

Financial Statements and Report of  
Independent Certified Public  
Accountants

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

June 30, 2021 and 2020

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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, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses 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 audits. 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 audit 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 The Catholic Community Foundation of the Archdiocese of Baltimore, Inc. as of June 30, 2021 and 2020, and the results of 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.

*Grant Thornton LLP*

Arlington, Virginia  
November 11, 2021

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

STATEMENTS OF FINANCIAL POSITION

June 30,

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash	\$ 278,100	\$ 1,036,359
Investments	110,966,623	87,990,364
Other assets	564,626	604,853
Agency funds held for others	2,149,193	1,746,525
Contributions receivable, net of allowance and discount of \$62,448 and \$246,921 at June 30, 2021 and 2020, respectively	<u>383,896</u>	<u>624,323</u>
Total assets	<u><u>\$ 114,342,438</u></u>	<u><u>\$ 92,002,424</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accrued grant liabilities	\$ 6,314,362	\$ 5,574,762
Accrued expenses	356,406	400,040
Agency funds and liabilities to related entities	<u>2,149,193</u>	<u>1,746,525</u>
Total liabilities	8,819,961	7,721,327
<b>Net assets</b>		
Without donor restrictions	8,279,825	6,761,872
With donor restrictions	<u>97,242,652</u>	<u>77,519,225</u>
Total net assets	<u>105,522,477</u>	<u>84,281,097</u>
Total liabilities and net assets	<u><u>\$ 114,342,438</u></u>	<u><u>\$ 92,002,424</u></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, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenue, gains and other support:</b>			
Contributions	\$ 55,599	\$ 2,551,807	\$ 2,607,406
Change in value of split-interest agreements	(590)	(39,637)	\$ (40,227)
Investment earnings, net	1,813,578	21,886,511	\$ 23,700,089
Net assets released from restrictions	<u>4,675,254</u>	<u>(4,675,254)</u>	<u>-</u>
Total revenue, gains and other support	6,543,841	19,723,427	26,267,268
<b>Expenses:</b>			
Management and professional fees	847,944	-	\$ 847,944
Grant expense	<u>4,177,944</u>	<u>-</u>	<u>\$ 4,177,944</u>
Total grants and expenses	<u>5,025,888</u>	<u>-</u>	<u>5,025,888</u>
<b>CHANGES IN NET ASSETS</b>	1,517,953	19,723,427	21,241,380
<b>Net assets beginning of year</b>	<u>6,761,872</u>	<u>77,519,225</u>	<u>84,281,097</u>
<b>Net assets end of year</b>	<u>\$ 8,279,825</u>	<u>\$ 97,242,652</u>	<u>\$ 105,522,477</u>

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

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

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenue, gains and other support:</b>			
Contributions	\$ 716	\$ 4,423,999	\$ 4,424,715
Change in value of split-interest agreements	676	16,497	17,173
Investment earnings, net	(28,072)	(386,307)	(414,379)
Net assets released from restrictions	<u>5,135,068</u>	<u>(5,135,068)</u>	<u>-</u>
Total revenue, gains and other support	5,108,388	(1,080,879)	4,027,509
<b>Expenses:</b>			
Management and professional fees	874,528	-	874,528
Grant expense	<u>4,628,862</u>	<u>-</u>	<u>4,628,862</u>
Total grants and expenses	<u>5,503,390</u>	<u>-</u>	<u>5,503,390</u>
<b>CHANGES IN NET ASSETS</b>	(395,002)	(1,080,879)	(1,475,881)
<b>Net assets beginning of year</b>	<u>7,156,874</u>	<u>78,600,104</u>	<u>85,756,978</u>
<b>Net assets end of year</b>	<u>\$ 6,761,872</u>	<u>\$ 77,519,225</u>	<u>\$ 84,281,097</u>

