

The Catholic Foundation of Central Florida, Inc.
Financial Statements
For the Years Ended June 30, 2021 and 2020



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 consist of the statements of financial position as of June 30, 2021 and 2020, the related statements of activities, cash flows, and functional expenses 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, 2021 and 2020, 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.

Battis Morrison Wales & Lee, P.A.

BATTIS MORRISON WALES & LEE, P.A.

Orlando, Florida
October 14, 2021

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

ASSETS		June 30,	
		2021	2020
ASSETS			
Cash and cash equivalents	\$	1,248,519	\$ 1,090,427
Investments		11,511,896	5,889,679
Investments restricted for long-term purposes		13,617,947	12,972,705
Agency funds held		62,910,611	40,042,438
Other assets		556,028	1,025,005
Total assets		\$ 89,845,001	\$ 61,020,254
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable and accrued expenses	\$	127,117	\$ 19,029
Agency obligations		62,910,611	40,042,438
Other liabilities		775,295	700,574
Deferred revenue		41,765	84,993
Total liabilities		63,854,788	40,847,034
NET ASSETS			
Without donor restrictions			
Undesignated		817,651	1,289,956
Designated for other purposes		506,029	—
Designated for donor-advised funds		307,206	178,492
Total without donor restrictions		1,630,886	1,468,448
With donor restrictions			
		24,359,327	18,704,772
Total net assets		25,990,213	20,173,220
Total liabilities and net assets		\$ 89,845,001	\$ 61,020,254

The Accompanying Notes are an Integral
Part of These Financial Statements

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

	For The Year Ended June 30, 2021			For The Year Ended June 30, 2020
	Without Donor Restrictions	With Donor Restrictions	Total	
PUBLIC SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM TIME AND USE RESTRICTIONS				
Development and stewardship service fees	\$ 1,862,350	\$ —	\$ 1,862,350	\$ 2,084,239
Investment management service fees	272,653	—	272,653	240,902
Campaign service fees	121,328	—	121,328	191,456
Contributions with donor restrictions	—	1,461,166	1,461,166	1,121,316
Contributions without donor restrictions	266,879	—	266,879	269,383
Investment income, net - with donor restrictions	—	5,157,908	5,157,908	171,736
Investment income, net - without donor restrictions	51,814	—	51,814	6,742
Net assets released from time and use restrictions	964,519	(964,519)	—	—
 Total public support and revenue and net assets released from time and use restrictions	 3,539,543	 5,654,555	 9,194,098	 4,085,774
 EXPENSES				
Program activities				
Community services	1,319,489	—	1,319,489	1,347,027
Grantmaking and managing charitable funds	1,109,014	—	1,109,014	974,086
Donor services	425,023	—	425,023	431,551
 Total program activities	 2,853,526	 —	 2,853,526	 2,752,664
Supporting activities				
Management and general	505,117	—	505,117	454,972
Fundraising	18,462	—	18,462	18,462
 Total supporting activities	 523,579	 —	 523,579	 473,434
 Total expenses	 3,377,105	 —	 3,377,105	 3,226,098
 Change in net assets without donor restrictions	 162,438	 —	 162,438	 421,578
 Change in net assets with donor restrictions	 —	 5,654,555	 5,654,555	 438,098
 CHANGE IN NET ASSETS	 162,438	 5,654,555	 5,816,993	 859,676
 NET ASSETS - Beginning of year	 1,468,448	 18,704,772	 20,173,220	 19,313,544
 NET ASSETS - End of year	 \$ 1,630,886	 \$ 24,359,327	 \$ 25,990,213	 \$ 20,173,220

