



# THE CATHOLIC FOUNDATION OF CENTRAL FLORIDA, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017





## REPORT OF INDEPENDENT AUDITOR

The Board of Directors  
The Catholic Foundation of Central Florida, Inc.  
Orlando, Florida

We have audited the financial statements of The Catholic Foundation of Central Florida, Inc. ("the Foundation"), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Catholic Foundation of Central Florida, Inc. as of June 30, 2018 and 2017, 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.

*Batts Morrison Wales & Lee, P.A.*

BATTS MORRISON WALES & LEE, P.A.

Orlando, Florida  
October 15, 2018

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**THE CATHOLIC FOUNDATION OF CENTRAL FLORIDA, INC.**  
STATEMENTS OF FINANCIAL POSITION

**ASSETS**

	June 30,	
	2018	2017
<b>ASSETS</b>		
Cash and cash equivalents	\$ 838,208	\$ 625,175
Investments	5,510,208	4,750,169
Investments restricted for long-term purposes	11,818,319	11,293,448
Agency funds held	40,221,162	37,539,376
Unconditional promises to give, net	341,562	349,866
Other assets	341,531	166,649
<b>Total assets</b>	<b>\$ 59,070,990</b>	<b>\$ 54,724,683</b>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 8,967	\$ 6,113
Agency obligations	40,221,162	37,539,376
Other liabilities	501,980	536,375
Deferred revenue	143,100	154,795
<b>Total liabilities</b>	<b>40,875,209</b>	<b>38,236,659</b>
<b>NET ASSETS</b>		
Unrestricted	943,959	530,427
Temporarily restricted	5,433,503	4,664,149
Permanently restricted	11,818,319	11,293,448
<b>Total net assets</b>	<b>18,195,781</b>	<b>16,488,024</b>
<b>Total liabilities and net assets</b>	<b>\$ 59,070,990</b>	<b>\$ 54,724,683</b>

**THE CATHOLIC FOUNDATION OF CENTRAL FLORIDA, INC.**  
STATEMENTS OF ACTIVITIES

	For The Year Ended June 30, 2018			Total	For The Year
	Unrestricted	Temporarily Restricted	Permanently Restricted		Ended June 30, 2017
<b>PUBLIC SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM TIME AND USE RESTRICTIONS</b>					
Development and stewardship fees	\$ 2,352,368	\$ —	\$ —	\$ 2,352,368	\$ 2,147,745
Fundraising fees	202,898	—	—	202,898	114,628
Temporarily restricted contributions	—	299,593	—	299,593	559,051
Permanently restricted contributions	—	—	524,871	524,871	656,491
Unrestricted investment income, net	16,172	—	—	16,172	131,083
Temporarily restricted investment income, net	—	1,004,981	—	1,004,981	1,790,828
Net assets released from time and use restrictions	<u>535,220</u>	<u>(535,220)</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Total public support and revenue and net assets released from time and use restrictions</b>	<b><u>3,106,658</u></b>	<b><u>769,354</u></b>	<b><u>524,871</u></b>	<b><u>4,400,883</u></b>	<b><u>5,399,826</u></b>
<b>EXPENSES</b>					
Program activities					
Our Catholic Appeal	747,886	—	—	747,886	710,381
Distributions to other Diocesan and Catholic entities	509,645	—	—	509,645	828,630
Parish campaigns	257,172	—	—	257,172	169,837
Major and planned giving	184,128	—	—	184,128	201,220
Offertory enhancements	135,146	—	—	135,146	124,652
Alive in Christ	101,571	—	—	101,571	146,783
Educational campaigns	41,713	—	—	41,713	48,044
Total program activities	<u>1,977,261</u>	<u>—</u>	<u>—</u>	<u>1,977,261</u>	<u>2,229,547</u>
Supporting activities					
Management and general	715,865	—	—	715,865	940,901
Write-off of uncollectible promise to give	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>392,480</u>
Total supporting activities	<u>715,865</u>	<u>—</u>	<u>—</u>	<u>715,865</u>	<u>1,333,381</u>
<b>Total expenses</b>	<b><u>2,693,126</u></b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>2,693,126</u></b>	<b><u>3,562,928</u></b>
<b>Change in unrestricted net assets</b>	<b>413,532</b>	<b>—</b>	<b>—</b>	<b>413,532</b>	<b>145,350</b>
<b>Change in temporarily restricted net assets</b>	<b>—</b>	<b>769,354</b>	<b>—</b>	<b>769,354</b>	<b>1,134,372</b>
<b>Change in permanently restricted net assets</b>	<b>—</b>	<b>—</b>	<b>524,871</b>	<b>524,871</b>	<b>557,176</b>
<b>CHANGE IN NET ASSETS</b>	<b>413,532</b>	<b>769,354</b>	<b>524,871</b>	<b>1,707,757</b>	<b>1,836,898</b>
<b>NET ASSETS - Beginning of year</b>	<b><u>530,427</u></b>	<b><u>4,664,149</u></b>	<b><u>11,293,448</u></b>	<b><u>16,488,024</u></b>	<b><u>14,651,126</u></b>
<b>NET ASSETS - End of year</b>	<b><u>\$ 943,959</u></b>	<b><u>\$ 5,433,503</u></b>	<b><u>\$ 11,818,319</u></b>	<b><u>\$ 18,195,781</u></b>	<b><u>\$ 16,488,024</u></b>