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

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

STATEMENTS OF FUNCTIONAL EXPENSES

Years ended June 30,

	<b>2021</b>		
	<b>Program Services</b>	<b>Management and General</b>	<b>Total Expenses</b>
Grant expense	\$ 4,177,944	\$ -	\$ 4,177,944
Management fees	-	776,822	776,822
Marketing expenses	71,122	-	71,122
	<u>\$ 4,249,066</u>	<u>\$ 776,822</u>	<u>\$ 5,025,888</u>
	<b>2020</b>		
	<b>Program Services</b>	<b>Management and General</b>	<b>Total Expenses</b>
Grant expense	\$ 4,628,862	\$ -	\$ 4,628,862
Management fees	49,956	746,612	796,568
Marketing expenses	77,960	-	77,960
	<u>\$ 4,756,778</u>	<u>\$ 746,612</u>	<u>\$ 5,503,390</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,**

	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 21,241,380	\$ (1,475,881)
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities		
Reinvested dividend income	(911,232)	(236,545)
Unrealized (gain) loss on investments	(22,788,857)	650,924
Change in operating assets and liabilities		
Agency funds held for others	(402,668)	(24,715)
Decrease in contributions receivable	240,427	1,681
Decrease (increase) in other assets	40,227	(17,174)
Increase in accrued grant liabilities	739,600	1,495,770
Decrease in accrued expenses	(43,634)	(225,473)
Agency funds and liabilities held for others	402,668	24,715
	(1,482,089)	193,303
<b>Net cash (used in) provided by operating activities</b>		
<b>Cash flows from investing activities:</b>		
Proceeds from sales and maturities of investments	34,262,664	54,567,503
Purchases of investments	(33,538,834)	(53,873,483)
	723,830	694,020
<b>Net cash provided by investing activities</b>		
<b>Net (decrease) increase in cash</b>	(758,259)	887,323
<b>Cash, beginning of year</b>	1,036,359	149,036
<b>Cash, end of year</b>	\$ 278,100	\$ 1,036,359

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, 2021 and 2020**

**NOTE A - 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 544 separate fund agreements in CCF, Inc. as of June 30, 2021. 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.

**NOTE B - 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 ("U.S. GAAP").

***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.

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2021 and 2020**

CCF, Inc.'s cash management policies limit its exposure to a concentration of credit risk by maintaining cash accounts at financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation ("FDIC"). Cash is maintained at one financial institution and at times, the total value of deposits maintained may exceed the FDIC insurable limit and, therefore, bears some risk. CCF, Inc. has not experienced any losses as a result of exceeding insured amounts. As of June 30, 2021, the balance held in excess of the FDIC limit was \$28,100

***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 .29% to 4.30% at June 30, 2021 and 2020. Refer to Note E, Contributions Revenue and Receivable, for details of amounts associated with contributions.

*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 F, Other Assets, for further detail.

*Fair Value Measurement*

The Financial Accounting Standards Board ("FASB") Topic 820, under the FASB Accounting Standards Codification ("ASC") defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. This standard provides a consistent definition of fair value which focuses on an exit price between market participants in an orderly transaction. The standard also prioritizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability, based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability, based on the best information available in the circumstances. The hierarchy is broken down into three levels, based on the transparency of inputs as follows:

- 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.
- 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.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

CCF, Inc. endeavors to utilize the best available information in measuring fair value. All investments are held and managed by Strategic Solutions of 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 combined entities use the net asset value ("NAV") to determine the fair value of all underlying investments, which (1) do not have a readily determinable fair value and (2) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following tables summarize the valuation of CCF, Inc.'s financial instruments by authoritative pricing levels as of June 30, 2021 and 2020:

