



Financial Statements and Report of  
Independent Certified Public Accountants

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

June 30, 2015 and 2014

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

We have audited the accompanying financial statements of The Catholic Community Foundation of the Archdiocese of Baltimore, Inc. (“CCF, Inc.”), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

### **Management’s responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor’s responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to CCF, Inc.’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CCF, Inc.’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CCF, Inc. as of June 30, 2015 and 2014, and 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.



Baltimore, Maryland  
December 4, 2015

## **FINANCIAL STATEMENTS**

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

**STATEMENTS OF FINANCIAL POSITION**

**June 30, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
Cash	\$ 278,071	\$ 88,777
Investments:		
Unrestricted	6,428,962	6,654,352
Temporarily restricted	43,825,590	39,812,446
Permanently restricted	70,768	74,199
Total investments	50,325,320	46,540,997
Other assets	523,410	495,470
Agency funds held for others	261,667	274,627
Contributions receivable, net of allowance and discount of \$443,963 and \$1,302,707 at June 30, 2015 and 2014, respectively	2,235,718	3,572,843
Total assets	\$ 53,624,186	\$ 50,972,714
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accrued grant liabilities	\$ 2,449,731	\$ 2,266,167
Accrued expenses	22,061	326,774
Agency funds and liabilities to related entities	261,667	274,627
Total liabilities	2,733,459	2,867,568
Net assets		
Unrestricted	6,606,205	6,830,498
Temporarily restricted	44,219,894	41,210,020
Permanently restricted	64,627	64,628
Total net assets	50,890,726	48,105,146
Total liabilities and net assets	\$ 53,624,186	\$ 50,972,714

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

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

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

**Year ended June 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Revenue, gains and other support:</b>				
Contributions	\$ 15,800	\$ 4,363,915	\$ -	\$ 4,379,715
Grant income	-	133,205	-	133,205
Other income	1,911	29,513	-	31,424
Realized gains on investments	74,721	469,723	-	544,444
Unrealized gains on investments	6,323	51,813	-	58,135
Net assets released from restrictions	<u>2,038,295</u>	<u>(2,038,295)</u>	<u>-</u>	<u>-</u>
Total revenue, gains and other support	2,137,050	3,009,874	-	5,146,923
<b>Expenses:</b>				
Management fees	564,887	-	-	564,887
Grant expense	<u>1,796,456</u>	<u>-</u>	<u>-</u>	<u>1,796,456</u>
Total grants and expenses	<u>2,361,343</u>	<u>-</u>	<u>-</u>	<u>2,361,343</u>
Changes in net assets	(224,293)	3,009,874	-	2,785,580
<b>Unrestricted net assets:</b>				
Beginning of year	<u>6,830,498</u>	<u>41,210,020</u>	<u>\$ 64,628</u>	<u>48,105,146</u>
End of year	<u>\$ 6,606,205</u>	<u>\$ 44,219,894</u>	<u>\$ 64,628</u>	<u>\$ 50,890,726</u>

*The accompanying notes are an integral part of this financial statement.*

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

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

**Year ended June 30, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Revenue, gains and other support:</b>				
Contributions	\$ 5,300	\$ 366,935	\$ -	\$ 372,235
Grant income	-	185,000	-	185,000
Other income	1,959	13,551	-	15,510
Realized gains on investments	87,352	517,977	-	605,329
Unrealized gains on investments	791,227	4,655,599	-	5,446,826
Net assets released from restrictions	<u>1,934,053</u>	<u>(1,934,053)</u>	<u>-</u>	<u>-</u>
Total revenue, gains and other support	2,819,891	3,805,009	-	6,624,900
<b>Expenses:</b>				
Management fees	570,221	-	-	570,221
Grant expense	<u>1,733,402</u>	<u>-</u>	<u>-</u>	<u>1,733,402</u>
Total grants and expenses	<u>2,303,623</u>	<u>-</u>	<u>-</u>	<u>2,303,623</u>
Changes in net assets	516,268	3,805,009	-	4,321,277
<b>Unrestricted net assets:</b>				
Beginning of year	<u>6,314,230</u>	<u>37,405,011</u>	<u>64,628</u>	<u>43,783,869</u>
End of year	\$ 6,830,498	\$ 41,210,020	\$ 64,628	\$ 48,105,146