The Accompanying Notes are an Integral  
Part of These Financial Statements

**THE CATHOLIC FOUNDATION OF CENTRAL FLORIDA, INC.**  
STATEMENTS OF CASH FLOWS

	For The Years Ended June 30,	
	2018	2017
<b>OPERATING CASH FLOWS</b>		
Cash received from fees	\$ 2,365,973	\$ 2,417,168
Cash received from contributors	307,897	628,873
Investment income received	209,998	157,978
Cash paid for operating activities and costs	(2,721,951)	(3,032,551)
<b>Net operating cash flows</b>	<b>161,917</b>	<b>171,468</b>
<b>INVESTING CASH FLOWS</b>		
Reinvested interest and dividends	(192,561)	(142,737)
Net sales of investments	243,677	339,884
Net investment in assets restricted for long-term purposes	(524,871)	(557,176)
<b>Net investing cash flows</b>	<b>(473,755)</b>	<b>(360,029)</b>
<b>FINANCING CASH FLOWS</b>		
Contributions restricted for long-term purposes	524,871	656,491
<b>Net financing cash flows</b>	<b>524,871</b>	<b>656,491</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>213,033</b>	<b>467,930</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b>625,175</b>	<b>157,245</b>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b>\$ 838,208</b>	<b>\$ 625,175</b>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS</b>		
Change in net assets	\$ 1,707,757	\$ 1,836,898
Adjustments to reconcile change in net assets to net operating cash flows		
Contributions restricted for long-term purposes	(524,871)	(656,491)
Gain on investments, net	(811,155)	(1,763,933)
Write-off of uncollectible promise to give	—	392,480
Change in unconditional promises to give, net	8,304	69,822
Change in other assets	(174,882)	112,602
Change in accounts payable and accrued expenses	2,854	(11,652)
Change in other liabilities	(34,395)	36,947
Change in deferred revenue	(11,695)	154,795
<b>Net operating cash flows</b>	<b>\$ 161,917</b>	<b>\$ 171,468</b>

The Accompanying Notes are an Integral  
Part of These Financial Statements

**THE CATHOLIC FOUNDATION OF CENTRAL FLORIDA, INC.**  
NOTES TO FINANCIAL STATEMENTS

**NOTE A – NATURE OF ACTIVITIES**

The Catholic Foundation of Central Florida, Inc. (“the Foundation”) is a not-for profit corporation organized under the laws of the state of Florida. The Foundation was established in August 2007 to raise, manage, and distribute funds to provide long-term, sustainable support for the parishes, schools, agencies in the Catholic Diocese of Orlando (“the Diocese”), and community services in alignment with Catholic social teaching.

The Foundation provides assistance to the Diocese and other diocesan entities for development activities through its stewardship and donor services, including *Our Catholic Appeal*, the parish-based annual collection to support the operations of the Chancery and its programs and ministries. In addition, the Foundation provides support to the Diocese and diocesan entities in the areas of planned giving and offertory enhancement. The Foundation also assists parishes, schools, and other Diocesan entities with management of capital campaigns.

The Foundation administers and invests charitable and endowment gifts for the benefit of diocesan parishes, schools, and entities, and also administers and invests donor-advised funds. The Foundation provides investment opportunities which include short and intermediate term funds as well as long term endowments. The Foundation’s investments are screened for compliance with the United States Conference of Catholic Bishops’ socially responsible investment guidelines.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Restricted and unrestricted revenue and support**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as “net assets released from time and use restrictions.”

**Revenue recognition**

The Foundation assesses fees for the administration of its fundraising campaigns, appeals, and programs. The Foundation recognizes fee revenue when earned.

**Cash and cash equivalents**

The Foundation considers investment instruments purchased or donated with original maturities of three months or less to be cash equivalents.

**Investments**

Investments are carried at estimated fair value.

