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CERTIFIED PUBLIC ACCOUNTANTS

The Catholic Foundation of Central Florida, Inc.

Financial Statements

For The Years Ended June 30, 2023 and 2022



Batts Morrison
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CERTIFIED PUBLIC ACCOUNTANTS

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, 2023 and 2022, 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, 2023 and 2022, 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 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 14, 2023

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

ASSETS		June 30,	
		2023	2022
ASSETS			
Cash and cash equivalents	\$	1,851,741	\$ 1,526,311
Investments		9,222,088	7,794,383
Investments restricted for long-term purposes		15,371,295	14,492,924
Agency funds held		71,425,311	66,817,893
Other assets		636,934	584,237
Total assets		\$ 98,507,369	\$ 91,215,748
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable and accrued expenses	\$	417,848	\$ 131,490
Agency obligations		71,425,311	66,817,893
Other liabilities		459,681	619,399
Deferred revenue		129,167	93,927
Total liabilities		72,432,007	67,662,709
NET ASSETS			
Without donor restrictions			
Undesignated		887,950	909,202
Designated for donor-advised funds		583,895	521,045
Designated for other purposes		548,486	484,535
Total without donor restrictions		2,020,331	1,914,782
With donor restrictions		24,055,031	21,638,257
Total net assets		26,075,362	23,553,039
Total liabilities and net assets		\$ 98,507,369	\$ 91,215,748

The Accompanying Notes are an Integral
Part of These Financial Statements

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

For The Years Ended June 30,

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	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	\$ 1,845,491	\$ —	\$ 1,845,491	\$ 1,858,416	\$ —	\$ 1,858,416
Investment management service fees	378,282	—	378,282	445,127	—	445,127
Campaign service fees	254,603	—	254,603	138,300	—	138,300
Contributions	400,153	1,251,344	1,651,497	552,167	1,228,260	1,780,427
Investment income (loss), net	(46,337)	2,001,923	1,955,586	(74,289)	(3,304,059)	(3,378,348)
Net assets released from time and use restrictions	<u>836,493</u>	<u>(836,493)</u>	<u>—</u>	<u>645,271</u>	<u>(645,271)</u>	<u>—</u>
Total public support and revenue and net assets released from time and use restrictions	<u>3,668,685</u>	<u>2,416,774</u>	<u>6,085,459</u>	<u>3,564,992</u>	<u>(2,721,070)</u>	<u>843,922</u>
EXPENSES						
Program activities						
Community services	1,287,654	—	1,287,654	1,224,722	—	1,224,722
Grantmaking and managing charitable funds	1,075,439	—	1,075,439	980,457	—	980,457
Donor services	<u>547,794</u>	<u>—</u>	<u>547,794</u>	<u>394,565</u>	<u>—</u>	<u>394,565</u>
Total program activities	<u>2,910,887</u>	<u>—</u>	<u>2,910,887</u>	<u>2,599,744</u>	<u>—</u>	<u>2,599,744</u>
Supporting activities						
Management and general	644,323	—	644,323	662,439	—	662,439
Fundraising	<u>7,926</u>	<u>—</u>	<u>7,926</u>	<u>18,913</u>	<u>—</u>	<u>18,913</u>
Total supporting activities	<u>652,249</u>	<u>—</u>	<u>652,249</u>	<u>681,352</u>	<u>—</u>	<u>681,352</u>
Total expenses	<u>3,563,136</u>	<u>—</u>	<u>3,563,136</u>	<u>3,281,096</u>	<u>—</u>	<u>3,281,096</u>
CHANGE IN NET ASSETS	105,549	2,416,774	2,522,323	283,896	(2,721,070)	(2,437,174)
NET ASSETS - Beginning of year	<u>1,914,782</u>	<u>21,638,257</u>	<u>23,553,039</u>	<u>1,630,886</u>	<u>24,359,327</u>	<u>25,990,213</u>
NET ASSETS - End of year	<u>\$ 2,020,331</u>	<u>\$ 24,055,031</u>	<u>\$ 26,075,362</u>	<u>\$ 1,914,782</u>	<u>\$ 21,638,257</u>	<u>\$ 23,553,039</u>

The Accompanying Notes are an Integral
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THE CATHOLIC FOUNDATION OF CENTRAL FLORIDA, INC.
STATEMENTS OF CASH FLOWS

