

Financial Statements and Report of
Independent Certified Public
Accountants

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

June 30, 2023 and 2022

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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.

Opinion

We have audited the 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, 2023 and 2022, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CCF, Inc. as of June 30, 2023 and 2022, 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.

Basis for opinion

We conducted our audits of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CCF, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CCF, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable

assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CCF Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CCF Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Grant Thornton LLP

Arlington, Virginia
October 24, 2023

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

STATEMENTS OF FINANCIAL POSITION

June 30,

	2023	2022
ASSETS		
Cash	\$ 666,630	\$ 855,554
Investments	112,418,318	109,281,733
Split interest agreements and other assets	626,106	598,751
Agency funds held for others	2,017,965	1,998,918
Contributions receivable, net	-	167,206
	<u>\$ 115,729,019</u>	<u>\$ 112,902,162</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accrued grant liabilities	\$ 7,405,152	\$ 7,720,733
Accrued expenses	243,999	849,446
Agency funds held for others	2,017,965	1,998,918
	<u>9,667,116</u>	<u>10,569,097</u>
Net assets		
Without donor restrictions	8,334,998	8,214,478
With donor restrictions	97,726,905	94,118,587
	<u>106,061,903</u>	<u>102,333,065</u>
Total net assets	<u>106,061,903</u>	<u>102,333,065</u>
Total liabilities and net assets	<u>\$ 115,729,019</u>	<u>\$ 112,902,162</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, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue, gains and other support:			
Contributions	\$ 51,725	\$ 2,015,146	\$ 2,066,871
Change in value of split-interest agreements	873	11,482	12,355
Investment earnings, net	536,628	6,528,970	7,065,598
Net assets released from restrictions	4,947,280	(4,947,280)	-
	<u>5,536,506</u>	<u>3,608,318</u>	<u>9,144,824</u>
Expenses:			
Management and professional fees	1,201,274	-	1,201,274
Grant expense	4,214,712	-	4,214,712
	<u>5,415,986</u>	<u>-</u>	<u>5,415,986</u>
	<u>5,415,986</u>	<u>-</u>	<u>5,415,986</u>
CHANGES IN NET ASSETS	120,520	3,608,318	3,728,838
Net assets beginning of year	<u>8,214,478</u>	<u>94,118,587</u>	<u>102,333,065</u>
Net assets end of year	<u>\$ 8,334,998</u>	<u>\$ 97,726,905</u>	<u>\$ 106,061,903</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, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue, gains and other support:			
Contributions	\$ 676,199	\$ 5,843,309	\$ 6,519,508
Change in value of split-interest agreements	2,204	31,921	34,125
Investment earnings, net	(259,601)	(3,218,699)	(3,478,300)
Net assets released from restrictions	5,780,596	(5,780,596)	-
	<u>6,199,398</u>	<u>(3,124,065)</u>	<u>3,075,333</u>
Expenses:			
Management and professional fees	1,056,749	-	1,056,749
Grant expense	5,207,996	-	5,207,996
	<u>6,264,745</u>	<u>-</u>	<u>6,264,745</u>
	<u>6,264,745</u>	<u>-</u>	<u>6,264,745</u>
CHANGES IN NET ASSETS	(65,347)	(3,124,065)	(3,189,412)
Net assets beginning of year	<u>8,279,825</u>	<u>97,242,652</u>	<u>105,522,477</u>
Net assets end of year	<u>\$ 8,214,478</u>	<u>\$ 94,118,587</u>	<u>\$ 102,333,065</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,

	2023		
	Program Services	Management and General	Total Expenses
Grant expense	\$ 4,214,712	\$ -	\$ 4,214,712
Management fees	-	1,126,747	1,126,747
Marketing expenses	74,527	-	74,527
	<u>\$ 4,289,239</u>	<u>\$ 1,126,747</u>	<u>\$ 5,415,986</u>
	2022		
	Program Services	Management and General	Total Expenses
Grant expense	\$ 5,207,996	\$ -	\$ 5,207,996
Management fees	-	914,516	914,516
Marketing expenses	142,233	-	142,233
	<u>\$ 5,350,229</u>	<u>\$ 914,516</u>	<u>\$ 6,264,745</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,