*The accompanying notes are an integral part of this financial statement.*

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

**STATEMENTS OF CASH FLOWS**

**Years ended June 30, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>Cash flows from operating activities</b>		
Changes in net assets	\$ 2,785,580	\$ 4,321,277
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Realized gains on investments	(544,444)	(605,329)
Unrealized gains on investments	(58,135)	(5,446,826)
Change in operating assets and liabilities		
Agency funds held for others	12,960	(33,355)
Contributions receivable	1,337,125	1,524,657
Other assets	(27,940)	(15,510)
Accrued grant liabilities	183,564	452,075
Accrued expenses	(304,713)	293,160
Agency funds and liabilities to related entities	(12,960)	33,355
	3,371,037	523,504
<b>Cash flows from investing activities</b>		
Proceeds from sales and maturities of investments	16,100,415	17,903,535
Purchase of investments	(19,282,158)	(18,613,426)
	(3,181,743)	(709,891)
<b>NET INCREASE (DECREASE) IN CASH</b>	189,294	(186,387)
<b>Cash at beginning of year</b>	88,777	275,164
<b>Cash at end of year</b>	\$ 278,071	\$ 88,777

*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, 2015 and 2014

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### NOTE 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 (“Corporation Sole” or “Archdiocese”), to provide certain administration and development functions in exchange for administrative fees. There were 465 separate fund agreements in CCF, Inc. as of June 30, 2015. 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 donor-restricted funds may have several beneficiaries that will receive ongoing financial support. As required by CCF, Inc.’s Board of Trustees, 50% of the income and assets of a fund must be restricted 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 CCF, Inc.’s professional advice and management. Donors may suggest charitable distributions from funds they have established, although CCF, Inc.’s Board of Trustees is required to make final decisions on all grants.

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

Investments are managed by an external investment management firm.

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2015 and 2014**

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**NOTE 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 fair value of investments is subject to fluctuations on a year to year basis, CCF, Inc. believes that its investment policies are prudent for the long-term welfare of the organization.

Cash is maintained at one financial institution and at times, the total value of deposits maintained may exceed the amount insured by federal agencies and, therefore, bears some risk. CCF, Inc. has not experienced any losses as a result of exceeding insured amounts. As of June 30, 2015, there was \$26,645 in funds held in excess of the FDIC limit.

**Fair Value of Financial Instruments**

• **Cash and Investments**

The carrying amount for cash and investments approximates fair value. The fair value of investments is based on quoted market prices as of the reporting date. Income from cash and investments are included in unrestricted investment income, unless the income is restricted by the donor.

• **Contributions Receivable**

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 using a risk-adjusted discount rate applicable to the years in which the promises were received. Discount rates utilized were derived utilizing the risk-adjusted rate and ranged from 1.62% to 4.30% at June 30, 2015 and 2014. Refer to Note 4, Contributions Revenue and Receivable, for details of amounts associated with contributions.

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2015 and 2014**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Fair Value of Financial Instruments - continued**

- **Charitable Gift Annuities**

The net fair value of gift annuities is determined annually by adjusting the annuity liability to reflect amortization of the discount and changes in the life expectancy of the donors/annuitants. 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**

CCF, Inc. follows FASB Accounting Services Codification 820, *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. CCF, Inc.'s financial assets recorded at fair value on a recurring basis primarily relate to investments. The adoption of this guidance did not have any impact on CCF, Inc.'s financial results.

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

**Level 1 -** Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

**Level 2 -** Fair value is based on pricing inputs other than quoted prices in active markets and which are either directly or indirectly observable as of the reporting date. The nature of these securities includes investments for which quoted prices are available but traded less frequently than securities traded on what are deemed active markets. Also included in Level 2 are investments measured using a net asset value ("NAV") per share, or its equivalent, that may be redeemed at NAV at the date of the statement of financial position or in the near term, which CCF, Inc. has determined to be within 90 days.

