



# THE CATHOLIC FOUNDATION OF CENTRAL FLORIDA, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021





## REPORT OF INDEPENDENT AUDITOR

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

### ***Opinion***

We have audited the accompanying financial statements of The Catholic Foundation of Central Florida, Inc. (“the Foundation”), which consist of the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Catholic Foundation of Central Florida, Inc. as of June 30, 2022 and 2021, 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. Our responsibilities under those standards are further described in the Auditor’s 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 within one year after the date that the financial statements are available to be issued.

### ***Auditor’s Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error and to issue an auditor’s 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 generally accepted auditing standards 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, including omissions, 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.

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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

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

BATTS MORRISON WALES & LEE, P.A.

Orlando, Florida  
November 1, 2022

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

<b>ASSETS</b>		June 30,	
		2022	2021
<b>ASSETS</b>			
Cash and cash equivalents	\$	1,526,311	\$ 1,248,519
Investments		7,794,383	11,511,896
Investments restricted for long-term purposes		14,492,924	13,617,947
Agency funds held		66,817,893	62,910,611
Other assets		584,237	556,028
<b>Total assets</b>		<b>\$ 91,215,748</b>	<b>\$ 89,845,001</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	\$	131,490	\$ 127,117
Agency obligations		66,817,893	62,910,611
Other liabilities		619,399	775,295
Deferred revenue		93,927	41,765
<b>Total liabilities</b>		<b>67,662,709</b>	<b>63,854,788</b>
<b>NET ASSETS</b>			
Without donor restrictions			
Undesignated		909,202	817,651
Designated for donor-advised funds		521,045	307,206
Designated for other purposes		484,535	506,029
Total without donor restrictions		1,914,782	1,630,886
With donor restrictions		21,638,257	24,359,327
<b>Total net assets</b>		<b>23,553,039</b>	<b>25,990,213</b>
<b>Total liabilities and net assets</b>		<b>\$ 91,215,748</b>	<b>\$ 89,845,001</b>

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, 2022			For The Year Ended June 30, 2021
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>PUBLIC SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM TIME AND USE RESTRICTIONS</b>				
Development and stewardship service fees	\$ 1,858,416	\$ —	\$ 1,858,416	\$ 1,862,350
Investment management service fees	445,127	—	445,127	272,653
Campaign service fees	138,300	—	138,300	121,328
Contributions with donor restrictions	—	1,228,260	1,228,260	1,461,166
Contributions without donor restrictions	552,167	—	552,167	266,879
Investment (loss) income, net - with donor restrictions	—	(3,304,059)	(3,304,059)	5,157,908
Investment (loss) income, net - without donor restrictions	(74,289)	—	(74,289)	51,814
Net assets released from time and use restrictions	<u>645,271</u>	<u>(645,271)</u>	<u>—</u>	<u>—</u>
 <b>Total public support and revenue and net assets released from time and use restrictions</b>	 <b><u>3,564,992</u></b>	 <b><u>(2,721,070)</u></b>	 <b><u>843,922</u></b>	 <b><u>9,194,098</u></b>
 <b>EXPENSES</b>				
Program activities				
Community services	1,224,722	—	1,224,722	1,319,489
Grantmaking and managing charitable funds	980,457	—	980,457	1,109,014
Donor services	<u>394,565</u>	<u>—</u>	<u>394,565</u>	<u>425,023</u>
 Total program activities	 <u>2,599,744</u>	 <u>—</u>	 <u>2,599,744</u>	 <u>2,853,526</u>
Supporting activities				
Management and general	662,439	—	662,439	505,117
Fundraising	<u>18,913</u>	<u>—</u>	<u>18,913</u>	<u>18,462</u>
 Total supporting activities	 <u>681,352</u>	 <u>—</u>	 <u>681,352</u>	 <u>523,579</u>
 <b>Total expenses</b>	 <b><u>3,281,096</u></b>	 <b><u>—</u></b>	 <b><u>3,281,096</u></b>	 <b><u>3,377,105</u></b>
 <b>Change in net assets without donor restrictions</b>	 <b>283,896</b>	 <b>—</b>	 <b>283,896</b>	 <b>162,438</b>
 <b>Change in net assets with donor restrictions</b>	 <b><u>—</u></b>	 <b><u>(2,721,070)</u></b>	 <b><u>(2,721,070)</u></b>	 <b><u>5,654,555</u></b>
 <b>CHANGE IN NET ASSETS</b>	 <b>283,896</b>	 <b>(2,721,070)</b>	 <b>(2,437,174)</b>	 <b>5,816,993</b>
 <b>NET ASSETS - Beginning of year</b>	 <b><u>1,630,886</u></b>	 <b><u>24,359,327</u></b>	 <b><u>25,990,213</u></b>	 <b><u>20,173,220</u></b>
 <b>NET ASSETS - End of year</b>	 <b><u>\$ 1,914,782</u></b>	 <b><u>\$ 21,638,257</u></b>	 <b><u>\$ 23,553,039</u></b>	 <b><u>\$ 25,990,213</u></b>