**Investments restricted for long-term purposes**

Investments restricted for long-term purposes include mutual funds, corporate bonds, government obligations, and nonpublicly traded investments carried at estimated fair value. These assets are restricted pursuant to the endowment agreements to which they relate.

**Agency funds held**

Agency funds held consist of cash and cash equivalents and investments which are carried at estimated fair value. The Foundation holds and manages the funds primarily for the benefit of other Catholic organizations within the Diocese.

**Unconditional promises to give, net**

Unconditional promises to give are recognized as revenue and as assets in the period in which the related promise is made.

**THE CATHOLIC FOUNDATION OF CENTRAL FLORIDA, INC.**  
 NOTES TO FINANCIAL STATEMENTS

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Allowance for doubtful accounts**

Unconditional promises to give are stated net of an allowance for doubtful accounts. The Foundation estimates the allowance for doubtful accounts based on an analysis of specific accounts, taking into consideration the age of the past due account and an assessment of ability to pay. Accounts are considered past due when payments are not made in accordance with specified terms. Accounts are written off upon such time that management determines the amounts are uncollectible.

**Income taxes**

The Foundation is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code and from state income tax pursuant to Florida law. The Foundation is further classified as a public charity and not a private foundation for federal tax purposes. The Foundation has not incurred unrelated business income taxes. As a result, no income tax provision or liability has been provided for in the accompanying financial statements.

**Use of estimates**

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include those related to the estimated fair value of investments and the collectability of unconditional promises to give. Actual results could differ from the estimates.

**Subsequent events**

The Foundation has evaluated for possible financial statement reporting and disclosure subsequent events through October 15, 2018, the date as of which the financial statements were available to be issued.

**NOTE C – CONCENTRATIONS**

The Foundation maintains its cash and cash equivalents in deposit accounts which may not be federally insured, may exceed federally insured limits, or may be insured by an entity other than an agency of the federal government. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

During the years ended June 30, 2018 and 2017, approximately 89% and 90% of the Foundation's development and stewardship fees were received from the Diocese, respectively.

As of June 30, 2018 and 2017, approximately 49% of the Foundation's investments were held by one custodian.

**NOTE D – INVESTMENTS**

The Foundation holds investments of various types both in its capacity as trustee or custodian and in its capacity as owner. Investments are carried at estimated fair value. Investments were held for the following purposes or activities:

	June 30,	
	2018	2017
<b><u>Investments held as trustee or in a similar capacity</u></b>		
• Investments held as agency funds	\$ 39,834,339	\$ 36,161,463
• Investments held to satisfy charitable gift annuity obligations	501,980	536,374
<b><u>Investments subject to temporary donor restrictions</u></b>		
• Investments held for temporarily restricted purposes	850,966	668,946

**THE CATHOLIC FOUNDATION OF CENTRAL FLORIDA, INC.**  
NOTES TO FINANCIAL STATEMENTS

**NOTE D – INVESTMENTS (Continued)**

	June 30,	
	2018	2017
<u>Investments subject to permanent donor restrictions</u>		
• Restricted investments held for permanent endowments	\$ 11,818,319	\$ 11,293,448
• Net appreciation	4,147,063	3,534,858
<u>Investments held for other purposes</u>		
• Investments held for general operations	10,198	9,991
Total investments	\$ 57,162,865	\$ 52,205,080

Investments consisted of the following:	June 30,	
	2018	2017
Money market and similar funds	\$ 3,524,984	\$ 3,395,216
Mutual funds	22,481,392	20,802,112
Corporate bonds	1,226,617	968,848
Government obligations	884,122	550,251
Nonpublicly traded investments	29,045,750	26,488,653
Total investments	\$ 57,162,865	\$ 52,205,080

**NOTE E – AGENCY FUNDS HELD**

Agency funds held consisted of the following:

	June 30,	
	2018	2017
Cash and cash equivalents	\$ 386,824	\$ 1,377,913
Investments (See Note D)	39,834,338	36,161,463
Total agency funds held	\$ 40,221,162	\$ 37,539,376

The Foundation acts as an agent for and on behalf of donors, receiving assets from the donors and agreeing to use those assets on behalf of, or transfer those assets, the return on investment of those assets, or both to the beneficiaries specified in the *Alive in Christ* capital campaign and other fundraising programs. The Foundation also manages the investments of certain funds for other Catholic organizations within the Diocese. The Foundation recognizes a liability to the beneficiary in an amount equal to the asset's carrying value. These assets are included in the accompanying statements of financial position as "agency funds held" and the associated liabilities are included in the accompanying statements of financial position as "agency obligations."