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ 3,728,838	\$ (3,189,412)
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities		
Reinvested dividend income	(1,469,430)	(1,068,584)
Unrealized (gain) loss on investments	(5,596,168)	4,546,884
Change in operating assets and liabilities		
Increase (decrease) in agency funds held for others	(19,047)	150,275
Decrease in contributions receivable	167,206	216,690
Increase in split interest agreements and other assets	(27,355)	(34,125)
(Decrease) increase in accrued grant liabilities	(315,581)	1,406,371
(Decrease) increase in accrued expenses	(605,447)	493,040
Increase (decrease) in agency funds held for others	19,047	(150,275)
	<u>(4,117,937)</u>	<u>2,370,864</u>
Net cash (used in) provided by operating activities		
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	31,608,294	29,135,229
Purchases of investments	<u>(27,679,281)</u>	<u>(30,928,639)</u>
Net cash provided by (used in) investing activities	<u>3,929,013</u>	<u>(1,793,410)</u>
NET (DECREASE) INCREASE IN CASH	(188,924)	577,454
Cash, beginning of year	<u>855,554</u>	<u>278,100</u>
Cash, end of year	<u>\$ 666,630</u>	<u>\$ 855,554</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, 2023 and 2022

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 560 separate fund agreements in CCF, Inc. as of June 30, 2023. 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, 2023 and 2022

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, 2023, the balance held in excess of the FDIC limit was \$416,630.

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. As of June 30, 2023, the contributions receivable, net balance was \$0 and therefore no unamortized discount was calculated. Discount rates utilized as of June 30, 2022 were derived from the risk-adjusted rate and ranged from 0.29% to 4.30%.

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.

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, 2023 and 2022

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.

CCF, Inc. uses 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, 2023 and 2022:

	Fair Value Measurements		Total Fair Value
	Level 2	NAV	
June 30, 2023			
Cash equivalents	\$ 5,858,923	\$ -	\$ 5,858,923
Fixed income funds*	-	14,543,284	14,543,284
Private equity funds*	-	62,854,671	62,854,671
Alternative funds*	-	29,161,440	29,161,440
Total investments	5,858,923	106,559,395	112,418,318
Agency funds held for others*	-	2,017,965	2,017,965
Total investments and agency funds held for others	\$ 5,858,923	\$ 108,577,360	\$ 114,436,283
June 30, 2022			
Cash equivalents	\$ 2,030,133	\$ -	\$ 2,030,133
Fixed income funds*	-	18,057,604	18,057,604
Private equity funds*	-	60,009,495	60,009,495
Alternative funds*	-	29,184,501	29,184,501
Total investments	2,030,133	107,251,600	109,281,733
Agency funds held for others*	-	1,998,918	1,998,918
Total investments and agency funds held for others	\$ 2,030,133	\$ 109,250,518	\$ 111,280,651

* 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, 2023 and 2022

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	2023		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	\$ 64,044,979	13	\$ 6,344,228		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	14,818,698	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	22,467,295	9	3,358,892		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	7,246,388	5	3,878,231		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		\$108,577,360	30	13,581,351					

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Type	Strategy	Fair Value	# of Funds	2022		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	\$ 61,127,931	13	\$ 8,151,975		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	18,394,155	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	22,727,890	9	4,252,660		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	7,000,542	5	4,603,518		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		<u>\$109,250,518</u>	<u>30</u>						

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 4.44% and 4.34% for years ended June 30, 2023 and 2022, respectively.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

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.

NOTE C - FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of June 30, 2023 and 2022, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, follow:

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash	\$ 666,630	\$ 855,554
Contributions receivable, net	-	167,206
Less receivables greater than one year	-	(31,000)
Investments and agency funds	114,436,283	111,464,150
Less donor advised funds	(2,255,932)	(2,028,782)
Less agency funds held for others	(2,017,965)	(1,998,918)
Less board designated net assets	(443,600)	(466,856)
Less assets with donor restrictions	<u>(97,726,905)</u>	<u>(94,118,587)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 12,658,511</u>	<u>\$ 13,842,767</u>

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

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, 2023 and 2022 are:

	2023	2022
Cash equivalents	\$ 5,858,923	\$ 2,030,133
Fixed income funds	14,543,284	18,057,604
Private equity funds	62,854,671	60,009,495
Alternative funds	29,161,440	29,184,501
	<u>\$ 112,418,318</u>	<u>\$ 109,281,733</u>

Agency Funds

CCF, Inc. acts as custodian to certain funds transferred to the foundation by other not-for-profit organizations of which the other not-for-profit organizations are themselves the beneficiary. CCF, Inc. does not have any variance power in terms of the use of these investments or any economic interest. CCF Inc., in accordance with *Transfers of Assets to Not-for-Profit Organizations or Charitable Trust that Raises or Holds Contributions for Others* guidance, records a liability for the transferred funds. The transferred funds are invested using the same parameters and options as other funds held in CCF and any change in value is related to changes in the fair values and transactions in the normal course of operations. There were distributions totaling \$99,932 and \$0 from agency funds for the years ended June 30, 2023 and 2022, respectively.

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 barriers on which they depend are substantially met. 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. At June 30, 2023 and 2022, CCF determined an allowance for uncollectable receivables of \$49,000 and \$0, respectively, based on its review of all pledges for collectability.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Contributions receivable are summarized as follows as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Unconditional promises expected to be collected:		
Less than one year	\$ 25,000	\$ 144,132
One to five years	-	5,000
Over five years	<u>24,000</u>	<u>26,000</u>
	49,000	175,132
Less:		
Unamortized discount	-	(7,926)
Allowance for uncollectible receivables	<u>(49,000)</u>	<u>-</u>
Net contributions receivable	<u>\$ -</u>	<u>\$ 167,206</u>

NOTE F - SPLIT INTEREST AGREEMENTS

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 in 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, 2023 and 2022:

	<u>2023</u>		
	<u>Charitable Remainder Trust</u>	<u>Annuity Agreements</u>	<u>Total</u>
Balance at June 30, 2022	\$ 146,561	\$ 355,388	\$ 501,949
Change in value of split-interest agreements	<u>1,851</u>	<u>10,504</u>	<u>12,355</u>
Balance at June 30, 2023	<u>\$ 148,412</u>	<u>\$ 365,892</u>	<u>\$ 514,304</u>
	<u>2022</u>		
	<u>Charitable Remainder Trust</u>	<u>Annuity Agreements</u>	<u>Total</u>
Balance at June 30, 2021	\$ 131,618	\$ 336,202	\$ 467,820
Change in value of split-interest agreements	<u>14,943</u>	<u>19,186</u>	<u>34,129</u>
Balance at June 30, 2022	<u>\$ 146,561</u>	<u>\$ 355,388</u>	<u>\$ 501,949</u>

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

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, 2023 and 2022, CCF, Inc. has a balance of \$8,334,998 and \$8,214,478, respectively, of net assets without donor restrictions. At June 30, 2023 and 2022, the Board of Trustees had designated \$443,600 and \$466,856, respectively, to fund certain projects in furtherance of CCF's general charitable purposes.

With Donor Restrictions

For the years ended June 30, 2023 and 2022, CCF, Inc. has a balance of \$97,726,905 and \$94,118,587, respectively, of net assets with donor restrictions. Net assets with donor restrictions are restricted for time or purpose or restricted in perpetuity.

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, 2023 and 2022, CCF, Inc. has a balance of \$97,662,277 and \$94,053,959, respectively, of net assets with donor restrictions due to time and purpose. Net assets released from restrictions resulted from CCF, Inc. incurring grant expense and related administrative costs in satisfaction of donor requirements that totaled \$4,947,280 and \$5,780,596 during the years ended June 30, 2023 and 2022, respectively.

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, 2023 and 2022, CCF, Inc. has a balance of \$64,628 of net assets with donor restrictions to be maintained in perpetuity.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

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, 2023 and 2022 totaled \$843,404 and \$808,078, 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, 2023 and 2022, 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 \$1,930,417 and \$1,963,586 of grants awarded to the Corporation Sole for the years ended June 30, 2023 and 2022, 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 \$0 and \$72,804 for the years ended June 30, 2023 and 2022, respectively.

During the years ended June 30, 2023 and 2022, CCF received contributions of \$1,000 and \$12,000, respectively, from board members in the normal course of business.

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 October 24, 2023, 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.