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

	For The Years Ended	
	June 30,	
	2022	2021
<b>OPERATING CASH FLOWS</b>		
Cash received from fees	\$ 2,494,005	\$ 2,213,103
Cash received from contributors	905,450	1,082,803
Investment income received	350,995	353,442
Cash paid for operating activities and costs	(3,460,828)	(2,725,319)
<b>Net operating cash flows</b>	<b>289,622</b>	<b>924,029</b>
<b>INVESTING CASH FLOWS</b>		
Reinvested interest and dividends	(342,681)	(353,442)
Net sales (purchases) of investments	330,851	(412,495)
Net investment in assets restricted for long-term purposes	(874,977)	(645,242)
<b>Net investing cash flows</b>	<b>(886,807)</b>	<b>(1,411,179)</b>
<b>FINANCING CASH FLOWS</b>		
Contributions restricted for long-term purposes	874,977	645,242
<b>Net financing cash flows</b>	<b>874,977</b>	<b>645,242</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>277,792</b>	<b>158,092</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b>1,248,519</b>	<b>1,090,427</b>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b>\$ 1,526,311</b>	<b>\$ 1,248,519</b>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS</b>		
Change in net assets	\$ (2,437,174)	\$ 5,816,993
Adjustments to reconcile change in net assets to net operating cash flows		
Contributions restricted for long-term purposes	(874,977)	(645,242)
Loss (gain) on investments, net	3,729,343	(4,856,280)
Change in other assets	(28,209)	468,977
Change in accounts payable and accrued expenses	4,373	108,088
Change in other liabilities	(155,896)	74,721
Change in deferred revenue	52,162	(43,228)
<b>Net operating cash flows</b>	<b>\$ 289,622</b>	<b>\$ 924,029</b>

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**THE CATHOLIC FOUNDATION OF CENTRAL FLORIDA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For The Year Ended June 30, 2022

	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	\$ 555,549	\$ 99,278	\$ 331,336	\$ 986,163	\$ 460,136	\$ 15,604	\$ 475,740	\$ 1,461,903
Grants to beneficiaries	—	808,517	—	808,517	—	—	—	808,517
Professional fees and contract service	138,082	49,651	1,714	189,447	52,313	—	52,313	241,760
Printing and mail services	203,972	—	1,397	205,369	12,566	2,658	15,224	220,593
Merchant processing fees	186,361	—	351	186,712	—	—	—	186,712
Software and information technology	77,844	16,125	20,992	114,961	15,456	—	15,456	130,417
Office expenses	23,669	1,229	12,072	36,970	74,127	83	74,210	111,180
Occupancy	28,808	5,186	16,762	50,756	24,386	568	24,954	75,710
Travel and employee training	10,437	471	9,941	20,849	14,028	—	14,028	34,877
Depreciation	—	—	—	—	9,427	—	9,427	9,427
<b>Total expenses</b>	<b><u>\$ 1,224,722</u></b>	<b><u>\$ 980,457</u></b>	<b><u>\$ 394,565</u></b>	<b><u>\$ 2,599,744</u></b>	<b><u>\$ 662,439</u></b>	<b><u>\$ 18,913</u></b>	<b><u>\$ 681,352</u></b>	<b><u>\$ 3,281,096</u></b>

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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
<b>Total expenses</b>	<b>\$ 1,319,489</b>	<b>\$ 1,109,014</b>	<b>\$ 425,023</b>	<b>\$ 2,853,526</b>	<b>\$ 505,117</b>	<b>\$ 18,462</b>	<b>\$ 523,579</b>	<b>\$ 3,377,105</b>

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.

