u>270,336</u>	<u>89,777</u>
 TOTAL ASSETS	 <u>\$ 122,311,875</u>	 <u>\$ 113,455,355</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
GRANTS PAYABLE (NOTE 4)	\$ 69,075	\$ 127,000
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	119,273	105,561
PRESENT VALUE OF ANNUITY PAYMENTS (NOTE 3)	2,130,175	1,101,598
AGENCY ENDOWMENT FUNDS (NOTE 5)	23,369,928	21,209,750
AGENCY SAVINGS AND GROWTH FUNDS (NOTE 5)	18,009,814	22,888,998
OPERATING LEASE LIABILITY	271,971	92,125
DEFERRED REVENUE	<u>126,728</u>	<u>-</u>
 TOTAL LIABILITIES	 <u>44,096,964</u>	 <u>45,525,032</u>
 NET ASSETS		
Without donor restrictions		
Board designated	13,068,152	10,933,264
Undesignated	<u>13,288,167</u>	<u>11,350,744</u>
Total net assets without donor restrictions	26,356,319	22,284,008
With donor restrictions (NOTE 6)	<u>51,858,592</u>	<u>45,646,315</u>
TOTAL NET ASSETS	<u>78,214,911</u>	<u>67,930,323</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 122,311,875</u>	 <u>\$ 113,455,355</u>

See Notes to Financial Statements

# CATHOLIC COMMUNITY FOUNDATION

## STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

Year Ended June 30, 2024

	Without donor restrictions	With donor restrictions	Total
<b>CONTRIBUTIONS AND SUPPORT</b>			
Contributions	\$ 4,011,767	\$ 1,732,369	\$ 5,744,136
Investment return	3,479,617	6,140,701	9,620,318
Change in value of split-interest agreements	(137,147)	(8,219)	(145,366)
Total contributions and support before transfers and net assets released from restrictions	7,354,237	7,864,851	15,219,088
Million Dollar Match transfers	(102,229)	102,229	-
Net assets released from restrictions	1,754,803	(1,754,803)	-
<b>TOTAL CONTRIBUTIONS AND SUPPORT</b>	<b>9,006,811</b>	<b>6,212,277</b>	<b>15,219,088</b>
<b>EXPENSES</b>			
Scholarships, grants, and awards	3,400,768	-	3,400,768
Salaries and wages	825,229	-	825,229
Employee benefits and taxes	256,405	-	256,405
Professional fees	73,717	-	73,717
Conferences and travel	12,375	-	12,375
Subscriptions and contract costs	51,546	-	51,546
Supplies	6,102	-	6,102
Facilities and operations	107,715	-	107,715
Venue and catering	9,961	-	9,961
Printing and design	44,482	-	44,482
Sponsorships	35,927	-	35,927
Advertising and promotion	15,544	-	15,544
Other expenses	94,729	-	94,729
<b>TOTAL EXPENSES</b>	<b>4,934,500</b>	<b>-</b>	<b>4,934,500</b>
<b>CHANGE IN NET ASSETS</b>	<b>4,072,311</b>	<b>6,212,277</b>	<b>10,284,588</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>22,284,008</b>	<b>45,646,315</b>	<b>67,930,323</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 26,356,319</b>	<b>\$ 51,858,592</b>	<b>\$ 78,214,911</b>

See Notes to Financial Statements

# CATHOLIC COMMUNITY FOUNDATION

## STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

Year Ended June 30, 2023

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
<b>CONTRIBUTIONS AND SUPPORT</b>			
Contributions	\$ 3,681,402	\$ 1,888,335	\$ 5,569,737
Investment return	2,282,622	4,817,114	7,099,736
Change in value of split-interest agreements	(20,274)	48,565	28,291
Total contributions and support before fundraising events, transfers and net assets released from restrictions	5,943,750	6,754,014	12,697,764
Fundraising events:			
Fundraising events revenue	719,191	-	719,191
Less: cost of direct donor benefits	(142,744)	-	(142,744)
Gross profit on fundraising events	576,447	-	576,447
Million Dollar Match transfers	(271,600)	271,600	-
Net assets released from restrictions	1,343,740	(1,343,740)	-
<b>TOTAL CONTRIBUTIONS AND SUPPORT</b>	<b>7,592,337</b>	<b>5,681,874</b>	<b>13,274,211</b>
<b>EXPENSES</b>			
Scholarships, grants, and awards	2,116,976	-	2,116,976
Salaries and wages	753,434	-	753,434
Employee benefits and taxes	211,821	-	211,821
Professional fees	129,587	-	129,587
Conferences and travel	19,582	-	19,582
Subscriptions and contract costs	88,393	-	88,393
Supplies	5,020	-	5,020
Facilities and operations	97,202	-	97,202
Venue and catering	18,709	-	18,709
Printing and design	26,128	-	26,128
Sponsorships	59,129	-	59,129
Advertising and promotion	18,612	-	18,612
Other expenses	85,041	-	85,041
<b>TOTAL EXPENSES</b>	<b>3,629,634</b>	<b>-</b>	<b>3,629,634</b>
<b>CHANGE IN NET ASSETS</b>	<b>3,962,703</b>	<b>5,681,874</b>	<b>9,644,577</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>18,321,305</b>	<b>39,964,441</b>	<b>58,285,746</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 22,284,008</b>	<b>\$ 45,646,315</b>	<b>\$ 67,930,323</b>