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2015 and 2014**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Fair Value of Financial Instruments - continued**

**Level 3 -** Pricing of securities are unobservable as of the reporting date. The inputs used to determine fair value are not observable and require significant management judgment or estimation. Also included in Level 3 are investments measured using a NAV per share, or its equivalent, that can never be redeemed at NAV or for which redemption at NAV is uncertain due to lockup periods or other investment restrictions.

CCF, Inc. endeavors to utilize the best available information in measuring fair value. All investments are held and managed by Strategic Solutions of Commonfund. The fair value of Level 1 investments is based on quoted market prices as of the reporting date. The fair value of Level 2 investments is based on the NAV per share as a practical expedient, as provided by Commonfund. These funds are available on a monthly basis. Based on observable and verified Level 1 inputs and noted accuracy of NAV, upon past calls for cash, CCF, Inc. believes the value of Level 2 investments is representative of exit prices. The fair value of Level 3 investments is based on NAV as provided by Commonfund. These investments include private capital, global hedged instruments, natural resources and real estate and generally have an illiquid status of five years or more.

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2015 and 2014**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Fair Value of Financial Instruments - continued**

The following tables summarize the valuation of CCF, Inc.'s financial instruments by authoritative pricing levels as of June 30, 2015 and 2014:

	<u>Fair Value Measurements</u>			<u>Total Fair Value</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
<b>At June 30, 2015:</b>				
Cash equivalents	\$ 2,221,164	\$ 874,576	\$ -	\$ 3,095,740
Fixed income funds	-	6,742,619	-	6,742,619
Private equity funds	-	26,918,948	1,022,236	27,941,184
Alternative funds	-	6,807,009	5,738,768	12,545,777
	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>
Total investments	\$ 2,221,164	\$ 41,343,152	\$ 6,761,004	\$ 50,325,320
Agency funds held for others	\$ -	\$ 224,209	\$ 37,458	\$ 261,667
	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>
Total investments and agency funds held for others	\$ 2,221,164	\$ 41,567,361	\$ 6,798,462	\$ 50,586,987
	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>
<b>At June 30, 2014:</b>				
Cash equivalents	\$ 2,279,772	\$ 210,086	\$ -	\$ 2,489,858
Fixed income funds	-	6,238,958	-	6,238,958
Private equity funds	-	26,785,533	469,593	27,255,126
Alternative funds	-	5,740,966	4,816,089	10,557,055
	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>
Total investments	\$ 2,279,772	\$ 38,975,543	\$ 5,285,682	\$ 46,540,997
Agency funds held for others	\$ -	\$ 241,675	\$ 32,952	\$ 274,627
	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>
Total investments and agency funds held for others	\$ 2,279,772	\$ 39,217,218	\$ 5,318,634	\$ 46,815,624
	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2015 and 2014**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Fair Value of Financial Instruments - continued**

The following tables list Level 2 and Level 3 investments valued using the NAV as a practical expedient for fair value reporting by major category:

2015							
Type	Strategy	Fair Value	# of Funds	Remaining Life	Redemption Terms	Redemption Restrictions	Redemption Notice Period
Private Equity Funds	These funds invest in global venture capital and private equity securities	\$28,095,987	5	1 fund is scheduled to terminate in 9 years; 2 funds N/A	No liquidity for 1 fund; monthly for 2 remaining funds	No liquidity for 1 fund; 1 fund minimum withdrawal of \$100,000 the remaining fund minimum of \$50,000 withdrawal	No liquidity for 1 fund; 2 funds N/A
Fixed Income Funds	These funds invest in a variety of US corporate, US treasury and global debt securities	\$ 6,779,976	3	N/A	Monthly	1 fund has no restrictions; remaining 3 funds minimum withdrawal of \$100,000	N/A
Commingled Funds	These funds invest in a portfolio of underlying hedge funds which use a variety of investment strategies	\$11,018,386	8	1 fund is scheduled to terminate in 9 years; remaining 6 funds N/A	No liquidity for 1 fund; 1 fund annually, 2 funds quarterly; 3 funds monthly	No liquidity for 1 fund; 4 funds minimum withdrawal of \$100,000; 1 fund redemptions allowed 1 <sup>st</sup> quarter end after a 12 month lock up; 1 fund no restrictions	No liquidity for 1 fund; 2 funds 95 days; 2 funds 65 days; 1 fund 30 days; 1 fund N/A
Real Estate Funds	These funds invest in non-traded REITs	\$ 1,596,898	2	N/A	No liquidity for 1 fund; 1 fund quarterly	No liquidity for 1 fund; 1 fund no restrictions	No liquidity for 1 fund; 1 fund 120 days
Total		<u>\$47,491,247</u>	<u>18</u>				

