



The Catholic Foundation
for the Diocese of Greensburg

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

WITH

INDEPENDENT AUDITOR'S REPORT

MaherDuessel

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THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREENSBURG, PENNSYLVANIA

YEARS ENDED JUNE 30, 2020 AND 2019

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Independent Auditor's Report

**The Reverend Monsignor Larry J.
Kulick, JCL
Diocesan Administrator of the Diocese
of Greensburg
Chairperson of the Members
The Catholic Foundation for the
Diocese of Greensburg, Pennsylvania**

We have audited the accompanying financial statements of The Catholic Foundation for the Diocese of Greensburg, Pennsylvania (Foundation), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management of the Foundation 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 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 the entity'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 the entity'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.

The Reverend Monsignor Larry J. Kulick, JCL
Diocesan Administrator of the Diocese of Greensburg
Chairperson of the Members
The Catholic Foundation for the Diocese of Greensburg, Pennsylvania
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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 Foundation as of June 30, 2020 and 2019, 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.

Maher Duessel

Pittsburgh, Pennsylvania
September 30, 2020

THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREENSBURG, PENNSYLVANIA

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2020 AND 2019

	2020	2019
Assets		
Cash and cash equivalents	\$ 8,006	\$ 1,001
Investments:		
Managed balanced portfolios	78,665,128	76,943,403
Equity in other investments	223,266	224,057
Interest in perpetual trust	1,291,840	1,318,535
Total investments	80,180,234	78,485,995
Interest receivable	146,693	169,758
Total Assets	\$ 80,334,933	\$ 78,656,754
Liabilities and Net Assets		
Liabilities:		
Distribution payable	\$ 2,824	\$ -
Loan payable to the Diocese	66,714	97,830
Gift annuity payable	143,653	267,915
Total Liabilities	213,191	365,745
Net Assets:		
Without donor restrictions:		
Undesignated	1,768,618	1,262,690
Designated	12,308,484	12,058,794
Total without donor restrictions	14,077,102	13,321,484
With donor restrictions:		
Purpose restrictions	20,135,916	19,796,581
Perpetual in nature	45,908,724	45,172,944
Total with donor restrictions	66,044,640	64,969,525
Total Net Assets	80,121,742	78,291,009
Total Liabilities and Net Assets	\$ 80,334,933	\$ 78,656,754

See accompanying notes to financial statements.

**THE CATHOLIC FOUNDATION FOR THE
DIOCESE OF GREENSBURG, PENNSYLVANIA**

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2020 AND 2019

	2020				2019			
	Without Donor Restrictions	With Donor Restrictions		Total	Without Donor Restrictions	With Donor Restrictions		Total
		Purpose	Perpetual			Purpose	Perpetual	
Revenues, Gains, and Other Support:								
Gifts and bequests	\$ 698,731	\$ 737,839	\$ 1,418,631	\$ 2,855,201	\$ 437,285	\$ 382,447	\$ 460,954	\$ 1,280,686
Investment income, net	418,216	820,881	1,054,945	2,294,042	857,183	1,418,413	2,528,963	4,804,559
Change in value of split-interest agreements	-	(32,754)	(542)	(33,296)	-	(59,771)	(423)	(60,194)
Foundation subsidy	-	-	-	-	87,200	-	-	87,200
Endowment administration fee	211,337	-	-	211,337	208,900	-	-	208,900
Net assets released from restrictions	2,923,885	(1,186,631)	(1,737,254)	-	2,479,579	(833,842)	(1,645,737)	-
Total revenues, gains, and other support	4,252,169	339,335	735,780	5,327,284	4,070,147	907,247	1,343,757	6,321,151
Expenses:								
Management and professional fees	61,863	-	-	61,863	80,368	-	-	80,368
Administrative expenses	170,868	-	-	170,868	147,254	-	-	147,254
Payments to beneficiaries	883,731	-	-	883,731	823,955	-	-	823,955
Transfers to Diocesan entities	2,380,089	-	-	2,380,089	2,107,106	-	-	2,107,106
Total expenses	3,496,551	-	-	3,496,551	3,158,683	-	-	3,158,683
Excess (Deficiency) of Revenues, Gains, and Other Support Over Expenses	755,618	339,335	735,780	1,830,733	911,464	907,247	1,343,757	3,162,468
Other changes:								
Transfer to other Diocesan entities	-	-	-	-	(1,480)	-	-	(1,480)
Change in Net Assets	755,618	339,335	735,780	1,830,733	909,984	907,247	1,343,757	3,160,988
Net Assets:								
Beginning of year	13,321,484	19,796,581	45,172,944	78,291,009	12,411,500	18,889,334	43,829,187	75,130,021
End of year	<u>\$ 14,077,102</u>	<u>\$ 20,135,916</u>	<u>\$ 45,908,724</u>	<u>\$ 80,121,742</u>	<u>\$ 13,321,484</u>	<u>\$ 19,796,581</u>	<u>\$ 45,172,944</u>	<u>\$ 78,291,009</u>

See accompanying notes to financial statements.