**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.

**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.

**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 ("U.S. 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 accompanying 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 and cash reserves. Net assets with donor restrictions consist of amounts with uses limited by donor-imposed time and/or purpose restrictions.

**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.

# THE CATHOLIC FOUNDATION OF CENTRAL FLORIDA, INC.

## NOTES TO FINANCIAL STATEMENTS

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

#### **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 U.S. 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, 2023.

#### **Subsequent events**

The Foundation has evaluated for possible financial statement reporting and disclosure subsequent events through November 1, 2022, 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>2022</u>	<u>2021</u>
Financial assets available:		
Cash and cash equivalents	\$ 1,526,311	\$ 1,248,519
Investments	7,794,383	11,511,896
Investments restricted for long-term purposes	14,492,924	13,617,947
Agency funds held	<u>66,817,893</u>	<u>62,910,611</u>
Total financial assets available	90,631,511	89,288,973
Less amounts unavailable for general expenditure within one year due to:		
Amounts held for others as agent	(66,817,893)	(62,910,611)
Donor-imposed restrictions	(18,875,344)	(20,365,289)
Board designations	(1,005,580)	(813,235)
Amounts held to satisfy charitable gift annuity obligations	<u>(619,399)</u>	<u>(775,295)</u>
Net financial assets available within one year	<u>\$ 3,313,295</u>	<u>\$ 4,424,543</u>

# THE CATHOLIC FOUNDATION OF CENTRAL FLORIDA, INC.

## NOTES TO FINANCIAL STATEMENTS

### **NOTE C – LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)**

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 and other purposes. 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, 2022 and 2021, 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, 2022 and 2021, all of the Foundation's development and stewardship service fees were received from the Diocese.

As of June 30, 2022 and 2021, approximately 58% and 46% 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:

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
<u>Investments held as trustee or in a similar capacity</u>		
• Investments held as agency funds	\$ 63,974,375	\$ 59,943,571
• Investments held to satisfy charitable gift annuity obligations	619,399	775,295
<u>Investments subject to donor restrictions</u>		
• Restricted investments held for endowment corpus	14,492,924	13,617,947
• Net appreciation	4,610,856	8,326,440
• Investments held for other donor restricted purposes	1,545,678	1,592,094
<u>Investments held for other purposes</u>		
• Investments held as donor-advised funds	521,045	295,735
• Investments held with board designations	484,535	506,029
• Investments held for general operations	<u>12,870</u>	<u>16,303</u>
Total investments	<u>\$ 86,261,682</u>	<u>\$ 85,073,414</u>

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

**NOTE E – INVESTMENTS (Continued)**

	June 30,	
	2022	2021
Investments consisted of the following:		
Mutual funds	\$ 32,759,013	\$ 33,699,413
Corporate bonds	8,631,599	2,565,116
U.S. government securities	6,737,514	3,172,502
Nonpublicly traded investments	38,133,556	45,636,383
Total investments	\$ 86,261,682	\$ 85,073,414

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

	June 30,	
	2022	2021
Investments	\$ 7,794,383	\$ 11,511,896
Investments restricted for long-term purposes	14,492,924	13,617,947
Investments included within “agency funds held”	63,974,375	59,943,571
Total investments	\$ 86,261,682	\$ 85,073,414

**NOTE F – AGENCY FUNDS HELD**

Agency funds held consisted of the following:

	June 30,	
	2022	2021
Money market and similar funds	\$ 2,843,518	\$ 2,967,040
Investments (see Note E)	63,974,375	59,943,571
Total agency funds held	\$ 66,817,893	\$ 62,910,611

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.”