	For The Years Ended	
	June 30,	
	2023	2022
OPERATING CASH FLOWS		
Cash received from fees	\$ 2,513,616	\$ 2,494,005
Cash received from contributors	773,126	905,450
Investment income received	452,256	350,995
Cash paid for operating activities and costs	(3,489,193)	(3,460,828)
Net operating cash flows	249,805	289,622
INVESTING CASH FLOWS		
Reinvested interest and dividends	(443,732)	(342,681)
Net sales of investments	519,357	330,851
Net investment in assets restricted for long-term purposes	(878,371)	(874,977)
Net investing cash flows	(802,746)	(886,807)
FINANCING CASH FLOWS		
Contributions restricted for long-term purposes	878,371	874,977
Net financing cash flows	878,371	874,977
NET CHANGE IN CASH AND CASH EQUIVALENTS	325,430	277,792
CASH AND CASH EQUIVALENTS - Beginning of year	1,526,311	1,248,519
CASH AND CASH EQUIVALENTS - End of year	\$ 1,851,741	\$ 1,526,311
RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS		
Change in net assets	\$ 2,522,323	\$ (2,437,174)
Adjustments to reconcile change in net assets to net operating cash flows		
Contributions restricted for long-term purposes	(878,371)	(874,977)
(Gain) loss on investments, net	(1,503,330)	3,729,343
Change in other assets	(52,697)	(28,209)
Change in accounts payable and accrued expenses	286,358	4,373
Change in other liabilities	(159,718)	(155,896)
Change in deferred revenue	35,240	52,162
Net operating cash flows	\$ 249,805	\$ 289,622

The Accompanying Notes are an Integral
Part of These Financial Statements

THE CATHOLIC FOUNDATION OF CENTRAL FLORIDA, INC.
STATEMENTS OF FUNCTIONAL EXPENSES

For The Year Ended June 30, 2023

	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	\$ 579,403	\$ 86,761	\$ 446,241	\$ 1,112,405	\$ 528,958	\$ 7,926	\$ 536,884	\$ 1,649,289
Grants to beneficiaries	—	884,041	—	884,041	—	—	—	884,041
Professional fees and contract service	132,753	74,699	8,740	216,192	42,761	—	42,761	258,953
Printing and mail services	238,857	490	4,564	243,911	4,708	—	4,708	248,619
Merchant processing fees	194,685	—	81	194,766	—	—	—	194,766
Software and information technology	93,682	23,562	28,067	145,311	4,555	—	4,555	149,866
Occupancy	26,597	5,543	39,217	71,357	19,200	—	19,200	90,557
Office expenses	12,899	—	9,146	22,045	22,490	—	22,490	44,535
Travel and employee training	8,778	343	11,738	20,859	12,226	—	12,226	33,085
Depreciation	—	—	—	—	9,425	—	9,425	9,425
Total expenses	\$ 1,287,654	\$ 1,075,439	\$ 547,794	\$ 2,910,887	\$ 644,323	\$ 7,926	\$ 652,249	\$ 3,563,136

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
Total expenses	\$ 1,224,722	\$ 980,457	\$ 394,565	\$ 2,599,744	\$ 662,439	\$ 18,913	\$ 681,352	\$ 3,281,096

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

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.

Subsequent events

The Foundation has evaluated for possible financial statement reporting and disclosure subsequent events through the date of the report of independent auditor, 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:

	June 30,	
	2023	2022
Financial assets available:		
Cash and cash equivalents	\$ 1,851,741	\$ 1,526,311
Investments	9,222,088	7,794,383
Investments restricted for long-term purposes	15,371,295	14,492,924
Agency funds held	71,425,311	66,817,893
Total financial assets available	97,870,435	90,631,511
Less amounts unavailable for general expenditure within one year due to:		
Amounts held for others as agent	(71,425,311)	(66,817,893)
Donor-imposed restrictions	(20,964,162)	(18,875,344)
Board designations	(1,132,381)	(1,005,580)
Amounts held to satisfy charitable gift annuity obligations	(459,681)	(619,399)
Net financial assets available within one year	\$ 3,888,900	\$ 3,313,295

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, 2023 and 2022, 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, 2023 and 2022, all of the Foundation's development and stewardship service fees were received from the Diocese.