**THE CATHOLIC FOUNDATION FOR THE
DIOCESE OF GREENSBURG, PENNSYLVANIA**

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Cash Flows From Operating Activities:		
Change in net assets	\$ 1,830,733	\$ 3,160,988
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net realized and unrealized gain on investments	(1,051,175)	(3,406,613)
Change in operating assets and liabilities:		
Receivables	23,065	(16,976)
Gift annuity payable	(124,262)	(32,180)
Distribution payable	2,824	-
Due to/from other Diocesan entities	(31,116)	(155,992)
	650,069	(450,773)
Cash Flows From Investing Activities:		
Sale of investments	18,342,437	13,819,248
Purchase of investments	(18,985,501)	(13,422,605)
	(643,064)	396,643
Net Increase (Decrease) in Cash and Cash Equivalents	7,005	(54,130)
Cash and Cash Equivalents:		
Beginning of year	1,001	55,131
End of year	\$ 8,006	\$ 1,001

See accompanying notes to financial statements.

THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

1. Summary of Significant Accounting Policies

Organization

The Catholic Foundation for the Diocese of Greensburg, Pennsylvania (Foundation) operates under provisions of the Articles of Incorporation dated October 2, 1986. The Foundation, through its philanthropic initiatives that are rooted in Gospel values and in the teaching of the Catholic Church, raises funds, awards grants, and stewards assets in order to advance the mission of the Roman Catholic Diocese of Greensburg to proclaim in word and action the Gospel of Jesus Christ and to build up the kingdom of God on earth.

Basis of Accounting

The accompanying financial statements are prepared using the accrual basis of accounting as required by accounting principles generally accepted in the United States of America (GAAP). Accordingly, revenues are recorded when earned and expenses are recognized when the liabilities are incurred.

Resources are classified for accounting and reporting purposes into classes of net assets based on the existence of donor- or grantor-imposed restrictions. The Foundation reports gifts of cash and other assets as contributions with donor restrictions if they are received with donor stipulations that limit the use of the assets. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as "net assets released from restrictions." Certain restricted assets are maintained in the Foundation in perpetuity.

Donations and Bequests

When the Foundation is named beneficiary of estates or trusts, income is recorded at the time the assets are received.

Investments

The Foundation has two managed balanced portfolios, consisting principally of common stocks, preferred stocks, corporate and government bonds, and mutual funds, which are recorded at fair value. Realized gains and losses are computed using the specific

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NOTES TO FINANCIAL STATEMENTS

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identification method. Individual parishes, schools, and related Diocesan institutions are permitted to establish separate endowments within these managed portfolios. The fair value of these portfolios was \$78,665,128 and \$76,943,403 at June 30, 2020 and 2019, respectively.

The Foundation has six investment portfolios held and managed by Janney Montgomery that are related to individual donor gifts. The fair value of these investments was \$223,266 and \$224,057 at June 30, 2020 and 2019, respectively.

The Diocese is also the beneficiary of a perpetual trust which is invested in a managed balanced portfolio, consisting principally of common stocks, preferred stocks, and commercial paper, which are recorded at fair value in order to meet the investment objectives of the Foundation. Income from the trust is to be used for the education and training of priests in Westmoreland County. The fair value of the Diocese's interest was \$1,291,840 and \$1,318,535 at June 30, 2020 and 2019, respectively.

Appreciation (Depreciation)

Investment gains (losses) are added to the principal of all Foundation funds. Interest and dividend earnings are reported as either with restrictions or without restrictions, depending upon stipulations made by the donor.

Use of 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 assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Income Taxes

The Foundation is listed in the Official Catholic Directory (OCD). All organizations listed in the OCD are exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. In accordance with GAAP, the Foundation accounts for uncertain tax positions, if any, as required. Using this guidance, management has determined that there are no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

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NOTES TO FINANCIAL STATEMENTS

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Statements of Cash Flows

Cash and cash equivalents include currency on hand and demand deposits with financial institutions. Investments in mutual funds and government agency investments are not considered cash equivalents.

Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

Endowments

The Foundation's endowments consist of approximately 200 individual funds established for a variety of purposes. Its endowments include both donor-restricted endowment funds and funds designated by the Board of Trustees (Board) to function as endowments. Designated endowment funds include \$10,002,406 and \$9,734,042 at June 30, 2020 and 2019, respectively, for post-employment retirement benefits for priests. These funds represent the cumulative excess of billings and investment earnings over retiree health insurance costs. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The endowments within the Managed Balanced Portfolios of the financial statements of the Foundation have adopted the Total Return Spending Policy (TRSP). The TRSP suggests an amount to be distributed which is designed to allow for a reasonable stream of distributions, while preserving the value of the endowment against inflation and a volatile market. The calculation applies an applicable distribution percentage (based on investment allocation of the endowment) to the average value of the endowment over a period of 12 calendar quarters. The distribution percentage was 4.75% for the fiscal years ended June 30, 2020 and 2019. All other endowments may elect to have interest and dividend income distributed to their beneficiaries if the corpus of the endowment is greater than \$10,000.

THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

Endowment Net Asset Composition by Type of Fund - June 30, 2020

	Without Donor Restrictions	With Donor Restrictions		Total
		Purpose	Perpetual	
Donor-restricted endowment funds	\$ -	\$ 20,135,916	\$ 45,908,724	\$ 66,044,640
Board-designated endowment funds	12,308,484	-	-	12,308,484
	\$ 12,308,484	\$ 20,135,916	\$ 45,908,724	\$ 78,353,124
	Without Donor Restrictions	With Donor Restrictions		Total
		Purpose	Perpetual	
Endowment net assets, beginning of year	\$ 12,058,794	\$ 19,796,581	\$ 45,172,944	\$ 77,028,319
Investment return:				
Investment income	254,917	530,404	457,546	1,242,867
Net appreciation (depreciation) (realized and unrealized)	163,299	290,477	597,399	1,051,175
Total investment return	418,216	820,881	1,054,945	2,294,042
Contributions	698,731	737,839	1,418,631	2,855,201
Appropriation of endowment assets for expenditure	(867,257)	(1,186,631)	(1,737,254)	(3,791,142)
Other changes:				
Changes in split-interest agreements	-	(32,754)	(542)	(33,296)
Endowment net assets, end of year	\$ 12,308,484	\$ 20,135,916	\$ 45,908,724	\$ 78,353,124

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Endowment Net Asset Composition by Type of Fund - June 30, 2019

	Without Donor	With Donor Restrictions		Total
	Restrictions	Purpose	Perpetual	
Donor-restricted endowment funds	\$ -	\$ 19,796,581	\$ 45,172,944	\$ 64,969,525
Board-designated endowment funds	12,058,794	-	-	12,058,794
	<u>\$ 12,058,794</u>	<u>\$ 19,796,581</u>	<u>\$ 45,172,944</u>	<u>\$ 77,028,319</u>
	Without Donor	With Donor Restrictions		Total
	Restrictions	Purpose	Perpetual	
Endowment net assets, beginning of year	\$ 11,402,884	\$ 18,889,334	\$ 43,829,187	\$ 74,121,405
Investment return:				
Investment income	281,504	583,137	533,305	1,397,946
Net appreciation (realized and unrealized)	575,679	835,276	1,995,658	3,406,613
Total investment return	<u>857,183</u>	<u>1,418,413</u>	<u>2,528,963</u>	<u>4,804,559</u>
Contributions	437,285	382,447	460,954	1,280,686
Appropriation of endowment assets for expenditure	(638,558)	(833,842)	(1,645,737)	(3,118,137)
Other changes:				
Changes in split-interest agreements	-	(59,771)	(423)	(60,194)
Endowment net assets, end of year	<u>\$ 12,058,794</u>	<u>\$ 19,796,581</u>	<u>\$ 45,172,944</u>	<u>\$ 77,028,319</u>

Expense Allocation

Expenses directly related to a specific program are charged to that program. The expenses that are not specifically related to a program include expenses reported under the staff and operational categories, which are reported as management and general expenses.

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Reclassification

Certain items from the prior year have been reclassified to conform to the current year presentation. The reclassification had no effect on the change in net assets.

Pending Accounting Standards Updates

The Financial Accounting Standards Board (FASB) has issued a statement that will become effective for fiscal year ending June 30, 2021, ASU 2018-13 (Changes to the Disclosure Requirements for Fair Value Measurement). Management has not yet determined the impact of this statement on the Foundation's financial statements.

2. Fair Value

In accordance with accounting requirements, guidance establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices to active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020 or 2019.

Mutual Funds: Valued at the actively traded value of shares held by the Foundation at year-end.

Government Agencies, Equities, and Corporate Bonds: Valued at the quoted fair market value for securities held by the Foundation at year-end.

Beneficial Interest in Trusts: Valued at the quoted fair market value for shares held by Third-Party Trustees.