**NOTE G – FAIR VALUE MEASUREMENTS**

U.S. 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, U.S. 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.

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

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

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, 2022, is as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 32,759,013	\$ 32,759,013	\$ —	\$ —
Corporate bonds	8,631,599	8,631,599	—	—
U.S. government securities	<u>6,737,514</u>	<u>6,737,514</u>	<u>—</u>	<u>—</u>
Subtotal	48,128,126	<u>\$ 48,128,126</u>	<u>\$ —</u>	<u>\$ —</u>
Fair value measured at net asset value – other nonpublicly traded investments	<u>38,133,556</u>			
Total	<u>\$ 86,261,682</u>			

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	—	—
U.S. government securities	<u>3,172,502</u>	<u>3,172,502</u>	<u>—</u>	<u>—</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 CATHOLIC FOUNDATION OF CENTRAL FLORIDA, INC.**  
NOTES TO FINANCIAL STATEMENTS

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

The following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining fair value during the year ended June 30, 2021:

Balance, July 1, 2020	\$ 1,060,931
Net purchases	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, 2022:

	Balance July 1, 2021	Contributions	Investment Activity	Releases	Balance June 30, 2022
Endowment corpus	\$ 13,617,947	\$ 874,977	\$ —	\$ —	\$ 14,492,924
Appreciation of endowments	3,994,038	—	(1,190,890)	(40,235)	2,762,913
Diocesan	2,789,092	320,831	(899,100)	(256,189)	1,954,634
Parishes	1,134,796	—	(211,076)	(61,723)	861,997
Catholic Charities	1,172,316	9,990	(509,665)	(172,708)	499,933
Schools	881,065	—	(344,764)	(76,903)	459,398
Catholic Campus Ministry	531,986	—	(148,564)	(37,513)	345,909
Other	<u>238,087</u>	<u>22,462</u>	<u>—</u>	<u>—</u>	<u>260,549</u>
Total	<u>\$ 24,359,327</u>	<u>\$ 1,228,260</u>	<u>\$ (3,304,059)</u>	<u>\$ (645,271)</u>	<u>\$ 21,638,257</u>

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	\$ 12,972,705	\$ 645,242	\$ —	\$ —	\$ 13,617,947
Appreciation of endowments	2,269,324	—	1,950,528	(225,814)	3,994,038
Diocesan	1,235,501	752,191	1,167,605	(366,205)	2,789,092
Catholic Charities	431,947	20,504	886,359	(166,494)	1,172,316
Parishes	814,007	16,723	340,113	(36,047)	1,134,796
Schools	393,501	—	571,197	(83,633)	881,065
Catholic Campus Ministry	357,068	18,400	242,106	(85,588)	531,986
Other	<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)**

Endowments corpus was restricted for the following purposes:

	June 30,	
	2022	2021
General use	\$ 5,296,864	\$ 5,296,864
Priest retirements	3,959,650	3,137,876
Schools and Education	1,804,378	1,758,408
Community Needs through Catholic Charities	1,395,048	1,395,048
Support for Needy in Polk County	1,024,539	1,024,539
Catholic Campus Ministry	538,926	537,452
Other	473,519	467,760
Total endowment corpus	\$ 14,492,924	\$ 13,617,947

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, 2022 and 2021, the Foundation recognized expenses totaling approximately \$95,000 and \$707,000 for the aforementioned services, of which approximately \$71,000 and \$36,000 related to overhead costs charged by the Diocese, respectively.

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 \$1,858,000 and \$1,862,000, respectively, of revenue from the Diocese during the years ended June 30, 2022 and 2021 related to these services, which is included within “development and stewardship service fees” in the accompanying statements of activities. During the year ended June 30, 2021, the Foundation also collected payments from the Diocese of approximately \$1,588,000.

Additionally, the Foundation collected and distributed approximately \$4,006,000 and \$1,961,000 during the years ended June 30, 2022 and 2021, respectively, to the Diocese related to various other campaigns.