

**The Catholic Community Foundation  
of the Archdiocese of Baltimore, Inc.  
Financial Statements  
June 30, 2010 and 2009**

**The Catholic Community Foundation of the  
Archdiocese of Baltimore, Inc.  
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June 30, 2010 and 2009**

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**Report of Independent Auditors**

To the Board of Trustees of  
The Catholic Community Foundation of the Archdiocese of Baltimore, Inc.

In our opinion, the accompanying statement of financial position and the related statement of activities and changes in net assets and cash flows present fairly, in all material respects, the financial position of The Catholic Community Foundation of The Archdiocese of Baltimore, Inc. ("CCF, Inc.") at June 30, 2010 and 2009, and the changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of CCF, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

*PricewaterhouseCoopers LLP*

December 15, 2010

**The Catholic Community Foundation of the Archdiocese of Baltimore,  
Inc.**

**Statements of Financial Position  
June 30, 2010 and 2009**

	2010	2009
<b>Assets</b>		
Cash	\$ 1,156,100	\$ 310,300
Investments, at fair market value		
Unrestricted	4,880,000	4,588,800
Temporarily restricted	18,390,000	15,449,600
Permanently restricted	27,400	27,400
Agency	190,900	168,000
Total cash and investments	<u>24,644,400</u>	<u>20,544,100</u>
Contributions receivable, net of allowance and discount of \$150,300 and \$212,900 at June 30, 2010 and 2009, respectively	981,500	1,166,400
Other assets	<u>1,205,200</u>	<u>1,196,600</u>
Total assets	<u>26,831,100</u>	<u>22,907,100</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accrued grant liabilities	761,500	661,900
Accrued expenses	32,600	53,900
Investments held for others	190,900	168,000
Total liabilities	<u>985,000</u>	<u>883,800</u>
<b>Net assets</b>		
Unrestricted	4,958,400	4,514,700
Temporarily restricted	20,857,800	17,478,700
Permanently restricted	29,900	29,900
Total net assets	<u>25,846,100</u>	<u>22,023,300</u>
Total liabilities and net assets	<u>\$ 26,831,100</u>	<u>\$ 22,907,100</u>

The accompanying notes are an integral part of these financial statements.

**The Catholic Community Foundation of the  
Archdiocese of Baltimore, Inc.  
Statement of Activities and Changes in Net Assets  
Year Ended June 30, 2010**

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	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue, gains and other support</b>				
Contributions	\$ 8,300	\$ 1,537,800	\$ -	\$ 1,546,100
Interest and dividends	134,900	472,400	-	607,300
Unrealized gain on investments	540,700	1,811,900	-	2,352,600
Other income				-
Net assets released from restrictions	443,000	(443,000)	-	-
Total revenue, gains and other support	1,126,900	3,379,100	-	4,506,000
<b>Expenses</b>				
Management fees	236,900	-	-	236,900
Grant expense	446,300	-	-	446,300
Total grants and expenses	683,200	-	-	683,200
Change in net assets	443,700	3,379,100	-	3,822,800
<b>Net assets</b>				
Beginning of year	4,514,700	17,478,700	29,900	22,023,300
End of year	<u>\$ 4,958,400</u>	<u>\$ 20,857,800</u>	<u>\$ 29,900</u>	<u>\$ 25,846,100</u>

The accompanying notes are an integral part of these financial statements.

**The Catholic Community Foundation of the  
Archdiocese of Baltimore, Inc.  
Statement of Activities and Changes in Net Assets  
Year Ended June 30, 2009**

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	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue, gains and other support</b>				
Contributions	\$ 53,400	\$ 1,830,700	\$ -	\$ 1,884,100
Interest and dividends	124,500	391,400	-	515,900
Unrealized loss on investments	(994,800)	(3,006,600)	-	(4,001,400)
Other income	2,300	54,900	-	57,200
Net assets released from restrictions	(69,100)	69,100	-	-
Total revenue, gains and other support	(883,700)	(660,500)	-	(1,544,200)
<b>Expenses</b>				
Management fees	172,800	-	-	172,800
Grant expense	(46,900)	-	-	(46,900)
Total grants and expenses	125,900	-	-	125,900
Change in net assets	(1,009,600)	(660,500)	-	(1,670,100)
<b>Net assets</b>				
Beginning of year	5,524,300	18,139,200	29,900	23,693,400
End of year	<u>\$ 4,514,700</u>	<u>\$ 17,478,700</u>	<u>\$ 29,900</u>	<u>\$ 22,023,300</u>

The accompanying notes are an integral part of these financial statements.