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2015 and 2014**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Fair Value of Financial Instruments - continued**

2014							
Type	Strategy	Fair Value	# of Funds	Remaining Life	Redemption Terms	Redemption Restrictions	Redemption Notice Period
Private Equity Funds	These funds invest in global venture capital and private equity securities	\$27,425,043	3	1 fund is scheduled to terminate in 9 years; 2 funds N/A	No liquidity for 1 fund; monthly for 2 remaining funds	No liquidity for 1 fund; 1 fund minimum withdrawal of \$100,000 the remaining fund minimum of \$50,000 withdrawal	No liquidity for 1 fund; 2 funds N/A
Fixed Income Funds	These funds invest in a variety of US corporate, US treasury and global debt securities	\$ 6,277,853	4	N/A	Monthly	1 fund has no restrictions; remaining 3 funds minimum withdrawal of \$100,000	N/A
Commingled Funds	These funds invest in a portfolio of underlying hedge funds which use a variety of investment strategies	\$ 9,579,892	7	1 fund is scheduled to terminate in 9 years; remaining 6 funds N/A	No liquidity for 1 fund; 1 fund annually, 2 funds quarterly; 3 funds monthly	No liquidity for 1 fund; 4 funds minimum withdrawal of \$100,000; 1 fund redemptions allowed 1st quarter end after a 12 month lock up; 1 fund no restrictions	No liquidity for 1 fund; 2 funds 95 days; 2 funds 65 days; 1 fund 30 days; 1 fund N/A
Real Estate Funds	These funds invest in non-traded REITs	\$ 1,042,978	2	N/A	No liquidity for 1 fund; 1 fund quarterly	No liquidity for 1 fund; 1 fund no restrictions	No liquidity for 1 fund; 1 fund 120 days
Total		<u>\$44,325,766</u>	<u>16</u>				

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2015 and 2014**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Fair Value of Financial Instruments - continued**

The following is a rollforward of Level 3 investments for the years ended June 30, 2015 and 2014:

	<b><u>Level 3 Rollforward of the Fair Value Measurements</u></b>			
	<b><u>Equity Funds</u></b>	<b><u>Alternative Funds</u></b>	<b><u>Agency Funds</u></b>	<b><u>Total</u></b>
<b>Balance as of June 30, 2013</b>	\$ 176,772	\$ 5,655,381	\$ 35,773	\$ 5,867,926
Purchases	253,405	4,919,102	-	5,172,507
Sales	-	(6,454,095)	(6,935)	(6,461,030)
Unrealized gains	<u>39,416</u>	<u>695,701</u>	<u>4,114</u>	<u>739,231</u>
<b>Balance as of June 30, 2014</b>	469,593	4,816,089	32,952	5,318,634
Purchases	466,441	1,017,608	3,956	1,488,005
Sales	-	(169,820)	(919)	(170,739)
Unrealized gains	<u>86,201</u>	<u>74,892</u>	<u>1,469</u>	<u>162,562</u>
<b>Balance as of June 30, 2015</b>	<b><u>\$ 1,022,235</u></b>	<b><u>\$ 5,738,769</u></b>	<b><u>\$ 37,458</u></b>	<b><u>\$ 6,798,462</u></b>

CCF, Inc. uses investment advisors to assist in managing its investment portfolio. This full discretionary investment account, guided by a Board approved Investment Policy Statement, was transitioned in May 2011. CCF, Inc.'s Investment Committee of the Board meets regularly with advisors to discuss operations and performances of the investment portfolio.