See Notes to Financial Statements

# CATHOLIC COMMUNITY FOUNDATION

## STATEMENTS OF CASH FLOWS

Years Ended June 30, 2024 and 2023

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 10,284,588	\$ 9,644,577
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized gains on investments	(7,479,015)	(5,062,750)
Net realized and unrealized gains on agency funds	2,623,004	2,008,057
Loss on sale of land held for investment	34,235	-
Contributions restricted in perpetuity	(1,013,426)	(1,589,466)
Non cash lease expense	47,715	41,429
Change in charitable lead annuity trust	19,744	37,783
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Contributions receivable	13,520	53,220
Prepays	(64,667)	59,488
Other assets	(5,198)	-
Increase (decrease) in:		
Grants payable	(57,925)	(314,670)
Accounts payable and accrued expenses	13,712	9,170
Present value of annuity payments	1,080,610	(199,540)
Deferred revenue	126,728	-
Change in lease liability	(48,428)	(39,081)
Agency funds	(5,342,010)	(107,717)
Net cash provided by operating activities	233,187	4,540,500
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(34,959,677)	(27,646,034)
Proceeds from sale of investments	33,807,534	19,812,481
Proceeds from sale of land held for investment	13,765	-
Net cash used in investing activities	(1,138,378)	(7,833,553)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from receipt of contributions restricted in perpetuity	1,013,426	3,389,466
Net cash provided by financing activities	1,013,426	3,389,466
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	108,235	96,413
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	156,126	59,713
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 264,361	\$ 156,126
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH INFORMATION</b>		
Right-of-use operating lease assets recognized in exchange for operating lease liabilities	\$ 228,274	\$ 131,206

See Notes to Financial Statements



# CATHOLIC COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2024 and 2023

### (1) Foundation's operations and summary of significant accounting policies

**Foundation operations** – *Catholic Community Foundation* (the "Foundation") was incorporated on October 7, 1983 in Arizona as a nonprofit corporation governed by a Board of Directors consisting of the Bishop of Phoenix and his successor in office as the sole members. On September 3, 2003, the Foundation amended and restated its Articles of Incorporation. As a result, the Foundation is organized as a nonprofit organization with no members. Later in 2015, the Foundation received a decree declaring its status as a "Private Juridic Individual" under Canon Law, acknowledging its separation as an independent entity, and no longer under the auspices of the Diocese of Phoenix.

The Foundation's purpose is to promote the Catholic faith by building financial resources that will benefit both the generations of today and tomorrow. The Foundation provides services and products to the community, including free consulting services for agencies, charitable giving vehicles for both individuals and agencies, as well as programs to help address the needs of the greater community of Arizona. As a financial institution, the Foundation focuses on asset protection, managing and building wealth with a Catholic values focus, and providing services for those in all stages of life (endowment management, estate planning, donor advised funds, charitable giving annuities, etc.). The Foundation's goal is to connect charitable organizations with financial need to those individuals who have the capacity and desire to give.

The significant accounting policies followed by the Foundation are summarized below:

**Basis of presentation** – The Foundation's financial statements are presented in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-205, Not-for-Profit Entities – Presentation of Financial Statements. Under FASB ASC 958-205, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

The Foundation maintains its accounts on the accrual basis of accounting. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the Board of Directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Change in donor intent – From time to time, the Foundation receives requests by donors or their designees to change the use for which the donor's original gift was intended. These donor requests may result in the reclassification of net assets between those with donor restrictions and those without.

# CATHOLIC COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2024 and 2023

### (1) Foundation's operations and summary of significant accounting policies (continued)

**Management's use of estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**Contributions** – The Foundation evaluates grants and contributions for evidence of the transfer of commensurate value from the Foundation to the grantor or resource provider. The transfer of commensurate value from the Foundation to the grantor or resource provider may include instances when a) the goods or services provided by the Foundation directly benefit the grantor or resource provider or are for the sole use of the grantor or resource provider or b) the grantor or resource provider obtains proprietary rights or other privileges from the goods or services provided by the Foundation. When such factors exist, the Foundation accounts for the grants or contributions as exchange transactions under ASC 606, Revenue from Contracts with Customers, or other appropriate guidance. In the absence of these factors, the Foundation accounts for the award under the contribution accounting model.

In the absence of the transfer of commensurate value from the Foundation to the resource provider, the Foundation evaluates the contribution for criteria indicating the existence of measurable barriers to entitlement for the Foundation or the right of return to the resource provider. A barrier to entitlement is subject to judgment and generally represents an unambiguous threshold for entitlement that provides clarity to both the Foundation and resource provider whether the threshold has been met and when. These factors may include measurable performance thresholds or limited discretion on the part of the Foundation to use the funds. Should the existence of a measurable barrier to entitlement exist and be accompanied by a right of return of the funds to the resource provider or release of the resource provider from the obligation, the contribution is treated as a conditional contribution. If both the barrier to entitlement and right of return do not exist, the contribution is unconditional.

The Foundation recognizes amounts received from unconditional contributions at the time the Foundation receives notification of the award. Contributions that include conditions imposed by the grantor or resource provider are recognized when those conditions are met by the Foundation.

The Foundation accounts for contributions in accordance with FASB ASC 958-605, Not-for-Profit Entities – Revenue Recognition. In accordance with FASB ASC 958-605, contributions received are recorded as contributions with donor restrictions or contributions without donor restrictions, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions on the statement of activities and change in net assets depending on the nature of the restriction. All contributions are considered to be available for use unless specifically restricted by the donor. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and change in net assets as net assets released from restrictions. Additionally, contributions of land, buildings and equipment without donor stipulations concerning the use of such long-lived assets are reported as contributions without donor restrictions. Contributions of cash or other assets to be used to acquire land, buildings and equipment with such donor stipulations are reported as contributions with donor restrictions. The restrictions are considered to be released at the time such long-lived assets are placed into service.

