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The Catholic Foundation of Central Florida, Inc.

Financial Statements

For The Years Ended June 30, 2024 and 2023



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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, 2024 and 2023, 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, 2024 and 2023, 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
October 21, 2024

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

| ASSETS | | June 30, | |
|---|----|-----------------------|----------------------|
| | | 2024 | 2023 |
| ASSETS | | | |
| Cash and cash equivalents | \$ | 3,018,989 | \$ 1,851,741 |
| Investments | | 11,922,890 | 9,222,088 |
| Investments restricted for long-term purposes | | 17,067,222 | 15,371,295 |
| Agency funds held | | 85,362,658 | 71,425,311 |
| Other assets | | 780,827 | 636,934 |
| Total assets | | \$ 118,152,586 | \$ 98,507,369 |
| LIABILITIES AND NET ASSETS | | | |
| LIABILITIES | | | |
| Accounts payable and accrued expenses | \$ | 1,075,628 | \$ 417,848 |
| Agency obligations | | 85,362,658 | 71,425,311 |
| Other liabilities | | 471,193 | 459,681 |
| Deferred revenue | | 114,320 | 129,167 |
| Total liabilities | | 87,023,799 | 72,432,007 |
| NET ASSETS | | | |
| Without donor restrictions | | | |
| Undesignated | | 717,862 | 887,950 |
| Designated for donor-advised funds | | 723,139 | 583,895 |
| Designated for other purposes | | 614,661 | 548,486 |
| Total without donor restrictions | | 2,055,662 | 2,020,331 |
| With donor restrictions | | | |
| | | 29,073,125 | 24,055,031 |
| Total net assets | | 31,128,787 | 26,075,362 |
| Total liabilities and net assets | | \$ 118,152,586 | \$ 98,507,369 |

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,

| | 2024 | | | 2023 | | |
|--|-------------------------------|----------------------------|----------------------|-------------------------------|----------------------------|----------------------|
| | 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 | \$ 2,193,147 | \$ — | \$ 2,193,147 | \$ 1,845,491 | \$ — | \$ 1,845,491 |
| Investment management service fees | 450,613 | — | 450,613 | 378,282 | — | 378,282 |
| Campaign service fees | 345,427 | — | 345,427 | 254,603 | — | 254,603 |
| Contributions | 107,429 | 2,751,943 | 2,859,372 | 400,153 | 1,251,344 | 1,651,497 |
| Investment income (loss), net | 24,853 | 2,894,635 | 2,919,488 | (46,337) | 2,001,923 | 1,955,586 |
| Net assets released from time and use restrictions | 628,484 | (628,484) | — | 836,493 | (836,493) | — |
| Total public support and revenue and net assets released from time and use restrictions | 3,749,953 | 5,018,094 | 8,768,047 | 3,668,685 | 2,416,774 | 6,085,459 |
| EXPENSES | | | | | | |
| Program activities | | | | | | |
| Community services | 1,613,188 | — | 1,613,188 | 1,287,654 | — | 1,287,654 |
| Grantmaking and managing charitable funds | 752,166 | — | 752,166 | 1,075,439 | — | 1,075,439 |
| Donor services | 663,191 | — | 663,191 | 547,794 | — | 547,794 |
| Total program activities | 3,028,545 | — | 3,028,545 | 2,910,887 | — | 2,910,887 |
| Supporting activities | | | | | | |
| Management and general | 686,077 | — | 686,077 | 652,249 | — | 652,249 |
| Total supporting activities | 686,077 | — | 686,077 | 652,249 | — | 652,249 |
| Total expenses | 3,714,622 | — | 3,714,622 | 3,563,136 | — | 3,563,136 |
| CHANGE IN NET ASSETS | 35,331 | 5,018,094 | 5,053,425 | 105,549 | 2,416,774 | 2,522,323 |
| NET ASSETS - Beginning of year | 2,020,331 | 24,055,031 | 26,075,362 | 1,914,782 | 21,638,257 | 23,553,039 |
| NET ASSETS - End of year | \$ 2,055,662 | \$ 29,073,125 | \$ 31,128,787 | \$ 2,020,331 | \$ 24,055,031 | \$ 26,075,362 |