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

**Grant Expense**

The grant expense is calculated annually applying the spending rate to each eligible endowment fund balance as of December 31st. An individual endowment fund must meet certain criteria to be eligible. In general, no expense will be calculated if a fund's corpus exceeds its fair value, or has been in CCF, Inc.'s portfolio for less than twelve months.

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2015 and 2014**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Grant Expense - continued**

The spending formula is derived utilizing the weighing of two economic factors. The first component of the spending rate is equal to 70% of the allowable spending rate of the previous year, increased by the rate of inflation, as measured by the Consumer Price Index. The second component of the spending rate is 30% of the long-term spending rate of 4% applied to the change in fair value of the fund measured by a trailing market average over the past twelve quarters. The spending rate shall never be less than 3% or higher than 5%.

The spending rate calculated and applied to applicable fund balances were 4.28% and 4.37% for years ended June 30, 2015 and 2014, respectively.

**Income Taxes**

CCF, Inc. is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3), except for those activities which constitute unrelated business income, 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.

CCF, Inc. follows the accounting guidance for uncertainties in income tax positions which requires that a tax position be recognized or not recognized based on a “more likely than not” threshold. This applies to positions taken or expected to be taken in a tax return. CCF, Inc. does not believe its financial statements include any uncertain tax positions. CCF, Inc. is no longer subject to U.S. federal and state tax examinations for years prior to the year ended June 30, 2012.

**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.

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2015 and 2014**

**NOTE 3 - INVESTMENTS**

Investments are stated at fair value. CCF, Inc. maintains master investment accounts. Realized and unrealized gains and losses are allocated monthly to the accounts. Dividends and interest are recognized as earned. The master investments are managed by an independent professional investment management firm and are diversified among a variety of investment products. The fair values of the master investment accounts held as of June 30, 2015 and 2014 are:

	<b>2015</b>	<b>2014</b>
Cash equivalents	\$ 3,095,740	\$ 2,489,858
Fixed income funds	6,742,619	6,238,958
Private equity funds	27,941,184	27,255,126
Alternative funds	12,545,777	10,557,055
	\$ 50,325,320	\$ 46,540,997

**Agency Funds**

CCF, Inc. applies *Transfers of Assets to Not-for-Profit Organizations or Charitable Trust that Raises or Holds Contributions for Others* guidance, 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. At June 30, 2015 and 2014, the balance of these funds was \$261,667 and \$274,627, respectively. The change in value is related to an increase in fair value. There were no distributions from agency funds and no contributions to agency funds for the years ended 2015 or 2014.

**NOTE 4 - CONTRIBUTIONS REVENUE AND 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-adjusted rate and are presented as temporarily restricted net assets in the financial statements. Allowance of uncollectable pledges is estimated at 7.5% of pledges received unless circumstances dictate otherwise.

**The Catholic Community Foundation  
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**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2015 and 2014**

**NOTE 4 - CONTRIBUTIONS REVENUE AND RECEIVABLE - Continued**

Contributions receivable are summarized as follows as of June 30, 2015 and 2014:

	<b>2015</b>	<b>2014</b>
<b>Unconditional promises expected to be collected:</b>		
Less than one year	\$ 876,604	\$ 1,150,480
One to five years	1,294,061	1,866,170
Over five years	<u>509,016</u>	<u>1,858,900</u>
	2,679,681	4,875,550
Less:		
Unamortized discount	(193,051)	(815,152)
Allowance for uncollectible receivables	<u>(250,912)</u>	<u>(487,555)</u>
Net contributions receivable	<u>\$ 2,235,718</u>	<u>\$ 3,572,843</u>

Changes in allowance for uncollectible receivables during the years ended June 30, 2015 and 2014 consist of the following:

<b>Balance at June 30, 2013</b>	\$ 608,117
Decrease in allowance	(110,332)
Write-offs	<u>(10,230)</u>
<b>Balance at June 30, 2014</b>	487,555
Increase in allowance	127,672
Write-offs	<u>(364,315)</u>
<b>Balance at June 30, 2015</b>	<u>\$ 250,912</u>

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of the Archdiocese of Baltimore, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2015 and 2014**

**NOTE 5 - OTHER ASSETS**

The 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 respective 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(s). 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 assumes all liabilities associated with future payments. As of June 30, 2015 and 2014, CCF, Inc. had \$523,410 and \$495,470, respectively, in other assets on the Statements of Financial Position representing CCF, Inc.'s beneficial interest in split-interest agreements.