# CATHOLIC COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2024 and 2023

### (1) Foundation's operations and summary of significant accounting policies (continued)

**Contributions receivable** – Contributions receivable (pledges) are recognized as revenues in the period the unconditional promise is received and as assets, decreases of liabilities or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Contributions receivable are stated at the amount management expects to collect. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual balances. Balances that are outstanding after management has used reasonable collection efforts are written off through a charge to an allowance for uncollectible accounts and a credit to contributions receivable. All contributions receivable are expected to be collected within one year. Management considers contributions receivable fully collectible as of June 30, 2024 and 2023, accordingly, an allowance is not considered necessary.

**Charitable lead annuity trust** – The Foundation was the beneficiary of a charitable lead trust. Under the terms of the trust agreement, the Foundation was to receive a fixed payment annually over the specified terms in the trust agreement. Upon the termination of the trust agreement, the remaining trust assets are distributed to others. The charitable lead trust was carried at fair value. Based on the terms of the trust and the use of a discount rate of 4.25% for the year ended June 30, 2023, the present value of future benefits expected to be received by the Foundation was estimated to be \$19,744. The trust matured in fiscal 2024 and no further payments are expected.

**Cash and cash equivalents** – For purposes of reporting cash flows, cash and cash equivalents include liquid accounts with original maturities of three months or less that are not designated for investment purposes. Investments carried at fair value include certain liquid accounts which are generally not used in operations. Cash deposits are insured in limited amounts by the Federal Deposit Insurance Corporation ("FDIC").

**Investments** – The Foundation accounts for their equity securities in accordance with FASB ASC 958-321, Not-for-Profit Entities – Investments – Equity Securities and their debt securities in accordance with FASB ASC 958-320, Not-for-Profit Entities – Investments – Debt Securities. Under FASB ASC 958-320 and FASB ASC 958-321, the Foundation reports investments in equity and debt securities at fair value. The fair values of marketable equity securities with readily determinable fair values are based on quoted market prices. The fair value of fixed income securities are measured using quoted market prices multiplied by the quantity held when quoted market prices are observable. If quoted market prices are not available, fair value is determined using one, or a combination, of the following methods (1) a matrix pricing for similar bonds, (2) quoted prices for recent trading activity of assets with similar characteristics to the bond or (3) using an income approach valuation technique that considers, among other things, rates currently observed in publicly traded debt markets for debt of similar terms to companies with comparable credit risk and a credit value adjustment to consider the likelihood of counterparty nonperformance, after consideration for the impact of collateralization and netting agreements, if applicable.

As of June 30, 2024 and 2023, the Foundation's investments in equity instruments without readily determinable fair values consisted of investments in non-traded partnership interests. The Foundation adjusts the carrying value of non-marketable equity securities up or down for observable price changes in orderly transactions for identical or similar investments of the same issuer and for impairment, if any (referred to as the measurement alternative). All gains and losses on non-marketable equity securities, realized and unrealized, are recognized in the statement of activities and change in net assets as changes in net assets.

# CATHOLIC COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2024 and 2023

(1) **Foundation's operations and summary of significant accounting policies (continued)**

Investment return (including interest, dividends, unrealized gains and losses, and realized gains and losses on investments, and investment fees) is included in operations.

Investments are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect account balances and the amounts reported in the accompanying financial statements.

The Foundation is invested in several annuity contracts. Under the terms of the contracts, the Foundation receives fixed annual payments over the terms of the contracts. The annuity contracts are carried at fair value. Based on the terms of the contracts and the use of a discount rate of 4.25% for the years ended June 30, 2024 and 2023, the present value of the contracts is \$302,792 and \$354,825 as of June 30, 2024 and 2023, respectively.

**Property and equipment and depreciation and amortization** – Purchased property and equipment are valued at cost and donated property and equipment are recorded at fair value at the date of the gift to the Foundation. Maintenance and repairs are charged to operations when incurred. Generally, property and equipment in excess of \$1,000 are capitalized. Property and equipment consist of furniture, fixtures, and equipment with a total cost of \$78,303 and accumulated depreciation of \$78,303 at both June 30, 2024 and 2023. Depreciation and amortization of property and equipment are computed on a straight-line basis over the lesser of the lease term or estimated useful lives of 3 to 7 years. There was no depreciation and amortization expense charged to operations for the years ended June 30, 2024 and 2023.

**Donated assets** – Assets and other non-cash items donated to the Foundation are recorded as contributions at their estimated fair value at the date of donation. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire long lived assets are reported as restricted contributions. The Foundation records donations of property and equipment that are not restricted as to their use by the donor as contributions without donor restrictions and, accordingly, increases in net assets without donor restrictions. The Foundation reclassifies net assets with donor restrictions to net assets without donor restrictions when the donated assets are placed in service.

**Functional allocations of expenses** – The costs of providing various programs and other activities have been summarized by function and nature in Note 11 to the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to program and supporting services on the basis of personnel activity and other appropriate allocation methods. The management and general expense category includes those expenses that are not directly identifiable with any specific program, but provide for the overall support and direction of the Foundation and are allocated based on personnel activity or other appropriate indicators. Fundraising expenses include those expenses related to the overall acquisition of contributions to the Foundation.