**NOTE F – FAIR VALUE MEASUREMENTS**

Generally accepted accounting principles ("GAAP") define fair value for an investment as the price an organization would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. Accordingly, GAAP recognizes a hierarchy of "inputs" an organization may use in determining or estimating fair value. The inputs are categorized into "levels" that relate to the extent to which an input is objectively observable and the extent to which markets exist for identical or comparable investments. In determining or estimating fair value, an organization is required to maximize the use of observable market data (to the extent available) and minimize the use of unobservable inputs. The hierarchy assigns the highest priority to unadjusted quoted prices in active markets for identical items (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).



**THE CATHOLIC FOUNDATION OF CENTRAL FLORIDA, INC.**  
NOTES TO FINANCIAL STATEMENTS

**NOTE F – FAIR VALUE MEASUREMENTS (Continued)**

A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Following is a description of each of the three levels of input within the fair value hierarchy:

Level 1 – unadjusted quoted market prices in active markets for identical items

Level 2 – other significant observable inputs (such as quoted prices for similar items)

Level 3 – significant unobservable inputs

The estimated fair value of items measured on a recurring basis at June 30, 2018, is as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 22,481,392	\$ 22,481,392	\$ —	\$ —
Corporate bonds	1,226,617	1,226,617	—	—
Government obligations	884,122	884,122	—	—
Nonpublicly traded investments	<u>29,045,750</u>	<u>—</u>	<u>—</u>	<u>29,045,750</u>
Total	<u>\$ 53,637,881</u>	<u>\$ 24,592,131</u>	<u>\$ —</u>	<u>\$ 29,045,750</u>

The estimated fair value of items measured on a recurring basis at June 30, 2017, is as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 20,802,112	\$ 20,802,112	\$ —	\$ —
Corporate bonds	968,848	968,848	—	—
Government obligations	550,251	550,251	—	—
Nonpublicly traded investments	<u>26,488,653</u>	<u>—</u>	<u>—</u>	<u>26,488,653</u>
Total	<u>\$ 48,809,864</u>	<u>\$ 22,321,211</u>	<u>\$ —</u>	<u>\$ 26,488,653</u>

Investments in nonpublicly traded investments listed as “Level 3” investments consist of pooled funds that pursue various strategies to diversify risks and reduce volatility. There are no lock-up periods associated with these investments, and such investments can generally be liquidated at an amount approximating net asset value in the near-term with proper notice. The financial statements of the pooled funds in which such investments have been made are generally subject to annual external audits which are ordinarily conducted by nationally-recognized certified public accounting firms. The reported estimated fair values of nonpublicly traded investments are based on amounts provided by the investee.

The following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining fair value:

Balance, July 1, 2016	\$ 21,224,963
Net purchases	1,383,500
Net gains	<u>3,880,190</u>
Balance, June 30, 2017	26,488,653
Net purchases	227,976
Net gains	<u>2,329,121</u>
Balance, June 30, 2018	<u>\$ 29,045,750</u>

**THE CATHOLIC FOUNDATION OF CENTRAL FLORIDA, INC.**  
NOTES TO FINANCIAL STATEMENTS

**NOTE G – UNCONDITIONAL PROMISES TO GIVE, NET**

Unconditional promises to give consisted of the following:

	June 30,	
	2018	2017
Gross leadership gifts	\$ 1,000,000	\$ 1,025,000
Less: Present value discount	(308,438)	(325,134)
Less: Allowance for uncollectible amounts	(350,000)	(350,000)
Total unconditional promises to give	\$ 341,562	\$ 349,866

As of June 30, 2018, the unconditional promise to give in the amount of \$1,000,000 is due beyond five years.

Unconditional promises to give are restricted for the following purposes:

	June 30,	
	2018	2017
Temporarily restricted for Parishes	\$ 341,562	\$ 335,488
Temporarily restricted until received	—	8,628
Temporarily restricted for Catholic Campus ministry	—	5,750
Net unconditional promises to give	\$ 341,562	\$ 349,866

During the year ended June 30, 2017, it was determined that a certain promise to give was no longer collectible. Accordingly, the Foundation recognized a loss of \$392,480 related to this gift which is included within “write-off of uncollectible promise to give” expense in the accompanying statement of activities for the year ended June 30, 2017.