**The Catholic Community Foundation of the  
Archdiocese of Baltimore, Inc.  
Statements of Cash Flows  
Years Ended June 30, 2010 and 2009**

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	2010	2009
<b>Cash flows from operating activities</b>		
Changes in net assets	\$ 3,822,800	\$ (1,670,100)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Proceeds from interest and dividends	607,300	515,900
Change in unrealized (gain) loss on investments	(2,352,600)	4,001,400
Change in operating assets and liabilities		
Decrease in contributions receivable	184,900	190,600
Increase in other assets	(8,600)	(40,500)
Increase (decrease) in accrued grant liabilities	99,600	(724,400)
(Decrease) increase in accrued expenses	(21,300)	19,500
Net cash provided by operating activities	<u>2,332,100</u>	<u>2,292,400</u>
<b>Cash flows from investing activities</b>		
Proceeds from sales and maturities of investments	256,600	557,500
Purchases of investments	(1,742,900)	(2,570,700)
Net cash used in investing activities	<u>(1,486,300)</u>	<u>(2,013,200)</u>
Net increase in cash	845,800	279,200
<b>Cash</b>		
Beginning of year	310,300	31,100
End of year	<u>\$ 1,156,100</u>	<u>\$ 310,300</u>

The accompanying notes are an integral part of these financial statements.

# The Catholic Community Foundation of the Archdiocese of Baltimore, Inc.

## Notes to Financial Statements

### June 30, 2010 and 2009

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#### 1. Organization

The Catholic Community Foundation of The Archdiocese of Baltimore, Inc. ("CCF, Inc.") was established in 1998. The mission of CCF, Inc. is to financially support the spiritual, educational and social needs of the Catholic community within the Archdiocese of Baltimore. CCF, Inc. fulfills this mission by establishing fund agreements providing ongoing support to fund the mission and ministries of parishes, schools, and programs of the Archdiocese of Baltimore and other Catholic institutions located therein.

CCF, Inc. is incorporated in the state of Maryland. The Board of Trustees is authorized to provide all rules, policies, and procedures necessary to establish and administer investment funds. CCF, Inc. currently engages the Central Services of the Roman Catholic Archbishop of Baltimore, a corporation sole of the state of Maryland ("Central Services") to provide certain administration and development functions in exchange for administrative fees. There were 351 separate fund agreements in CCF, Inc. as of June 30, 2010. These funds generally fall in one of four categories.

- *Field of Interest Funds* established to support a particular area of need such as Catholic Education or Vocations.
- *Organizational Funds* established for individual parishes, schools, and affiliated organizations of the Archdiocese for the general purposes of the specific organization.
- *Individual Community Funds* established by individual donors. These funds restricted in purpose by the donor may have several beneficiaries that will receive ongoing financial support. As required by CCF, Inc. Board of Trustees, 50% of the income and assets of a fund must be designated for the use of the Archdiocese of Baltimore and/or Catholic institutions located therein.
- *Donor Advised Funds* established by individuals who wish to remain active in their philanthropy and have access to the Foundation's professional advice and management. Donors may suggest charitable distributions from funds they have established, although the Foundation's Board of Directors is required to make final decisions on all grants

Investment proceeds are distributed annually based on the distribution parameters approved by the CCF, Inc. Board of Trustees, consistent with donor gift agreements.

Investments are managed by an external investment firm.

#### 2. Summary of Significant Accounting Policies

##### **Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

##### **Cash**

Cash consists of deposits awaiting transfer to the investment management firm.

##### **Concentration of Credit Risk**

Financial instruments which potentially subject CCF, Inc. to concentrations of credit risk consist of cash and investments in securities. CCF, Inc. places its cash and investments with credit worthy, high quality financial institutions. Though the market value of investments is subject to fluctuations on a



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year to year basis, CCF, Inc. believes that the investment policies are prudent for the long-term welfare of the organization.

**Fair Value of Financial Instruments**

**Cash and Cash Equivalents and Investments**

The carrying amount for cash and cash equivalents and investments approximates fair value. The fair value for limited use investments is based on quoted market prices. Income from cash and cash equivalents and investments are included in unrestricted investment income unless the income is restricted by donor. All income is reported net of investment related expenses.