	Fair Value Measurements		Total Fair Value
	Level 2	NAV	
June 30, 2021			
Cash equivalents	\$ 1,298,999	\$ -	\$ 1,298,999
Fixed income funds*	-	17,056,821	17,056,821
Private equity funds*	-	64,432,139	64,432,139
Alternative funds*	-	28,178,664	28,178,664
Total investments	1,298,999	109,667,624	110,966,623
Agency funds held for others*	-	2,149,193	2,149,193
Total investments and agency funds held for others	\$ 1,298,999	\$ 111,816,817	\$ 113,115,816
June 30, 2020			
Cash equivalents	\$ 2,131,324	\$ -	\$ 2,131,324
Fixed income funds*	-	15,715,402	15,715,402
Private equity funds*	-	49,641,571	49,641,571
Alternative funds*	-	20,502,067	20,502,067
Total investments	2,131,324	85,859,040	87,990,364
Agency funds held for others*	-	1,746,525	1,746,525
Total investments and agency funds held for others	\$ 2,131,324	\$ 87,605,565	\$ 89,736,889

\* In accordance with ASC Subtopic 820-10, investments measured at fair value using NAV per share as a practical expedient have not been categorized in the fair value hierarchy.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

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

Type	Strategy	Fair Value	# of Funds	2021		Remaining Life	Redemption Terms	Redemption Restrictions	Redemption Notice Period
				Unfunded Commitments					
Private equity funds	These funds invest in global venture capital and private equity securities	\$ 65,694,837	11	\$ 5,858,606		1 fund is scheduled to terminate in 2 years; 2 in 5 years; 1 in 6 years; 1 in 7 years; 1 in 8 years; 1 in 11 years; 4 funds open ended	No liquidity until end of term for 8 funds; daily for 1 fund; monthly for 2 funds	No liquidity for 8 funds until end of term; 1 fund no partial redemption if remaining value is less than \$100,000; 2 funds no restrictions	No liquidity for 8 funds until end of term; 1 fund 5 business days' prior written notice, 2 remaining funds monthly
Fixed income fund	This fund invests in a variety of U.S. corporate, U.S. treasury and global debt securities	17,391,090	3	-		1 monthly; 1 quarterly, 1 daily	1 monthly; 1 quarterly, 1 daily	Minimum withdrawal of \$100,000 for 1 fund; no minimum for 2	5 business days for 1 fund; 60 days' for 1 fund, daily for 1
Commingled funds	These funds invest in a portfolio of underlying hedge funds which use a variety of investment strategies	23,309,395	9	5,421,480		1 fund is scheduled to terminate in 5 years; 1 in 8 years; 1 in 9 years; 1 in 10 years; 1 in 12 years; 4 remaining funds open ended	No liquidity until end of term for 5 funds; 2 funds quarterly; 2 funds daily	No liquidity until end of term for 5 funds; 1 fund maximum withdrawal up to 25% of shares; 3 fund no restrictions	No liquidity until end of term for 5 funds; 1 fund 65 days' prior written notice; 3 funds no restrictions
Real estate funds	These funds invest in non-traded REITs	5,421,495	5	4,997,312		1 fund to terminate in 12 years, 4 funds open ended	No liquidity until end of term for 4 funds; 1 fund quarterly	No liquidity until end of term for 4 funds; 1 fund quarterly	No liquidity until end of term for 4 funds; 1 fund 90 days
Total		\$111,816,817	28						