As of June 30, 2023 and 2022, approximately 56% and 58% 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>2023</u>	<u>2022</u>
<u>Investments held as trustee or in a similar capacity</u>		
• Investments held as agency funds	\$ 68,150,359	\$ 63,974,375
• Investments held to satisfy charitable gift annuity obligations	459,681	619,399
<u>Investments subject to donor restrictions</u>		
• Restricted investments held for endowment corpus	15,371,295	14,492,924
• Net appreciation	5,666,145	4,610,856
• Investments held for other donor restricted purposes	1,949,033	1,545,678
<u>Investments held for other purposes</u>		
• Investments held as donor-advised funds	583,895	521,045
• Investments held with board designations	548,486	484,535
• Investments held for general operations	<u>14,848</u>	<u>12,870</u>
Total investments	<u>\$ 92,743,742</u>	<u>\$ 86,261,682</u>

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

NOTE E – INVESTMENTS (Continued)

	June 30.	
	2023	2022
Investments consisted of the following:		
Mutual funds	\$ 35,268,528	\$ 32,759,013
Corporate bonds	7,368,648	8,631,599
U.S. government securities	6,499,344	6,737,514
Nonpublicly traded investments	43,607,222	38,133,556
Total investments	\$ 92,743,742	\$ 86,261,682

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

	June 30.	
	2023	2022
Investments	\$ 9,222,088	\$ 7,794,383
Investments restricted for long-term purposes	15,371,295	14,492,924
Investments included within “agency funds held”	68,150,359	63,974,375
Total investments	\$ 92,743,742	\$ 86,261,682

NOTE F – AGENCY FUNDS HELD

Agency funds held consisted of the following:

	June 30.	
	2023	2022
Money market and similar funds	\$ 3,274,952	\$ 2,843,518
Investments (see Note E)	68,150,359	63,974,375
Total agency funds held	\$ 71,425,311	\$ 66,817,893

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, 2023, is as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 35,268,528	\$ 35,268,528	\$ —	\$ —
Corporate bonds	7,368,648	7,368,648	—	—
U.S. government securities	<u>6,499,344</u>	<u>6,499,344</u>	<u>—</u>	<u>—</u>
Subtotal	49,136,520	<u>\$ 49,136,520</u>	<u>\$ —</u>	<u>\$ —</u>
Fair value measured at net asset value – other nonpublicly traded investments	<u>43,607,222</u>			
Total	<u>\$ 92,743,742</u>			

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

NOTE H – NET ASSETS WITH DONOR RESTRICTIONS

Net assets were donor restricted for the following purposes during the year ended June 30, 2023:

	Balance July 1, 2022	Contributions	Investment Activity	Releases	Balance June 30, 2023
Endowment corpus	\$ 14,492,924	\$ 878,371	\$ —	\$ —	\$ 15,371,295
General use endowment appreciation	2,762,913	—	673,559	(345,604)	3,090,868
Diocesan	1,954,634	271,370	617,157	(190,973)	2,652,188
Parishes	861,997	—	135,792	(64,794)	932,995
Schools	459,398	—	196,403	(18,965)	636,836
Catholic Charities	499,933	5,190	291,874	(178,450)	618,547
Catholic Campus Ministry	345,909	—	87,138	(4,479)	428,568
Other	260,549	96,413	—	(33,228)	323,734
Total	<u>\$ 21,638,257</u>	<u>\$ 1,251,344</u>	<u>\$ 2,001,923</u>	<u>\$ (836,493)</u>	<u>\$ 24,055,031</u>

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
General use endowment appreciation	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	238,087	22,462	—	—	260,549
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>

Endowment corpus was restricted for the following purposes:

	<u>June 30.</u>	
	<u>2023</u>	<u>2022</u>
General use	\$ 5,305,864	\$ 5,296,864
Priest retirements	4,737,589	3,959,650
Schools and education	1,891,314	1,804,378
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	542,926	538,926
Other	474,015	473,519
Total endowment corpus	<u>\$ 15,371,295</u>	<u>\$ 14,492,924</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

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

NOTE H – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

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 and other resources to the Foundation, consisting primarily of back-office support services, communications services, mailroom services, and information technology. During the years ended June 30, 2023 and 2022, the Foundation recognized expenses totaling approximately \$105,000 and \$95,000 for the aforementioned services, of which approximately \$71,000 and \$71,000 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 \$1,845,000 and \$1,858,000, respectively, of revenue from the Diocese during the years ended June 30, 2023 and 2022 related to these services, which is included within "development and stewardship service fees" in the accompanying statements of activities.

Additionally, the Foundation collected and distributed approximately \$3,711,000 and \$4,006,000 during the years ended June 30, 2023 and 2022, respectively, to the Diocese related to various other campaigns.