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

	For The Years Ended	
	June 30,	
	2021	2020
OPERATING CASH FLOWS		
Cash received from fees	\$ 2,213,103	\$ 2,451,297
Cash received from contributors	1,082,803	784,073
Investment income received	353,442	249,773
Cash paid for operating activities and costs	(2,725,319)	(3,501,523)
Net operating cash flows	924,029	(16,380)
INVESTING CASH FLOWS		
Reinvested interest and dividends	(353,442)	(249,773)
Net (purchases) sales of investments	(412,495)	471,884
Net investment in assets restricted for long-term purposes	(645,242)	(606,626)
Net investing cash flows	(1,411,179)	(384,515)
FINANCING CASH FLOWS		
Contributions restricted for long-term purposes	645,242	606,626
Net financing cash flows	645,242	606,626
NET CHANGE IN CASH AND CASH EQUIVALENTS	158,092	205,731
CASH AND CASH EQUIVALENTS - Beginning of year	1,090,427	884,696
CASH AND CASH EQUIVALENTS - End of year	\$ 1,248,519	\$ 1,090,427
RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS		
Change in net assets	\$ 5,816,993	\$ 859,676
Adjustments to reconcile change in net assets to net operating cash flows		
Contributions restricted for long-term purposes	(645,242)	(606,626)
(Gain) loss on investments, net	(4,856,280)	71,295
Change in other assets	468,977	(267,192)
Change in accounts payable and accrued expenses	108,088	8,969
Change in other liabilities	74,721	(17,202)
Change in deferred revenue	(43,228)	(65,300)
Net operating cash flows	\$ 924,029	\$ (16,380)

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THE CATHOLIC FOUNDATION OF CENTRAL FLORIDA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended June 30, 2021

	Program activities				Supporting activities			Total expenses
	Community services	Grantmaking and managing charitable funds	Donor services	Total program activities	Management and general	Fundraising	Total supporting activities	
Salaries and benefits	\$ 690,393	\$ 103,821	\$ 371,149	\$ 1,165,363	\$ 353,877	\$ 16,294	\$ 370,171	\$ 1,535,534
Grants to beneficiaries	—	902,032	—	902,032	—	—	—	902,032
Professional fees and contract service	163,406	80,579	1,829	245,814	36,399	—	36,399	282,213
Merchant processing fees	183,070	—	446	183,516	—	—	—	183,516
Printing and mail services	155,455	29	1,424	156,908	11,738	—	11,738	168,646
Software and information technology	86,141	16,782	16,210	119,133	11,381	—	11,381	130,514
Occupancy	32,165	5,165	23,725	61,055	13,217	2,168	15,385	76,440
Office expenses	7,013	148	4,113	11,274	56,825	—	56,825	68,099
Depreciation	—	—	—	—	10,093	—	10,093	10,093
Other expenses	—	—	772	772	9,297	—	9,297	10,069
Travel and employee training	1,846	458	5,355	7,659	2,290	—	2,290	9,949
Total expenses	\$ 1,319,489	\$ 1,109,014	\$ 425,023	\$ 2,853,526	\$ 505,117	\$ 18,462	\$ 523,579	\$ 3,377,105

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THE CATHOLIC FOUNDATION OF CENTRAL FLORIDA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended June 30, 2020

	Program activities				Supporting activities			Total expenses
	Community services	Grantmaking and managing charitable funds	Donor services	Total program activities	Management and general	Fundraising	Total supporting activities	
Salaries and benefits	\$ 603,455	\$ 80,351	\$ 349,987	\$ 1,033,793	\$ 312,818	\$ 16,294	\$ 329,112	\$ 1,362,905
Grants to beneficiaries	—	812,553	—	812,553	—	—	—	812,553
Professional fees and contract service	175,181	56,218	7,433	238,832	39,810	—	39,810	278,642
Printing and mail services	209,764	—	5,759	215,523	9,105	—	9,105	224,628
Merchant processing fees	173,831	—	180	174,011	—	—	—	174,011
Software and information technology	87,567	17,045	17,663	122,275	18,641	—	18,641	140,916
Office expenses	23,217	1,062	14,266	38,545	58,244	—	58,244	96,789
Occupancy	62,149	4,810	19,623	86,582	3,235	2,168	5,403	91,985
Travel and employee training	11,863	2,047	16,640	30,550	10,534	—	10,534	41,084
Depreciation	—	—	—	—	2,585	—	2,585	2,585
Total expenses	\$ 1,347,027	\$ 974,086	\$ 431,551	\$ 2,752,664	\$ 454,972	\$ 18,462	\$ 473,434	\$ 3,226,098