Expenses that have been allocated include the following:

<u>Expense</u>	<u>Allocation Basis</u>
Salaries and employee related costs	Time incurred
Facilities and operations	Time incurred

# CATHOLIC COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2024 and 2023

### (1) Foundation's operations and summary of significant accounting policies (continued)

**Fair value measurements** – FASB ASC 820, Fair Value Measurement, establishes a common definition for fair value to be applied to accounting principles generally accepted in the United States of America requiring use of fair value, establishes a framework for measuring fair value, and expands disclosures about such fair value measurements. FASB ASC 820 also establishes a hierarchy for ranking the quality and reliability of the information used to determine fair values by requiring that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2: Unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3: Unobservable inputs for the asset or liability.

**Income tax status** – The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the “Code”) and, accordingly, there is no provision for income taxes. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170 of the Code and has been classified as an organization that is not a private foundation. Income determined to be unrelated business taxable income would be taxable. The Foundation evaluates its uncertain tax positions, if any, on a continual basis through review of its policies and procedures, review of its regular tax filings, and discussions with outside experts.

The Foundation's federal Return of Organization Exempt from Income Tax (Form 990) for fiscal 2021, 2022, and 2023 are subject to examination by the IRS, generally for three years after they were filed. The Foundation's fiscal 2024 return has not yet been filed as of the date of this report.

**Recent accounting pronouncements** – Effective January 1, 2023, the Foundation adopted ASC Topic 326, Financial Instruments-Credit Losses, using the modified retrospective approach. Under the new standard, the Foundation is required to use a current expected credit loss (“CECL”) model that will immediately recognize an estimate of credit losses that are expected to occur over the life of financial instruments, including trade receivables and reinsurance recoverable. The CECL model uses a broad range of reasonable and supportable information in the development of credit loss estimates. The adoption did not have a material impact on the Foundation's financial statements.

**Subsequent events** – The Foundation has evaluated subsequent events through September 24, 2024 which is the date the financial statements were available to be issued.

# CATHOLIC COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2024 and 2023

### (2) Investments

Investments consist of the following at June 30:

	<b>2024</b>	<b>2023</b>
Cash and cash equivalents	\$ 4,263,772	\$ 6,121,438
Equity mutual funds		
US large cap mutual funds	43,039,360	38,630,866
US mid cap mutual funds	8,558,534	7,132,327
US small cap mutual funds	3,435,538	2,376,130
Developed international mutual funds	9,673,913	8,754,188
Emerging markets mutual funds	4,127,056	3,840,232
Other mutual funds	1,183,891	1,295,650
Total equity mutual funds	70,018,292	62,029,393
Fixed income		
Corporate bonds	14,416,514	14,685,971
Foreign government bonds	4,513,304	4,951,956
Pooled vehicle fixed income	8,643,910	10,178,965
U.S. Treasury bonds	10,141,537	6,680,947
Mortgage backed securities	5,130,408	4,108,114
Other fixed income	40,000	75,000
Total fixed income	42,885,673	40,680,953
Structured notes	773,306	678,101
Convertible notes	200,000	-
Annuity contracts	302,792	354,825
Non-marketable partnership interests	3,228,340	3,228,340
Real estate held for investment	-	48,000
Total	121,672,175	113,141,050
Investments in split interest agreements	(4,662,403)	(2,306,986)
Total investments	\$ 117,009,772	\$ 110,834,064

Investment return for the year ended June 30, 2024 consists of:

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Totals</b>
Interest, dividend, and fee income, net of fees	\$ 883,884	\$ 1,257,419	\$ 2,141,303
Realized/unrealized gains on investments	2,595,733	4,883,282	7,479,015
Total investment return	\$ 3,479,617	\$ 6,140,701	\$ 9,620,318

# CATHOLIC COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2024 and 2023

### (2) Investments (continued)

Investment return for the year ended June 30, 2023 consists of:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Totals</u>
Interest, dividend, and fee income, net of fees	\$ 899,404	\$ 1,137,582	\$ 2,036,986
Realized/unrealized gains on investments	<u>1,383,218</u>	<u>3,679,532</u>	<u>5,062,750</u>
Total investment return	<u>\$ 2,282,622</u>	<u>\$ 4,817,114</u>	<u>\$ 7,099,736</u>

### (3) Split interest agreements

At June 30, 2024 and 2023, the Foundation administered 22 and 19 charitable gift annuities, respectively. The assets contributed under the charitable gift annuities are carried at fair value. The gift annuities totaling \$4,662,403 and \$2,306,986 at June 30, 2024 and 2023, respectively, are included in investments as identified in Note 2. Contribution revenues are recognized at the date the annuities are established after recording liabilities for the present value of the estimated future payments to be made to the donors and/or other beneficiaries. Present values are calculated using discount rates that reflect the fair value as determined at the time the annuities are established and range from 0.40% to 6.2%, and actuarial tables and guidelines used for calculating the available deduction for income tax purposes. The liabilities are adjusted for the accretion of the discount and other changes in the estimates of future benefits. The present value of the estimated annuity payments associated with the charitable gift annuities is \$2,130,175 and \$1,101,598 at June 30, 2024 and 2023, respectively.

### (4) Grants payable

The Foundation accounts for their conditional scholarship grants in accordance with FASB ASU No. 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions. In accordance with ASU 2018-08, conditional scholarship grants are not recorded until the students meet the terms of the conditions (typically enrollment).

As of June 30, 2024 and 2023, there are \$1,144,000 and \$912,000, respectively, of conditional awards granted through scholarship programs which have not yet been accrued within the financial statements. The students must satisfy the scholarship conditions annually to receive the future payments.