**Pledge Receivables**

Donor pledges which are expected to be collected in future periods in excess of 12 months are recorded at the present value of the estimated future cash flows, discounted at a risk-free rate applicable to the years in which the promises were received. Discount rates utilized ranged from 3.5% to 4.25%. Refer to Note 4 Contributions Receivable for details on amounts associated with contributions.

**Charitable Gift Annuities**

The net value of gift annuities is determined annually by adjusting annuity liability to reflect amortization of the discount and changes in the life expectancy of the donors. The annuity liability reflects the present value of the estimated future payments to be made to the donor and/or other beneficiaries. Refer to Note 5 Other Assets for further detail.

**Fair Value Measurement**

In September 2006, the FASB issued guidance for fair value measurement which establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The guidance clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. Our financial assets recorded at fair value on a recurring basis primarily relate to investments in available-for-sale securities. The adoption of this guidance to our financial assets did not have any impact on our financial results.

In July 2008 CCF, Inc. implemented guidance as it relates to our non-financial assets and non-financial liabilities. The adoption of this guidance did not have any significant impact on our financial results.

The following describe the hierarchy for ranking the quality and reliability of the information used to determine fair values. The statement requires the assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Unadjusted quoted market prices in active markets for identifiable assets or liabilities.

Level 2: Unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3: Unobservable inputs for the assets or liability.

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CCF, Inc. endeavors to utilize the best available information in measuring fair value. The following table summarizes the valuation of our financial instruments by authoritative pricing levels as of June 30, 2010 and 2009:

<b>Fair Value Measurements at June 30, 2010:</b>			
	<b>Total</b>		
	<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>
Cash equivalents	\$ 1,156,100	\$ 1,156,100	\$ -
Fixed Income	9,371,600	10,300	9,361,300
Equity	14,116,700	1,918,500	12,198,200
<b>Total Investments</b>	<b>\$ 24,644,400</b>	<b>\$ 3,084,900</b>	<b>\$ 21,559,500</b>

<b>Fair Value Measurements at June 30, 2009:</b>			
	<b>Total</b>		
	<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>
Cash equivalents	\$ 304,100	\$ 304,100	\$ -
Fixed Income	8,007,800	-	8,007,800
Equity	12,226,000	-	12,226,000
<b>Total Investments</b>	<b>\$ 20,537,900</b>	<b>\$ 304,100</b>	<b>\$ 20,233,800</b>

CCF, Inc. currently has no other financial instruments subject to fair value measurement on a recurring basis.

**Income Taxes**

CCF, Inc. is exempt from federal income taxes under Internal Revenue Code Section 501(c) (3) through its inclusion in United States Conference of Catholic Bishops group ruling and listing in the Official Catholic Directory. Contributions to CCF, Inc. qualify as a charitable tax deduction by the contributor.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.

**Recent Accounting Standards**

The FASB, in June 2009, issued new authoritative guidance that established the FASB Accounting Standards Codification, ("Codification" or "ASC") as the single source of authoritative GAAP to be applied by nongovernmental entities, except for the rules and interpretive releases of the SEC under authority of federal securities laws, which are sources of authoritative Generally Accepted Accounting Principles ("GAAP") for Securities and Exchange Commission ("SEC") registrants. The FASB will no longer issue new standards in the form of Statements, FASB Staff Positions, or Emerging Issues Task Force Abstracts; instead the FASB will issue Accounting Standards Updates. Accounting Standards Updates will not be authoritative in their own right as they will only serve to update the Codification. These changes and the Codification itself do not change GAAP. This new

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guidance became effective for reporting periods ending after September 15, 2009. Other than the manner in which new accounting guidance is referenced, the adoption of these changes on July 1, 2009 did not have an impact on the Corporation Sole's combined financial statements. In August 2009, the FASB issued new authoritative guidance that provides guidance about the measurement of fair value of liabilities as they are not typically traded on a market. The guidance is effective for reporting periods ending after August 2009. The adoption of this guidance on July 1, 2009 had no significant impact on CCF, Inc. combined financial statements.