The Accompanying Notes are an Integral
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THE CATHOLIC FOUNDATION OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A – NATURE OF ACTIVITIES

Mission

The Catholic Foundation of Central Florida, Inc.'s mission is to inspire and increase giving, to prudently invest the resources entrusted to us, and to capably steward those charitable gifts to support the spiritual and corporal needs of the community of the Diocese of Orlando.

Nature of organization

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 2007 to inspire giving and prudently invest, manage and distribute charitable funds to address community needs and to provide long-term sustainable support for the parishes, schools and agencies in the Catholic Diocese of Orlando ("the Diocese") and community organizations in alignment with Catholic social teaching.

Grantmaking and Managing Charitable Funds: The Foundation administers and invests endowment and reserve funds for the benefit of diocesan parishes, schools, and entities and also administers and invests donor advised funds. Endowed funds provide a permanent source of recurring revenue that supports the work of the Church in perpetuity. Reserve and donor advised funds provide sources of revenue for current and intermediate needs for improving the quality of life in the community. The Foundation provides a professionally managed best-of-class investment and endowment program which is fully compliant with US Conference of Catholic Bishops social value screening guidelines. Annual endowment distributions along with reserve fund distributions are guided by donor intent and provide donors the opportunity to achieve their philanthropic goals to benefit and meet the needs of our community including tuition assistance, services for vulnerable populations, ministry growth, retired priests, and seminarians.

Community Services: The Foundation provides management and consulting services for diocesan parishes, schools, and entities to improve financial wellness. The offertory enhancement initiative supports parishes with securing necessary resources through a spiritually-based program focused on stewardship and discipleship. The Foundation provides feasibility studies and capital campaigns at the local and diocesan levels to address large-scale projects to meet critical facility and ministry needs. Through support of parishes and clergy, the Foundation manages the annual diocesan campaign which funds chancery services and diocesan programs and ministries. The Foundation provides advancement consulting and training services to clergy and lay leadership on evidence-based practices for mission and operational effectiveness of governance, communications, fundraising, ethics, and donor relations.

Donor Services: The Foundation supports individuals and families with achieving their philanthropic goals of impacting lives through their charitable giving in our diocese and broader community. The professional staff provides educational and advisory services to clergy and lay leadership as well as donors on stewardship, gift planning, charitable giving vehicles, and legacy planning. The Foundation provides grants to support community capacity building and inspire philanthropy supporting Catholic-compliant organizations addressing the most pressing needs and social issues in Central Florida. The Foundation provides services for processing complex gifts and other resources for planned and legacy giving, donor advised fund giving, and individual and family philanthropy.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Revenue recognition

The Foundation recognizes cash contributions as revenue when the contributions are received by the Foundation. Contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

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 statements of activities as “net assets released from time and use restrictions.”

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

Performance obligations are determined based on the nature of the services provided by the Foundation. The Foundation measures the performance obligation when fees for administration of its fundraising campaigns, appeals, and programs are provided, to the point when it is no longer required to provide administration of services.

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. Deposits and withdrawals are made at the direction of the respective organization. Management believes that all such transactions are in compliance with the Foundation’s investment policy.

Donor-advised funds

The Foundation administers various donor-advised funds. Donor gifts to such funds are made irrevocably with the understanding that while the donor retains an advisory role in the distribution of funds, the Foundation retains ultimate control over the use of the funds. Accordingly, such gifts are reflected as contributions without donor restrictions and designated net assets in the accompanying financial statements.