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

Type	Strategy	Fair Value	# of Funds	2020				
				Unfunded Commitments	Remaining Life	Redemption Terms	Redemption Restrictions	Redemption Notice Period
Private equity funds	These funds invest in global venture capital and private equity securities	\$ 50,651,368	10	\$ 8,422,981	1 fund is scheduled to terminate in 3 years; 2 in 6 years; 1 in 7 years; 1 in 8 years; 1 in 9 years; 1 in 12 years; 3 funds open ended	No liquidity until end of term for 7 funds; daily for 1 fund; monthly for 2 funds	No liquidity for 7 funds until end of term; 1 fund no partial redemption if remaining value is less than \$100,000; 2 funds no restrictions	No liquidity for 7 funds until end of term; 1 fund 5 business days' prior written notice, 2 remaining funds monthly
Fixed income fund	This fund invests in a variety of U.S. corporate, U.S. treasury and global debt securities	16,035,082	2	-	1 fund monthly; 1 fund quarterly	1 fund monthly; 1 fund quarterly	Minimum withdrawal of \$100,000 for 1 fund; no minimum for 1	5 business days' written notice for 1 fund; 60 days' notice for 1 fund
Commingled funds	These funds invest in a portfolio of underlying hedge funds which use a variety of investment strategies	18,110,105	7	3,205,288	1 fund is scheduled to terminate in 3 years; 1 in 6 years; 1 in 9 years; 1 in 10 years; 3 remaining funds open ended	No liquidity until end of term for 4 funds; 1 fund quarterly; 2 funds daily	No liquidity until end of term for 4 funds; 1 fund maximum withdrawal up to 25% of shares; 2 fund no restrictions	No liquidity until end of term for 4 funds; 1 fund 65 days' prior written notice; 2 funds no restrictions
Real estate funds	These funds invest in non-traded REITs	2,809,010	4	4,505,425	1 fund to terminate in 13 years, 3 funds open ended	No liquidity until end of term for 3 funds; 1 fund quarterly	No liquidity until end of term for 3 funds; 1 fund quarterly	No liquidity until end of term for 3 funds; 1 fund 90 days
Total		\$ 87,605,565	23					

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 of Trustees 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 31. 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 12 months.

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 12 quarters. The spending rate shall never be less than 3% or higher than 5%.

The spending rate calculated and applied to applicable fund balances was 4.19% and 4.21% for years ended June 30, 2021 and 2020.

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2021 and 2020**

***Investment Income***

Investment income is presented net of investment advisory/management fees in the accompanying statements of activities and changes in net assets.

***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. has processes presently in place to identify and report unrelated income, to determine its filing and tax obligations in jurisdictions for which it has nexus, and to identify and evaluate other matters that may be considered tax positions. CCF, Inc. has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

***Estimates***

The preparation of financial statements in conformity with U.S. GAAP 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.

***Adoption of New Accounting Pronouncement***

Effective July 1, 2019, CCF, Inc. adopted FASB Accounting Standards Update ("ASU") 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. In accordance with ASU 2018-08, CCF, Inc. evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be a contribution, CCF, Inc. evaluates whether the contribution is conditional, based upon whether the agreement includes both (1) one or more barriers that must be overcome before CCF, Inc. is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

***COVID-19 Pandemic***

The COVID-19 pandemic, whose effects first became apparent in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The extent of the impact of COVID-19 on CCF, Inc.'s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact CCF, Inc.'s future financial position and changes in net assets and cash flows is uncertain.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

**NOTE C - FINANCIAL ASSETS AND LIQUIDITY RESOURCES**

As of June 30, 2021 and 2020, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, follow:

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash	\$ 278,100	\$ 1,036,359
Accounts receivable, net	383,896	624,323
Less collectibles greater than one year	(233,400)	(482,200)
Investments and agency funds	113,115,816	89,736,889
Less investments held for others	(4,542,264)	(2,904,497)
Less assets with donor restrictions	<u>(97,242,652)</u>	<u>(77,519,225)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 11,759,496</u>	<u>\$ 10,491,649</u>

The purpose of the Catholic Community Foundation is to hold all investments in perpetuity to financially support the spiritual, educational and social needs of the Catholic community within the Archdiocese of Baltimore. A suitable proportion of CCF, Inc.'s investment balances are held in Board approved instruments that can be converted to cash if needed.

**NOTE D - 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, 2021 and 2020 are:

	<u>2021</u>	<u>2020</u>
Cash equivalents	\$ 1,298,999	\$ 2,131,324
Fixed income funds	17,056,821	15,715,402
Private equity funds	64,432,139	49,641,571
Alternative funds	<u>28,178,664</u>	<u>20,502,067</u>
	<u>\$ 110,966,623</u>	<u>\$ 87,990,364</u>

**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, 2021 and 2020, the balance of these funds was \$2,149,193 and \$1,746,525, respectively. The change in value is related to an additional agency fund being set up as well as an increase in fair value. There were no distributions from agency funds for the years ended June 30, 2021 and 2020.