# CATHOLIC COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2024 and 2023

### (4) Grants payable (continued)

Prior to July 1, 2020, the Foundation recorded grants authorized, but unpaid, as liabilities. The following is a summary of grants authorized prior to July 1, 2020 and payable at June 30:

	<u>2024</u>	<u>2023</u>
Grants payable	\$ 1,075	\$ -
Scholarships payable	68,000	127,000
Total	<u>\$ 69,075</u>	<u>\$ 127,000</u>
Grants payable to be paid in less than one year	\$ 69,075	\$ 55,000
Grants payable to be paid in one to four years	-	72,000
Gross grants authorized but unpaid	<u>\$ 69,075</u>	<u>\$ 127,000</u>

### (5) Agency funds

The Foundation maintains variance power and legal ownership of the assets within the agency funds and as such continues to report the funds as cash and investments of the Foundation.

However, FASB ASC 958-605 establishes standards for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both, to another entity that is specified by the donor. FASB ASC 958-605 specifically requires that if a not-for-profit organization ("NPO") establishes a fund at a community foundation with its own funds and specifies itself or one of its affiliates as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability.

In accordance with FASB ASC 958-605, a liability has been established for the fair value of the funds, which is generally equivalent to the present value of future payments expected to be made to the NPOs.

The Foundation's agency funds consist of agency endowment funds, agency savings funds and agency growth funds. Agency endowment funds are intended to be perpetual in nature and distribute earnings to the beneficiaries on an annual basis. Catholic savings funds provide a short-term investment option for fund beneficiaries with a guaranteed investment return. Catholic growth funds provide a mid to long-term investment option without a guaranteed return and an administrative fee is charged for holding and investing funds in accordance with the fund holder's requests.



# CATHOLIC COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2024 and 2023

### (5) Agency funds (continued)

The activity for the agency funds for the years ended June 30, 2024 and 2023 is summarized below:

	<u>2024</u>	<u>2023</u>
Agency funds, beginning of the year	\$ 44,098,748	\$ 42,198,408
Contributions	817,578	2,748,281
Investment income, net	1,093,330	947,870
Realized and unrealized investment gains	2,623,004	2,008,057
Distributions	(6,916,739)	(3,489,502)
Administration fees	(336,179)	(314,366)
Agency funds, end of year	<u>\$ 41,379,742</u>	<u>\$ 44,098,748</u>
Agency funds consist of:		
Agency endowment funds	\$ 23,369,928	\$ 21,209,750
Catholic savings and growth funds	<u>18,009,814</u>	<u>22,888,998</u>
Total agency funds	<u>\$ 41,379,742</u>	<u>\$ 44,098,748</u>

Both the liability and the assets are measured at fair value. The inputs used to determine the fair value of the invested assets are based upon the nature of the assets held in the agency funds. The inputs used to determine the fair value of the liability are based upon the fair value of the underlying assets of the agency funds. Since the fair value of the liability is based primarily upon the observable inputs used during the valuation of the assets but not based upon identical inputs for identical agency liabilities, the fair value inputs for the agency funds are considered to be Level 2 inputs in the fair value hierarchy.

### (6) Net assets with donor restrictions

Net assets with donor restrictions include certain assets for which the donors stipulated the principal is to be maintained in perpetuity. The earnings and net appreciation on these funds are reported as follows:

- An increase in net assets with donor restrictions held in perpetuity if the terms of the gift or the Foundation's board interpretation of relevant state law require that they be added to the principal of a permanent endowment fund;
- An increase in net assets with donor restrictions for a specific purpose if the terms of the gift impose restrictions on the use of income; or
- An increase in net assets with donor restrictions for a specific period until appropriated for expenditure.

Net assets with donor restrictions for a specified purpose or time period consist primarily of earnings on net assets with donor restrictions held in perpetuity as described above, donor restricted quasi-endowments and scholarship funds. These earnings are donor designated for specific purposes including scholarships, granting programs, and for the support of the fund's beneficiary organizations and their missions and programs.

# CATHOLIC COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2024 and 2023

### (6) Net assets with donor restrictions (continued)

Net assets with donor restrictions are restricted for purposes or time periods as follows at June 30:

	<u>2024</u>	<u>2023</u>
Restricted for scholarships and other programs	\$ 13,457,194	\$ 11,670,343
Net accumulated earnings on donor restricted endowments subject to the Foundation's spending policy	<u>7,542,473</u>	<u>4,370,344</u>
Total net assets subject to restriction for a specified purpose or time	<u>20,999,667</u>	<u>16,040,687</u>
Subject to restriction in perpetuity:		
Investments in perpetuity subject to donor restrictions	30,079,018	28,972,006
Annuity agreements	<u>779,907</u>	<u>633,622</u>
Total net assets subject to restriction in perpetuity	<u>30,858,925</u>	<u>29,605,628</u>
Total net assets with donor restrictions	<u>\$ 51,858,592</u>	<u>\$ 45,646,315</u>

Net assets released from restrictions consist primarily of scholarship awards and annual endowment disbursements.

### (7) Endowments

The Foundation's endowments consist of 234 and 232 individual donor restricted endowments and board designated endowments established for a variety of purposes as of June 30, 2024 and 2023, respectively. Additionally, at June 30, 2024 and 2023, the Foundation's endowments included 1 donor restricted quasi-endowment and 19 and 18 board designated endowments, respectively. As required by accounting principles generally accepted in the United States of America ("GAAP"), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

In September 2008, the State of Arizona enacted ARS§10-11801 et seq Management of Charitable Funds Act ("MCFA"). The Board of Directors of the Foundation has interpreted MCFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Foundation classifies as net assets restricted in perpetuity (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in net assets restricted in perpetuity is classified as net assets subject to purpose or time restrictions based on the presence or absence of direction from the donor and are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by MCFA.