The Accompanying Notes are an Integral
Part of These Financial Statements

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

| | For The Years Ended | |
|---|---------------------|---------------------|
| | June 30, | |
| | 2024 | 2023 |
| OPERATING CASH FLOWS | | |
| Cash received from fees | \$ 2,974,340 | \$ 2,513,616 |
| Cash received from contributors | 1,163,445 | 773,126 |
| Investment income received | 499,531 | 452,256 |
| Cash paid for operating activities and costs | (3,189,223) | (3,489,193) |
| Net operating cash flows | 1,448,093 | 249,805 |
| INVESTING CASH FLOWS | | |
| Reinvested interest and dividends | (448,503) | (443,732) |
| Net sales of investments | 167,658 | 519,357 |
| Net investment in assets restricted for long-term purposes | (1,695,927) | (878,371) |
| Net investing cash flows | (1,976,772) | (802,746) |
| FINANCING CASH FLOWS | | |
| Contributions restricted for long-term purposes | 1,695,927 | 878,371 |
| Net financing cash flows | 1,695,927 | 878,371 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 1,167,248 | 325,430 |
| CASH AND CASH EQUIVALENTS - Beginning of year | 1,851,741 | 1,526,311 |
| CASH AND CASH EQUIVALENTS - End of year | \$ 3,018,989 | \$ 1,851,741 |
| RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS | | |
| Change in net assets | \$ 5,053,425 | \$ 2,522,323 |
| Adjustments to reconcile change in net assets to net operating cash flows | | |
| Contributions restricted for long-term purposes | (1,695,927) | (878,371) |
| Gain on investments, net | (2,419,957) | (1,503,330) |
| Change in other assets | (143,893) | (52,697) |
| Change in accounts payable and accrued expenses | 657,780 | 286,358 |
| Change in other liabilities | 11,512 | (159,718) |
| Change in deferred revenue | (14,847) | 35,240 |
| Net operating cash flows | \$ 1,448,093 | \$ 249,805 |

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, 2024

| | Program activities | | | | Supporting activities | | Total expenses |
|--|---------------------|---|-------------------|--------------------------|------------------------|-----------------------------|---------------------|
| | Community services | Grantmaking and managing charitable funds | Donor services | Total program activities | Management and general | Total supporting activities | |
| Salaries and benefits | \$ 843,631 | \$ 155,844 | \$ 529,648 | \$ 1,529,123 | \$ 309,615 | \$ 309,615 | \$ 1,838,738 |
| Grants to beneficiaries | — | 546,184 | — | 546,184 | — | — | 546,184 |
| Professional fees and contract service | 203,401 | 9,407 | 8,321 | 221,129 | 38,058 | 38,058 | 259,187 |
| Printing and mail services | 225,794 | 2,788 | 5,759 | 234,341 | 7,654 | 7,654 | 241,995 |
| Merchant processing fees | 234,175 | — | 92 | 234,267 | 579 | 579 | 234,846 |
| Travel and employee training | 12,395 | 1,671 | 9,967 | 24,033 | 179,602 | 179,602 | 203,635 |
| Office expenses | 23,676 | 5,140 | 38,005 | 66,821 | 72,817 | 72,817 | 139,638 |
| Occupancy | 43,925 | 4,616 | 35,829 | 84,370 | 47,979 | 47,979 | 132,349 |
| Software and information technology | 26,191 | 26,516 | 35,570 | 88,277 | 14,550 | 14,550 | 102,827 |
| Depreciation | — | — | — | — | 15,223 | 15,223 | 15,223 |
| Total expenses | \$ 1,613,188 | \$ 752,166 | \$ 663,191 | \$ 3,028,545 | \$ 686,077 | \$ 686,077 | \$ 3,714,622 |

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 | Total supporting activities | |
| Salaries and benefits | \$ 579,403 | \$ 86,761 | \$ 446,241 | \$ 1,112,405 | \$ 536,884 | \$ 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 | \$ 652,249 | \$ 652,249 | \$ 3,563,136 |

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 date of the statements of financial position are as follows:

| | June 30, | |
|--|--------------|--------------|
| | 2024 | 2023 |
| Financial assets available: | | |
| Cash and cash equivalents | \$ 3,018,989 | \$ 1,851,741 |
| Investments | 11,922,890 | 9,222,088 |
| Investments restricted for long-term purposes | 17,067,222 | 15,371,295 |
| Agency funds held | 85,362,658 | 71,425,311 |
| Total financial assets available | 117,371,759 | 97,870,435 |
| Less amounts unavailable for general expenditure within one year due to: | | |
| Amounts held for others as agent | (85,362,658) | (71,425,311) |
| Donor-imposed restrictions | (24,762,191) | (20,964,163) |
| Board designations | (1,337,800) | (1,132,381) |
| Amount held in cash for disbursement to the Diocese | (943,790) | — |
| Amounts held to satisfy charitable gift annuity obligations | (471,193) | (459,681) |
| Net financial assets available within one year | \$ 4,494,127 | \$ 3,888,899 |

THE CATHOLIC FOUNDATION OF CENTRAL FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE C – LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

The Foundation is primarily 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, 2024 and 2023, 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, 2024 and 2023, all of the Foundation's development and stewardship service fees were received from the Diocese.