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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

**NOTE E - CONTRIBUTIONS REVENUE AND RECEIVABLE**

Contributions, including unconditional promises to give, are recognized as revenue in the period the pledge is 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 net assets with donor restrictions in the financial statements. Allowance of uncollectable pledges is estimated at 7.5% of pledges received unless circumstances dictate otherwise.

Contributions receivable are summarized as follows as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Unconditional promises expected to be collected:		
Less than one year	\$ 212,944	\$ 389,044
One to five years	205,400	453,200
Over five years	<u>28,000</u>	<u>29,000</u>
	446,344	871,244
Less:		
Unamortized discount	(8,919)	(18,392)
Allowance for uncollectible receivables	<u>(53,529)</u>	<u>(228,529)</u>
Net contributions receivable	<u>\$ 383,896</u>	<u>\$ 624,323</u>

**NOTE F - 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 loss on the statements 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.

The following tables summarize the changes in CCF, Inc.'s beneficial interest under split-interest agreements for the years ended June 30, 2021 and 2020:

	<u>2021</u>		
	<u>Charitable Remainder Trust</u>	<u>Annuity Agreements</u>	<u>Total</u>
Balance at June 30, 2020	\$ 133,948	\$ 374,099	\$ 508,047
Beneficial interest in new split-interest agreements	-	-	-
Change in value of split-interest agreements	<u>(2,330)</u>	<u>(37,897)</u>	<u>(40,227)</u>
Balance at June 30, 2021	<u>\$ 131,618</u>	<u>\$ 336,202</u>	<u>\$ 467,820</u>

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

	2020		
	Charitable Remainder Trust	Annuity Agreements	Total
Balance at June 30, 2019	\$ 129,883	\$ 360,991	\$ 490,874
Beneficial interest in new split-interest agreements	-	-	-
Change in value of split-interest agreements	4,065	13,108	17,173
Balance at June 30, 2020	<u>\$ 133,948</u>	<u>\$ 374,099</u>	<u>\$ 508,047</u>

**NOTE G - NET ASSETS**

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

***Without Donor Restrictions***

Net assets that are not considered restricted through time or purpose or donor-restricted are classified as without donor restrictions. Revenues are reported as increases in net assets without donor restrictions unless they are limited by express donor-imposed restrictions. Expirations of time and purpose 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 time and purpose restricted net assets to without donor restricted net assets. For the years ended June 30, 2021 and 2020, CCF, Inc. has a balance of \$8,279,825 and \$6,761,872, respectively, of net assets without donor restrictions.

***With Donor Restrictions***

Restricted for Time or Purpose

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 time and purpose restricted. Most of the Organizational and Individual Community investment funds are classified as with donor restrictions due to time or purpose. For the years ended June 30, 2021 and 2020, CCF, Inc. has a balance of \$97,178,024 and \$77,454,597, respectively, of net assets with donor restrictions due to time and purpose.

Restricted in Perpetuity

Net assets subject to donor-imposed stipulations that they be maintained in perpetuity are classified as with donor restrictions. 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. For each of the years ended June 30, 2021 and 2020, CCF, Inc. has a balance of \$64,628 of net assets with donor restrictions permanently restricted.

**NOTE H - 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, 2021 and 2020 totaled \$776,822 and \$764,230, respectively, and are recorded in management fees on the statements of activities and changes in net assets. Additionally, CCF, Inc. received no grants for the years ended June 30, 2021 and 2020, respectively, from the Archdiocese to fully provide for operating expenses,

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**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2021 and 2020**

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 \$1,504,423 and \$1,369,449 of grants awarded to the Corporation Sole for the years ended June 30, 2021 and 2020, respectively.

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. During the year 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 statements of activities and changes in net assets were Mustard Seed contributions of \$112,541 and \$24,540 for the years ended June 30, 2021 and 2020, respectively.

**NOTE I - LITIGATION**

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 no-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.

**NOTE J - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through November 11, 2021, 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, 2021.