**NOTE H – TEMPORARILY RESTRICTED NET ASSETS**

Net assets were temporarily restricted for the following purposes during the year ended June 30, 2018:

	Balance July 1, 2017	Contributions	Investment Activity	Releases	Balance June 30, 2018
Available for general use from appreciation of endowments	\$ 1,773,101	\$ —	\$ 404,517	\$ (30,651)	\$ 2,146,967
Parishes	844,967	—	156,772	(107,758)	893,981
Diocesan	532,280	294,593	145,493	(111,367)	860,999
Catholic Charities	507,070	—	123,368	(115,296)	515,142
Schools	412,425	5,000	120,513	(74,307)	463,631
Catholic Campus ministry	354,959	—	54,318	(87,213)	322,064
Other	230,719	—	—	—	230,719
Unconditional promises to give - time restricted	8,628	—	—	(8,628)	—
Total	\$ 4,664,149	\$ 299,593	\$ 1,004,981	\$ (535,220)	\$ 5,433,503

**THE CATHOLIC FOUNDATION OF CENTRAL FLORIDA, INC.**  
NOTES TO FINANCIAL STATEMENTS

**NOTE H – TEMPORARILY RESTRICTED NET ASSETS (Continued)**

Net assets were temporarily restricted for the following purposes during the year ended June 30, 2017:

	Balance July 1, 2016	<u>Contributions</u>	Investment Activity	<u>Releases</u>	Balance June 30, 2017
Available for general use from appreciation of endowments	\$ 1,040,370	\$ —	\$ 732,731	\$ —	\$ 1,773,101
Parishes	429,111	300,000	283,224	(167,368)	844,967
Diocesan	402,931	259,011	225,164	(354,826)	532,280
Catholic Charities	328,234	—	230,477	(51,641)	507,070
Schools	252,846	—	219,536	(59,957)	412,425
Catholic Campus ministry	510,263	—	99,696	(255,000)	354,959
Other	230,735	40	—	(56)	230,719
Unconditional promises to give - time restricted	<u>335,287</u>	<u>—</u>	<u>—</u>	<u>(326,659)</u>	<u>8,628</u>
Total	<u>\$ 3,529,777</u>	<u>\$ 559,051</u>	<u>\$ 1,790,828</u>	<u>\$ (1,215,507)</u>	<u>\$ 4,664,149</u>

**NOTE I - PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets were donor-restricted for the following purposes:

	<u>June 30,</u>	
	<u>2018</u>	<u>2017</u>
General use	\$ 5,295,646	\$ 5,284,432
Priest retirements	1,607,142	1,140,394
Scholarships	1,563,232	1,516,323
Support of Catholic Charities	1,395,000	1,395,000
Support for Needy in Polk County	1,024,539	1,024,539
Other	467,760	467,760
Support of Catholic Campus ministry	<u>465,000</u>	<u>465,000</u>
Total permanently restricted endowments	<u>\$ 11,818,319</u>	<u>\$ 11,293,448</u>

The Foundation preserves the estimated fair value of all original endowment gifts as of the gift date, which management deems is in compliance with state law. Accordingly, the Foundation classifies as “permanently restricted net assets” (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The Foundation has adopted an investment policy for endowment assets that attempts to provide a predictable stream of funding to supported programs while seeking to maintain the purchasing power of the endowment assets and to preserve the invested capital. The Foundation seeks the advice of investment counsel, as well as management and certain committees of the Board, when determining amounts to be spent on supported programs. The Foundation’s current spending policy stipulates that between 3% and 5% of the estimated average fair value of the funds over a 36 month period ending June 30 each year may be distributed annually.

**THE CATHOLIC FOUNDATION OF CENTRAL FLORIDA, INC.**  
NOTES TO FINANCIAL STATEMENTS

**NOTE J – RELATED PARTY TRANSACTIONS**

The Diocese provides facilities, personnel, and other resources to the Foundation. Personnel and other resources include back-office support services, including human resources, pension administration, payroll and accounts payable processing, building and mailroom services, and information technology. During the years ended June 30, 2018 and 2017, the Foundation recognized expenses totaling approximately \$1,641,000 and \$1,768,000 for the aforementioned services, of which approximately \$71,000 each year related to overhead costs charged by the Diocese, respectively.

The Foundation also provides various programs and services to the Diocese, including developing and administering capital campaigns, annual appeals, and other programs. The Foundation recognized approximately \$2,101,000 and \$2,047,000, respectively, of revenue from the Diocese during the years ended June 30, 2018 and 2017 related to these services, which is included within “development and stewardship fees” in the accompanying statements of activities.

Additionally, the Foundation collected and distributed approximately \$129,000 and \$615,000 during the years ended June 30, 2018 and 2017, respectively, to the Diocese related to funds raised for the *Alive in Christ* campaign. Further, the Foundation collected and distributed approximately \$3,174,000 and \$3,054,000 during the years ended June 30, 2018 and 2017, respectively, to the Diocese related to various other campaigns.