As of June 30, 2024 and 2023, approximately 48% and 56% 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>2024</u> | <u>2023</u> |
| <u>Investments held as trustee or in a similar capacity</u> | | |
| • Investments held as agency funds | \$ 80,993,117 | \$ 68,150,359 |
| • Investments held to satisfy charitable gift annuity obligations | 471,193 | 459,681 |
| <u>Investments subject to donor restrictions</u> | | |
| • Restricted investments held for endowment corpus | 17,067,222 | 15,371,295 |
| • Net appreciation | 7,678,462 | 5,666,145 |
| • Investments held for other donor restricted purposes | 2,435,435 | 1,949,033 |
| <u>Investments held for other purposes</u> | | |
| • Investments held as donor-advised funds | 723,139 | 583,895 |
| • Investments held with board designations | 614,661 | 548,486 |
| • Investments held for general operations | <u>—</u> | <u>14,848</u> |
| Total investments | <u>\$ 109,983,229</u> | <u>\$ 92,743,742</u> |

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

NOTE E – INVESTMENTS (Continued)

| | June 30, | |
|---|----------------|---------------|
| | 2024 | 2023 |
| Investments consisted of the following: | | |
| Mutual funds | \$ 30,912,079 | \$ 35,268,528 |
| Corporate bonds | 8,961,534 | 7,368,648 |
| U.S. government securities | 8,733,257 | 6,499,344 |
| Nonpublicly traded investments | 61,376,359 | 43,607,222 |
| Total investments | \$ 109,983,229 | \$ 92,743,742 |

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

| | June 30, | |
|---|----------------|---------------|
| | 2024 | 2023 |
| Investments | \$ 11,922,890 | \$ 9,222,088 |
| Investments restricted for long-term purposes | 17,067,222 | 15,371,295 |
| Investments included within “agency funds held” | 80,993,117 | 68,150,359 |
| Total investments | \$ 109,983,229 | \$ 92,743,742 |

NOTE F – AGENCY FUNDS HELD

Agency funds held consisted of the following:

| | June 30, | |
|--------------------------------|---------------|---------------|
| | 2024 | 2023 |
| Money market and similar funds | \$ 4,369,541 | \$ 3,274,952 |
| Investments (see Note E) | 80,993,117 | 68,150,359 |
| Total agency funds held | \$ 85,362,658 | \$ 71,425,311 |

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, 2024, is as follows:

| | <u>Total</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
|---|-----------------------|----------------------|----------------|----------------|
| Mutual funds | \$ 30,912,079 | \$ 30,912,079 | \$ — | \$ — |
| Corporate bonds | 8,961,534 | 8,961,534 | — | — |
| U.S. government securities | <u>8,733,257</u> | <u>8,733,257</u> | <u>—</u> | <u>—</u> |
| Subtotal | 48,606,870 | <u>\$ 48,606,870</u> | <u>\$ —</u> | <u>\$ —</u> |
| Fair value measured at net asset value – other nonpublicly traded investments | <u>61,376,359</u> | | | |
| Total | <u>\$ 109,983,229</u> | | | |

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 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, 2024:

| | Balance July 1, 2023 | <u>Contributions</u> | Investment Activity | <u>Releases</u> | Balance June 30, 2024 |
|------------------------------------|----------------------------|----------------------|------------------------|---------------------|-----------------------------|
| Endowment corpus | \$ 15,371,295 | \$ 1,695,927 | \$ — | \$ — | \$ 17,067,222 |
| General use endowment appreciation | 3,090,868 | 316,486 | 942,117 | (38,537) | 4,310,934 |
| Diocesan | 2,652,188 | 526,598 | 1,022,797 | (263,301) | 3,938,282 |
| Parishes | 932,995 | 37,868 | 189,146 | (7,486) | 1,152,523 |
| Catholic Charities | 618,547 | 143,097 | 370,045 | (168,712) | 962,977 |
| Schools | 636,836 | — | 252,218 | (144,838) | 744,216 |
| Catholic Campus Ministry | 428,568 | — | 118,312 | (5,610) | 541,270 |
| Other | <u>323,734</u> | <u>31,967</u> | <u>—</u> | <u>—</u> | <u>355,701</u> |
| Total | <u>\$ 24,055,031</u> | <u>\$ 2,751,943</u> | <u>\$ 2,894,635</u> | <u>\$ (628,484)</u> | <u>\$ 29,073,125</u> |

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

| | Balance July 1, 2022 | <u>Contributions</u> | Investment Activity | <u>Releases</u> | 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 | <u>260,549</u> | <u>96,413</u> | <u>—</u> | <u>(33,228)</u> | <u>323,734</u> |
| 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> |

Endowment corpus was restricted for the following purposes:

| | <u>June 30,</u> | |
|--|----------------------|----------------------|
| | <u>2024</u> | <u>2023</u> |
| Priest retirements | \$ 5,402,864 | \$ 4,737,589 |
| General use | 5,336,584 | 5,305,864 |
| Schools and education | 2,855,796 | 1,891,314 |
| 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 | 552,926 | 542,926 |
| Other | <u>499,465</u> | <u>474,015</u> |
| Total endowment corpus | <u>\$ 17,067,222</u> | <u>\$ 15,371,295</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

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

NOTE H – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

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 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, 2024 and 2023, the Foundation recognized expenses totaling approximately \$179,000 and \$105,000, respectively, for the aforementioned services.

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 \$2,009,000 and \$1,845,000, respectively, of revenue from the Diocese during the years ended June 30, 2024 and 2023 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 \$4,972,000 and \$3,711,000 during the years ended June 30, 2024 and 2023, respectively, to the Diocese related to various campaigns. Furthermore, as of June 30, 2024, "accounts payable and accrued expenses" includes approximately \$944,000 payable to the Diocese for campaign-related distributions.