**3. Investments**

Investments are stated at fair market value. CCF, Inc. maintains master investment accounts. Realized and unrealized gains and losses are allocated monthly to the accounts. The master investments are managed by an independent professional investment management firm and are diversified among a variety of investment products. The fair market values of the master investment accounts held as of June 30, 2010 and 2009 are:

	2010	2009
Bonds	\$ 9,371,600	\$ 8,007,500
Equities	<u>14,116,700</u>	<u>12,226,300</u>
Total	<u>\$ 23,488,300</u>	<u>\$ 20,233,800</u>

**Agency Funds**

CCF, Inc. applies current authoritative guidance in regards to Transfers of Assets to Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others, which requires that if a not-for-profit organization established a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. CCF, Inc. refers to such funds as agency funds. For financial reporting purposes, distributions from agency funds in the amount of \$9,600 and \$9,400 are not included in the reported grants and contributions of CCF, Inc. at June 30, 2010 and 2009, respectively. There were no contributions to agency funds.

**4. Contributions Receivable**

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets, other than cash, are recorded at their estimated fair value.

Contributions to be received after one year are discounted at a risk-free rate and are presented as temporarily restricted net assets in the financial statements. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

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Contributions receivable are generally due over the next five years, and are summarized as follows as of June 30, 2010 and 2009:

	2010	2009
<b>Unconditional promises expected to be collected in</b>		
Less than one year	\$ 475,900	\$ 538,800
One to five years	655,900	840,500
	<u>1,131,800</u>	<u>1,379,300</u>
Less: unamortized discount	(54,500)	(74,900)
Less: allowance for uncollectible receivables	(95,800)	(138,000)
Net contributions receivable	<u>\$ 981,500</u>	<u>\$ 1,166,400</u>

**5. Other Assets**

The Roman Catholic Archbishop, a corporation sole of the state of Maryland ("Corporation Sole") has entered into gift annuities for the benefit of its affiliated entities. Several of the investment funds of CCF, Inc. have been named as beneficiaries upon the death of the annuitant. Revenue from these agreements is recognized at the date the agreement is established, net of the calculated liability for the present value of the estimated future payments to be made to the annuitant. All changes to the present value of the estimated future payments are recorded as a gain or loss and included in Other Income on the Statement of Activities and Changes in Net Assets. The Corporation Sole has specific segregated assets for annuity payments and assures all liability associated with future payments. As of June 30, 2010 and 2009, CCF, Inc. had \$1,205,200 and \$1,196,600, respectively, in Other assets on the Statement of Financial Position.

**6. Net Assets**

The net assets of CCF, Inc. are reported in the following categories:

**Unrestricted**

Net assets that are not considered temporarily or permanently restricted. Revenues are reported as increases in unrestricted net assets unless they are limited by donor-imposed restrictions. Expirations of temporary restrictions recognized on net assets (i.e., the donor-stipulated purposes have been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications from temporarily restricted to unrestricted net assets.

**Temporarily Restricted**

Net assets subject to donor-imposed stipulations that may or will be met by the passage of time. Most of the Organizational and Individual Community investment funds are classified as temporarily restricted, in which the temporary status is the continued operation of the named entity.

**Permanently Restricted**

Net assets subject to donor-imposed stipulations that they be maintained permanently. Generally, the donors of these assets permit the use of all or part of the income earned on related investments for general or specific purposes.

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**7. Related Party Transactions**

In exchange for administrative services, CCF, Inc. provides a management fee that is calculated monthly on investment values and paid to Central Services. Management fees for the years ended June 30, 2010 and 2009 were \$236,900 and \$172,800, respectively, and are recorded in Management fees on the Statements of Activities and Changes in Net Assets.

The Corporation Sole is in possession of grant money that was awarded to CCF, Inc. for purposes of a Mustard Seed Match program. A contribution receivable in the amount of \$174,900 and \$224,000 from the Corporation Sole is included in the contribution receivables reported on the Statement of Financial Position as of June 30, 2010 and 2009, respectively. Additionally, CCF, Inc. recorded grant expenditures related to Central Services in the amount of \$149,400 and \$223,200, respectively, for fiscal years 2010 and 2009.

**8. Litigation**

CCF, Inc. is not a party to any litigation or threatened litigation that is expected to have an adverse material impact on these financial statements. CCF, Inc. is a separately incorporated, Maryland non-stock 501(c)(3) corporation. It is in good standing in the State of Maryland and the majority of its assets are subject to donor-imposed restrictions regarding their use.

**9. Subsequent Events**

Subsequent events have been evaluated through December 15, 2010, which is the date the financial statements were available to be issued.