Net assets

Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. From time to time, the Board of Directors may designate a portion of these net assets for specific purposes which makes them unavailable for use at management’s discretion. The Board of Directors has designated a portion of net assets without donor restrictions for donor-advised funds. Net assets with donor restrictions consist of amounts with uses limited by donor-imposed time and/or purpose restrictions.

New accounting pronouncement

Financial Accounting Standards Board Accounting Standards Update (“ASU”) 2014-09, Revenue from Contracts with Customers (Topic 606) is effective for the Foundation’s financial statements for the year ended June 30, 2021. The ASU generally applies to organizations that enter into contracts with customers to transfer goods or services and establishes a performance obligation to revenue recognition. The adoption of the ASU had no effect on the Foundation’s net assets as of July 1, 2019, or the change in net assets for the years ended June 30, 2021 or 2020.

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional allocation of expenses

The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Indirect costs that benefit multiple functional areas are allocated among the various functional areas based primarily on employee time.

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 in accordance with GAAP. 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. Actual results could differ from the estimates.

Economic uncertainties

In January 2020, the World Health Organization (“WHO”) announced a global health emergency related to the outbreak of a virus. In March 2020, WHO elevated the classification of the outbreak to a pandemic (“the pandemic”). Management is closely monitoring the potential impact of the pandemic on the Foundation’s financial condition and has implemented measures to mitigate its impact. Because of the unknown impact on global commerce, management is not able to estimate the effects of the pandemic on its operating results, financial condition, or liquidity for the year ending June 30, 2022.

Reclassifications

Certain amounts included in the June 30, 2020 financial statements have been reclassified to conform to classifications adopted during the year ended June 30, 2021. The reclassifications had no material effect on the accompanying financial statements.

Subsequent events

The Foundation has evaluated for possible financial statement reporting and disclosure subsequent events through October 14, 2021, the date as of which the financial statements were available to be issued.

NOTE C – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure within one year of the statements of financial position are as follows:

	<u>June 30,</u>	
	<u>2021</u>	<u>2020</u>
Financial assets available:		
Cash and cash equivalents	\$ 1,248,519	\$ 1,090,427
Investments	11,511,896	5,889,679
Investments restricted for long-term purposes	13,617,947	12,972,705
Agency funds held	<u>62,910,611</u>	<u>40,042,438</u>
Total financial assets available	89,288,973	59,995,249

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

NOTE C – LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

	June 30,	
	2021	2020
Less amounts unavailable for general expenditure within one year due to:		
Amounts held for others as agent	\$ (62,910,611)	\$ (40,042,438)
Donor-imposed restrictions	(20,365,289)	(16,435,448)
Board-designations	(813,235)	(178,492)
Amounts held to satisfy charitable gift annuity obligations	(775,295)	(700,574)
Net financial assets available within one year	\$ 4,424,543	\$ 2,638,297

The Foundation is supported by development and stewardship service fees, investment management fees, and charitable donations. As part of the Foundation’s liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Board of Directors has designated certain amounts for donor-advised funds. Because of the designations, those amounts are not available for general expenditure within one year; however, the Board of Directors could make them available, if necessary. The Foundation has certain assets limited to use for donor-restricted purposes. Because a donor’s restriction requires resources to be used in a specific manner or in a future period, the Foundation must maintain sufficient resources to meet its responsibilities to its donors. Thus, those financial assets may not be available for general expenditure within one year of June 30, 2021 and 2020, and are excluded from net financial assets available to meet general expenditures within one year.

NOTE D – CONCENTRATIONS

The Foundation maintains its cash and cash equivalents in deposit accounts which may exceed federally insured limits. 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 each of the years ended June 30, 2021 and 2020, all of the Foundation’s development and stewardship service fees were received from the Diocese.

As of June 30, 2021 and 2020, approximately 46% and 49% of the Foundation’s investments were held by one custodian, respectively.