# CATHOLIC COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2024 and 2023

**(7) Endowments (continued)**

The Foundation has adopted investment and spending policies for endowment assets that seek to provide a predictable stream of funding to programs supported by its endowments while maintaining the purchasing power of the endowment assets. The Foundation's spending and investment policies work together to achieve this objective. Actual returns in any given year may vary.

To achieve its investment objectives over long periods of time, the Foundation has adopted an investment strategy that invests in domestic and international equities, alternative, and fixed income investments. The majority of assets are invested in equity or equity-like securities. Fixed income assets are used to lower short-term volatility. Alternative investments diversify income streams and help to mitigate volatility of the underlying portfolio. Diversifications by asset class, investment style, etc. are employed to avoid undue risk concentration and enhance total return. The primary performance objective is to achieve an annualized total rate of return that is equal to or greater than the Consumer Price Index + 5.8% over long periods of time.

The spending policy determines the amount of money in a given year that will be distributed from the Foundation's various endowment assets, which includes agency, designated and restricted funds. The normal spending policy is to distribute an amount equal to 4% of the previous twelve quarter rolling average balance of each fund's assets at market value. New permanent endowment funds may withdraw up to 4% after the first full year (up to the third year) even if in existence less than twelve quarters.

Based on the spending policy, over the long term, the Foundation expects its endowment assets to grow at the rate of inflation. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through new gifts and investment returns.

Endowment net asset composition by type of fund as of June 30, 2024 are as follows:

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Board designated endowment	\$ 13,068,152	\$ -	\$ 13,068,152
Donor restricted quasi-endowment	-	3,488,631	3,488,631
Donor restricted endowments held in perpetuity	-	30,079,018	30,079,018
Net accumulated earnings on donor restricted endowments subject to spending policies	-	7,542,473	7,542,473
Endowment net assets, total funds	<u>\$ 13,068,152</u>	<u>\$ 41,110,122</u>	<u>\$ 54,178,274</u>

Endowment net asset composition by type of fund as of June 30, 2023 are as follows:

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Board designated endowment	\$ 10,933,264	\$ -	\$ 10,933,264
Donor restricted quasi-endowment	-	3,200,923	3,200,923
Donor restricted endowments held in perpetuity	-	28,972,006	28,972,006
Net accumulated earnings on donor restricted endowments subject to spending policies	-	4,370,344	4,370,344
Endowment net assets, total funds	<u>\$ 10,933,264</u>	<u>\$ 36,543,273</u>	<u>\$ 47,476,537</u>

# CATHOLIC COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2024 and 2023

**(7) Endowments (continued)**

The changes in endowment net assets for the year ended June 30, 2024 are as follows:

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Endowment net assets, July 1, 2023	\$ 10,933,264	\$ 36,543,273	\$ 47,476,537
Contributions	1,083,412	1,013,426	2,096,838
Million Dollar Match transfers	(102,229)	102,229	-
Investment return:			
Investment income	300,271	1,016,881	1,317,152
Realized and unrealized gains	1,265,495	3,991,948	5,257,443
Appropriation of endowment assets for expenditure	(412,061)	(1,557,635)	(1,969,696)
Endowment net assets, June 30, 2024	\$ 13,068,152	\$ 41,110,122	\$ 54,178,274

The changes in endowment net assets for the year ended June 30, 2023 are as follows:

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Endowment net assets, July 1, 2022	\$ 7,636,891	\$ 29,927,114	\$ 37,564,005
Contributions	2,917,615	1,589,466	4,507,081
Collection of perpetually restricted contribution receivable	-	1,800,000	1,800,000
Million Dollar Match transfers	(271,600)	271,600	-
Annuity converted to endowment	-	448,663	448,663
Investment return:			
Investment income	259,872	901,917	1,161,789
Realized and unrealized gains	899,344	2,976,228	3,875,572
Appropriation of endowment assets for expenditure	(508,858)	(1,371,715)	(1,880,573)
Endowment net assets, June 30, 2023	\$ 10,933,264	\$ 36,543,273	\$ 47,476,537

To encourage endowment building, the Foundation started the Million Dollar Match initiative, which offers a matching grant from the Foundation's board designated endowment to the donor restricted endowment fund that an individual contributes to, all of which are held at the Foundation. New gifts were matched at 25% for new contributions made, up to \$250,000 per individual or organization. During fiscal year 2024 and 2023, the Foundation transferred approximately \$102,000 and \$272,000, respectively, in matching grants from the board designated endowment to the donor restricted endowments for a cumulative value of approximately \$2,110,000 since the inception of the initiative. The Million Dollar Match initiative available to the public was retired on February 28, 2023. The Foundation continues to make the Million Dollar Match incentive to select opportunities for its endowment drive program.

# CATHOLIC COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2024 and 2023

### (7) Endowments (continued)

Funds with Deficiencies – From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted MCFA to permit spending from underwater endowments in accordance with prudent measures required under law. The Foundation will cease spending from underwater endowment funds if they become 15% underwater and have a fair market value in excess of \$20,000 until the principal has been recovered.