The following tables summarize the changes in CCF, Inc.'s beneficial interest under split-interest agreements for the years ended June 30, 2015 and 2014:

	2015		
	Charitable Remainder Trust	Annuity Agreements	Total
<b>Balance at June 30, 2014</b>	\$ 112,991	\$ 382,479	\$ 495,470
Beneficial interest in new split-interest agreements	-	139	139
Change in value of split-interest agreements	4,837	22,964	27,801
<b>Balance at June 30, 2015</b>	\$ 117,828	\$ 405,582	\$ 523,410
	2014		
	Charitable Remainder Trust	Annuity Agreements	Total
<b>Balance at June 30, 2013</b>	\$ 114,747	\$ 365,213	\$ 479,960
Beneficial interest in new split-interest agreements	-	2,322	2,322
Change in value of split-interest agreements	(1,756)	14,944	13,188
<b>Balance at June 30, 2014</b>	\$ 112,991	\$ 382,479	\$ 495,470

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2015 and 2014**

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**NOTE 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 are classified as unrestricted. Revenues are reported as increases in unrestricted net assets unless they are limited by express 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 net assets to unrestricted net assets.

**Temporarily Restricted**

Net assets subject to donor-imposed stipulations that may or will be met by the passage of time or by actions of CCF, Inc. pursuant to those stipulations are classified as temporarily restricted. Most of the Organizational and Individual Community investment funds are classified as temporarily restricted.

**Permanently Restricted**

Net assets subject to donor-imposed stipulations that they be maintained permanently are classified as permanently restricted. 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.

**NOTE 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 the Archdiocese. Management fees for the years ended June 30, 2015 and 2014 totaled \$459,655 and \$440,000, respectively, and are recorded in Management fees on the Statements of Activities and Changes in Net Assets. Additionally, CCF, Inc. received a grant of \$133,205 and \$185,000 for the years ended June 30, 2015 and 2014, respectively, from the Archdiocese to fully provide for operating expenses which is recorded as Grant Income in the Statements of Activities and Changes in Net Assets. Included in grant expense in the Statements of Activities and Changes in Net Assets is \$755,986 and \$667,217 for the years ended June 30, 2015 and 2014, respectively, related to funds in which The Corporation Sole is the beneficiary.

**The Catholic Community Foundation  
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**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2015 and 2014**

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**NOTE 7 - RELATED PARTY TRANSACTIONS - Continued**

The Corporation Sole has traditionally allocated a portion of its campaign contributions towards Mustard Seed Match donor incentive programs. Specifically for new funds added to CCF, Inc. for the purpose of assisting families with the cost of Catholic education. The Corporation Sole was in possession of grant money awarded to CCF, Inc. from the *Heritage of Hope* Capital Campaign. Related to Heritage of Hope were contribution receivables in the amount of \$0 and \$79,000 on the Statements of Financial Position as of June 30, 2015 and 2014, respectively. During the years ended June 30, 2015, as part of the *Embracing Our Mission – Shaping Our Future* capital campaign, the Corporation Sole established a \$1 for every \$2 match towards Archdiocesan Catholic School's that established or added to their tuition assistance scholarships endowments. Included in Contributions on the Statement of Activities and Changes in Net Assets were Mustard Seed contributions of \$265,785 and \$0 for the years ended June 30, 2015 and 2014, respectively.

**NOTE 8 - LITIGATIONS**

CCF, Inc. is not a party to any litigation or threatened litigation that is expected to have an adverse material impact on the accompanying financial statements. CCF, Inc. is a separately incorporated, Maryland nonstock 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.

**NOTE 9 - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through December 4, 2015, which is the date the financial statements were available to be issued.

CCF, Inc. is not aware of any subsequent events which would require additional recognition or disclosure in the accompanying financial statements as of June 30, 2015.