NOTE E – 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,	
	2021	2020
<u>Investments held as trustee or in a similar capacity</u>		
• Investments held as agency funds	\$ 59,943,571	\$ 36,117,832
• Investments held to satisfy charitable gift annuity obligations	775,295	700,574
<u>Investments subject to donor restrictions</u>		
• Restricted investments held for endowment corpus	13,617,947	12,972,705
• Net appreciation	8,326,440	3,899,782
• Investments held for other donor restricted purposes	1,592,094	1,066,468

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

NOTE E – INVESTMENTS (Continued)

	June 30.	
	2021	2020
<u>Investments held for other purposes</u>		
• Investments held as donor-advised funds	\$ 295,735	\$ 178,492
• Investments held with board designations	506,029	—
• Investments held for general operations	16,303	44,363
Total investments	\$ 85,073,414	\$ 54,980,216

	June 30.	
	2021	2020
Investments consisted of the following:		
Mutual funds	\$ 33,699,413	\$ 25,465,910
Corporate bonds	2,565,116	911,294
US government securities	3,172,502	818,177
Nonpublicly traded investments	45,636,383	27,784,835
Total investments	\$ 85,073,414	\$ 54,980,216

The above investments are reported in the accompanying statements of financial position as follows:

	June 30.	
	2021	2020
Investments	\$ 11,511,896	\$ 5,889,679
Investments restricted for long-term purposes	13,617,947	12,972,705
Investments included within “agency funds held”	59,943,571	36,117,832
Total investments	\$ 85,073,414	\$ 54,980,216

NOTE F – AGENCY FUNDS HELD

Agency funds held consisted of the following:

	June 30.	
	2021	2020
Money market and similar funds	\$ 2,967,040	\$ 3,924,606
Investments (see Note E)	59,943,571	36,117,832
Total agency funds held	\$ 62,910,611	\$ 40,042,438

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 various 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.”

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

NOTE G – FAIR VALUE MEASUREMENTS

GAAP defines 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). 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

Investments in nonpublicly traded 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 estimated fair value of items measured on a recurring basis at June 30, 2021, is as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 33,699,413	\$ 33,699,413	\$ —	\$ —
Corporate bonds	2,565,116	2,565,116	—	—
US government securities	<u>3,172,502</u>	<u>3,172,502</u>	—	—
Subtotal	39,437,031	<u>\$ 39,437,031</u>	<u>\$ —</u>	<u>\$ —</u>
Fair value measured at net asset value – other nonpublicly traded investments	<u>45,636,383</u>			
Total	<u>\$ 85,073,414</u>			

The estimated fair value of items measured on a recurring basis at June 30, 2020, is as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 25,465,910	\$ 25,465,910	\$ —	\$ —
Corporate bonds	911,294	911,294	—	—
US government securities	818,177	818,177	—	—
Nonpublicly traded investments	<u>1,060,931</u>	<u>—</u>	<u>—</u>	<u>1,060,931</u>
Subtotal	28,256,312	<u>\$ 27,195,381</u>	<u>\$ —</u>	<u>\$ 1,060,931</u>

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

NOTE G – FAIR VALUE MEASUREMENTS (Continued)

Fair value measured at net asset value – other nonpublicly traded investments	<u>\$ 26,723,904</u>
Total	<u>\$ 54,980,216</u>

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

Balance, July 1, 2019	\$ 823,380
Net purchases	226,192
Net gain	<u>11,359</u>
Balance, June 30, 2020	1,060,931
Net gain	37,138
Net sales	<u>(1,098,069)</u>
Balance June 30, 2021	<u>\$ —</u>

NOTE H – NET ASSETS WITH DONOR RESTRICTIONS

Net assets were donor restricted for the following purposes during the year ended June 30, 2021:

	Balance July 1, 2020	Contributions	Investment Activity	Releases	Balance June 30, 2021
Endowment corpus Available for general use from appreciation of endowments	\$ 12,972,705	\$ 645,242	\$ —	\$ —	\$ 13,617,947
Diocesan	2,269,324	—	1,950,528	(225,814)	3,994,038
Catholic Charities	1,235,501	752,191	1,167,605	(366,205)	2,789,092
Parishes	431,947	20,504	886,359	(166,494)	1,172,316
Schools	814,007	16,723	340,113	(36,047)	1,134,796
Catholic Campus Ministry	393,501	—	571,197	(83,633)	881,065
Other	357,068	18,400	242,106	(85,588)	531,986
	<u>230,719</u>	<u>8,106</u>	<u>—</u>	<u>(738)</u>	<u>238,087</u>
Total	<u>\$ 18,704,772</u>	<u>\$ 1,461,166</u>	<u>\$ 5,157,908</u>	<u>\$ (964,519)</u>	<u>\$ 24,359,327</u>

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

NOTE H – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets were donor restricted for the following purposes during the year ended June 30, 2020:

	Balance July 1, 2019	Contributions	Investment Activity	Releases	Balance June 30, 2020
Endowment corpus	\$ 12,366,079	\$ 606,626	\$ —	\$ —	\$ 12,972,705
Available for general use from appreciation of endowments	2,338,465	698	50,155	(119,994)	2,269,324
Diocesan	1,085,155	451,023	60,765	(361,442)	1,235,501
Parishes	903,924	—	30,368	(120,285)	814,007
Catholic Charities	523,859	32,969	12,159	(137,040)	431,947
Schools	462,308	—	13,005	(81,812)	393,501
Catholic Campus Ministry	356,165	30,000	5,284	(34,381)	357,068
Other	230,719	—	—	—	230,719
Total	<u>\$ 18,266,674</u>	<u>\$ 1,121,316</u>	<u>\$ 171,736</u>	<u>\$ (854,954)</u>	<u>\$ 18,704,772</u>

Endowments corpus was restricted for the following purposes:

	<u>June 30,</u>	
	<u>2021</u>	<u>2020</u>
General use	\$ 5,296,864	\$ 5,296,864
Priest retirements	3,137,876	2,660,206
Schools and Education	1,683,408	1,588,288
Community Needs through Catholic Charities	1,395,048	1,395,048
Support for Needy in Polk County	1,024,539	1,024,539
Other	542,760	542,760
Catholic Campus Ministry	537,452	465,000
Total endowment corpus	<u>\$ 13,617,947</u>	<u>\$ 12,972,705</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 “endowment corpus” (a) the original value of gifts donated to the endowments and (b) the original value of subsequent gifts to the endowments. 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 of Directors, 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.

NOTE I – RELATED PARTY TRANSACTIONS

Under a written service agreement, the Diocese provides facilities, personnel (through December 31, 2020), and other resources to the Foundation. Personnel and other resources include back-office support services, including human resources, pension administration, payroll processing, building and mailroom services, and information technology. During the years ended June 30, 2021 and 2020, the Foundation recognized expenses totaling approximately \$707,000 and \$1,506,000 for the aforementioned services, of which approximately \$36,000 and \$78,000 related to overhead costs charged by the Diocese, respectively.

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

NOTE I – RELATED PARTY TRANSACTIONS (Continued)

Under the same written service agreement, the Foundation provides various programs and services to the Diocese and its entities, including annual appeals, planned giving, offertory enhancement, and advancement services. The Foundation recognized approximately \$1,862,000 and \$2,084,000, respectively, of revenue from the Diocese during the years ended June 30, 2021 and 2020 related to these services, which is included within “development and stewardship service fees” in the accompanying statements of activities. As of June 2020, the Foundation held a receivable due from the Diocese of approximately \$452,000 which is included within “other assets” in the statements of financial position. During the years ended June 30, 2021 and 2020, the Foundation also collected payments from the Diocese of approximately \$1,588,000 and \$1,936,000, respectively.

Additionally, the Foundation collected and distributed approximately \$1,961,000 and \$2,398,000 during the years ended June 30, 2021 and 2020, respectively, to the Diocese related to various other campaigns.