At June 30, 2024 and 2023, the Foundation had certain funds in which the fair value of the funds fell below its original corpus. Underwater funds at June 30, 2024 and 2023, are as follows:

	<u>2024</u>	<u>2023</u>
Fair value of underwater endowment funds	\$ 611,557	\$ 1,466,303
Original gift values	658,056	1,768,990
Fund deficiencies	<u>\$ (46,499)</u>	<u>\$ (302,687)</u>

### (8) Pension plan

The Foundation participates in the Lay Employees Retirement Plan (the “Plan”), a multi-employer defined benefit pension plan administered by the Diocese of Phoenix. The Plan covers lay employees of the Diocese of Phoenix, the Central Administrative Office, the Diocesan High Schools, the parishes, and employees of the Foundation. Contributions to the Plan are based on salary levels of eligible employees. The Foundation made contributions to the Plan of \$79,466 and \$72,296 for the years ended June 30, 2024 and 2023, respectively. The portion of the Plan’s assets and liabilities allocable to the Foundation has not been determined with respect to accumulated benefits. In the event of withdrawals from the Plan and under certain other conditions, a contributor to a multi-employer plan may be liable to the Plan for a portion of the underfunded status, if any.

### (9) Commitments and contingencies

#### *Right of use operating leases*

The Foundation signed a lease agreement for office space expiring in July 2025. During the fiscal year, the Foundation amended the original lease agreement, which expanded the amount of office space and extended the lease term until December 2028. The Foundation also leases office equipment under an operating lease agreement with a term expiring in fiscal 2026. Neither lease includes options to renew.

The Foundation used risk-free rates ranging from 3.15% - 3.93% for the leases included in the future commitments below in order to determine the present value of the lease liability. Lease terms range from 20 to 54 months. For the years ended June 30, 2024 and 2023, operating lease expense was \$56,324 and \$41,429, respectively, and operating cash flows paid to fulfill operating lease commitments was \$53,922 and \$41,429, respectively.

# CATHOLIC COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2024 and 2023

### (9) Commitments and contingencies (continued)

Future minimum lease commitments for facilities and equipment under these leases with an initial term in excess of one year are as follows:

#### Years Ending June 30,

2025	\$	65,964
2026		67,656
2027		64,955
2028		65,836
2029		32,726
		\$ 297,137
Total future lease payments	\$	297,137
Less: imputed interest		(25,166)
Present value of lease liabilities	\$	271,971

The following summarizes the weighted average remaining lease term and discount rate as of June 30, 2024:

Weighted Average Remaining Lease Term (years)	4.41
Weighted Average Discount Rate	3.91%

### (10) Fair value measurements

The following table sets forth the level, within the fair value hierarchy, of the Foundation's assets and liabilities subject to recurring fair value measurement as of June 30, 2024:

	Level 1	Level 2	Level 3	Total
Equity mutual funds				
US large cap mutual funds	43,039,360	-	-	43,039,360
US mid cap mutual funds	8,558,534	-	-	8,558,534
US small cap mutual funds	3,435,538	-	-	3,435,538
Developed international mutual funds	9,673,913	-	-	9,673,913
Emerging markets mutual funds	4,127,056	-	-	4,127,056
Other mutual funds	183,891	-	1,000,000	1,183,891
Total equity mutual funds	69,018,292	-	1,000,000	70,018,292
Fixed income				
Corporate bonds	423,675	13,885,305	107,534	14,416,514
Foreign government bonds	-	4,513,304	-	4,513,304
Pooled vehicle fixed income	8,643,910	-	-	8,643,910
U.S. Treasury bonds	10,141,537	-	-	10,141,537
Mortgage backed securities	-	5,014,516	115,892	5,130,408
Other fixed income	-	40,000	-	40,000
Total fixed income	19,209,122	23,453,125	223,426	42,885,673
Structured notes	-	-	773,306	773,306
Convertible notes	-	-	200,000	200,000
Annuity contracts	-	-	302,792	302,792
Agency fund liability	-	(41,379,742)	-	(41,379,742)

# CATHOLIC COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2024 and 2023

**(10) Fair value measurements (continued)**

The following table sets forth the level, within the fair value hierarchy, of the Foundation's assets and liabilities subject to recurring fair value measurement as of June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity mutual funds				
US large cap mutual funds	38,630,866	-	-	38,630,866
US mid cap mutual funds	7,132,327	-	-	7,132,327
US small cap mutual funds	2,376,130	-	-	2,376,130
Developed international mutual funds	8,754,188	-	-	8,754,188
Emerging markets mutual funds	3,840,232	-	-	3,840,232
Other mutual funds	<u>1,295,650</u>	-	-	<u>1,295,650</u>
Total equity mutual funds	62,029,393	-	-	62,029,393
Fixed income				
Corporate bonds	-	14,441,361	244,610	14,685,971
Foreign government bonds	-	4,951,956	-	4,951,956
Pooled vehicle fixed income	10,178,965	-	-	10,178,965
Treasury bonds	6,680,947	-	-	6,680,947
Mortgage backed securities	-	3,902,707	205,407	4,108,114
Other fixed income	-	<u>75,000</u>	-	<u>75,000</u>
Total fixed income	16,859,912	23,371,024	450,017	40,680,953
Structured notes	-	-	678,101	678,101
Annuity contracts	-	-	354,825	354,825
Charitable lead annuity trust	-	-	19,744	19,744
Agency fund liability	-	(44,098,748)	-	(44,098,748)

# CATHOLIC COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2024 and 2023

### (11) Functional expenses

The Foundation's expenses by function and nature for the year ended June 30, 2024 are as follows:

	<b>Grants and Scholarships Programs</b>	<b>Development and Fundraising</b>	<b>Management and General</b>	<b>Total</b>
Scholarships, grants, and awards	\$ 3,400,768	\$ -	\$ -	\$ 3,400,768
Salaries and wages	149,789	387,528	287,912	825,229
Employee benefits and taxes	46,105	119,281	91,019	256,405
Professional fees	1,950	7,920	63,847	73,717
Conferences and travel	521	8,926	2,928	12,375
Subscriptions and contract costs	427	101	51,018	51,546
Supplies	881	148	5,073	6,102
Facilities and operations	14,269	36,915	56,531	107,715
Venue and catering	2,750	6,002	1,209	9,961
Printing and design	1,989	38,552	3,941	44,482
Sponsorships	35,927	-	-	35,927
Advertising and promotion	314	5,900	9,330	15,544
Other expenses	410	34,662	59,657	94,729
Total	<u>\$ 3,656,100</u>	<u>\$ 645,935</u>	<u>\$ 632,465</u>	<u>\$ 4,934,500</u>

The Foundation's expenses by function and nature for the year ended June 30, 2023 are as follows:

	<b>Grants and Scholarships Programs</b>	<b>Development and Fundraising</b>	<b>Management and General</b>	<b>Total</b>
Scholarships, grants, and awards	\$ 2,116,976	\$ -	\$ -	\$ 2,116,976
Salaries and wages	137,997	372,570	242,867	753,434
Employee benefits and taxes	38,269	103,212	70,340	211,821
Professional fees	250	35,335	94,002	129,587
Conferences and travel	177	4,044	15,361	19,582
Subscriptions and contract costs	632	20,085	67,676	88,393
Supplies	554	729	3,737	5,020
Facilities and operations	12,752	34,866	49,584	97,202
Venue and catering	1,765	148,637	11,051	161,453
Printing and design	128	8,238	17,762	26,128
Sponsorships	58,799	330	-	59,129
Advertising and promotion	171	11,085	7,356	18,612
Other expenses	-	50,029	35,012	85,041
Total	<u>\$ 2,368,470</u>	<u>\$ 789,160</u>	<u>\$ 614,748</u>	<u>\$ 3,772,378</u>



# CATHOLIC COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2024 and 2023

### (12) Liquidity and availability of resources

As of June 30, 2024 and 2023, the Foundation's assets available within one year of the statement of financial position date for general expenditures consist of the following:

	2024	2023
Cash and cash equivalents	\$ 264,361	\$ 156,126
Contributions receivable	35,138	48,658
Investments, less real estate	117,009,772	110,786,064
Split interest agreements	4,662,403	2,306,986
Charitable lead annuity trust	-	19,744
Total financial assets available within one year	121,971,674	113,317,578
Less: contractual or donor-imposed restrictions making financial assets unavailable within one year:		
Restricted by donors with purpose restrictions	(13,457,194)	(11,670,343)
Perpetually restricted contribution receivable	-	-
Endowments restricted in perpetuity	(30,858,925)	(29,605,628)
Investments held in trust, less amounts to be received within one year	(302,792)	(343,959)
Agency investments	(41,379,742)	(44,098,748)
Investments held for annuity agreements	(4,662,403)	(2,306,986)
Non marketable partnership interests	(3,228,340)	(3,228,340)
Board designations for quasi endowment funds, primarily for long-term investing, net of spending policy	(12,545,426)	(10,495,933)
Accumulated earnings on endowments, net of spending policy	(7,240,774)	(4,195,530)
Donor advised funds with an implied restriction of not available for general expenditures	(6,684,929)	(6,673,302)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,611,149	\$ 698,809

The Foundation is substantially supported by the administrative fees that are earned through the management of the underlying investment balances of fund holders, which entails investment allocation decisions and performing administrative functions to operate and maintain the funds of donors. During fiscal year 2024 and 2023, \$1,140,000 and \$974,000, respectively, of administrative fees were earned and primarily reflected as net assets released from restrictions. These fees are available to be used at the discretion of management and are earned and reallocated to operations on a monthly basis.

As described in Note 7, the Foundation's endowment spending policy determines the amount of money in a given year that will be distributed from the Foundation's various endowment assets, which includes agency, designated, restricted and unrestricted funds. The normal spending policy is to distribute an amount equal to 4% of the previous twelve quarter rolling average balance of each fund's assets at market value. New permanent endowment funds may withdraw up to 4% after the first full year (up to the third year) even if in existence less than twelve quarters.

# CATHOLIC COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2024 and 2023

### (12) Liquidity and availability of resources (continued)

As part of the Foundation's liquidity management, the board has granted management discretion to utilize board designated assets to assist in addressing any financial distress or any immediate liquidity needs resulting from budget shortfalls or operating needs. The CEO has the ability to use up to \$50,000 of quasi-endowment funds, in addition to the current year available to spend generated from these quasi-endowments, before approaching the board for further funding.

As part of the Foundation's liquidity management plan, the Foundation holds \$150,000 as a target for liquidity to fulfill cash requirements that arise from the requests of fund holders and to meet operational needs. Cash in excess of the \$150,000 is invested in various investment vehicles including corporate bonds, money market accounts and equities.

### (13) Concentrations

For the year ended June 30, 2024 and 2023, the Foundation recognized \$1,408,678 and \$563,761, respectively, of contribution and fundraising event revenue from members of the Board of Directors and their respective business entities. Additionally, two donors comprised approximately 30% of total contributions for the year ended June 30, 2024, and one donor comprised approximately 38% of total contributions for the year ended June 30, 2023.