Gift Annuities: Valued at the present value of the Life Interest at year-end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2020 and 2019:

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Assets and Liabilities at Fair Value as of June 30, 2020

	Level 1	Level 2	Level 3	Total
Beneficial interest in trusts	\$ -	\$ -	\$ 1,402,486	\$ 1,402,486
Gift annuity liability	-	-	(143,653)	(143,653)
Money market funds	3,170,125	-	-	3,170,125
Mutual funds:				
Fixed income	1,575,042	-	-	1,575,042
Growth	1,342,580	-	-	1,342,580
Social values	46,338	-	-	46,338
Exchange traded funds	2,117	-	-	2,117
Corporate bonds	7,596,599	-	-	7,596,599
Treasury bonds	3,233,657	-	-	3,233,657
Agency bonds	716,772	-	-	716,772
Municipal bonds	2,059,697	-	-	2,059,697
Mortgage backed securities	4,407,795	-	-	4,407,795
Equities – consumer discretionary goods	7,028,485	-	-	7,028,485
Equities – consumer staples	3,358,485	-	-	3,358,485
Equities – energy	926,830	-	-	926,830
Equities – financial	6,161,028	-	-	6,161,028
Equities – health care	3,808,455	-	-	3,808,455
Equities – industrial	7,180,499	-	-	7,180,499
Equities – information technology	13,720,666	-	-	13,720,666
Equities - real estate	4,367,047	-	-	4,367,047
Equities – materials	2,685,326	-	-	2,685,326
Equities – telecommunication	4,078,123	-	-	4,078,123
Equities – utilities	1,157,099	-	-	1,157,099
Equities - other	154,983	-	-	154,983
	\$ 78,777,748	\$ -	\$ 1,258,833	\$ 80,036,581

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

Assets and Liabilities at Fair Value as of June 30, 2019

	Level 1	Level 2	Level 3	Total
Beneficial interest in trusts	\$ -	\$ -	\$ 1,428,561	\$ 1,428,561
Gift annuity liability	-	-	(267,915)	(267,915)
Uninvested cash	644	-	-	644
Money market funds	2,018,869	-	-	2,018,869
Mutual funds:				
Fixed income	726,856	-	-	726,856
Growth	1,081,850	-	-	1,081,850
Social values	48,904	-	-	48,904
Exchange traded funds	2,344	-	-	2,344
Corporate bonds	7,290,550	-	-	7,290,550
Treasury bonds	5,780,980	-	-	5,780,980
Agency bonds	903,456	-	-	903,456
Municipal bonds	1,370,513	-	-	1,370,513
Mortgage backed securities	3,123,211	-	-	3,123,211
Equities - consumer discretionary goods	6,593,886	-	-	6,593,886
Equities – consumer staples	3,684,530	-	-	3,684,530
Equities – energy	2,173,639	-	-	2,173,639
Equities – financial	8,572,645	-	-	8,572,645
Equities – health care	2,878,728	-	-	2,878,728
Equities – industrial	7,011,145	-	-	7,011,145
Equities – information technology	11,213,516	-	-	11,213,516
Equities – materials	2,515,261	-	-	2,515,261
Equities - real estate	4,468,004	-	-	4,468,004
Equities – telecommunication	4,225,011	-	-	4,225,011
Equities – utilities	1,110,463	-	-	1,110,463
Equities - other	262,429	-	-	262,429
	\$ 77,057,434	\$ -	\$ 1,160,646	\$ 78,218,080

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The following table presents changes in the Foundation's Level 3 investment assets/liabilities measured at fair value on a recurring basis for the year ended June 30, 2020:

	Level 3 Assets	Level 3 Liabilities
Balance, beginning of year	\$ 1,428,561	\$ 267,915
Investment income	56,410	-
Payments	(90,879)	(157,558)
Change in fair value	8,394	33,296
Balance, end of year	\$ 1,402,486	\$ 143,653

The following table presents changes in the Foundation's Level 3 investment assets/liabilities measured at fair value on a recurring basis for the year ended June 30, 2019:

	Level 3 Assets	Level 3 Liabilities
Balance, beginning of year	\$ 1,412,777	\$ 300,095
Investment income	33,910	-
New gifts	-	9,131
Payments	(67,066)	(101,505)
Change in fair value	48,940	60,194
Balance, end of year	\$ 1,428,561	\$ 267,915

3. Loan Payable to the Diocese

As of June 30, 2019, the Foundation entered into a loan for operating cash flow with the Diocese of Greensburg. The loan is interest free and was amortized through 12 monthly payments of \$8,152.85. As of June 30, 2020, the Foundation entered into a loan for operating cash flow with the Diocese of Greensburg. The loan is interest free and will be amortized through monthly payments of \$5,559.50.

**THE CATHOLIC FOUNDATION FOR THE
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NOTES TO FINANCIAL STATEMENTS

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4. Investment Income

Investment income consisted of the following:

	<u>2020</u>	<u>2019</u>
Dividend and interest income	\$ 1,763,575	\$ 1,929,878
Net realized/unrealized gains	<u>1,051,175</u>	<u>3,406,613</u>
	2,814,750	5,336,491
Less: investment expense	<u>(520,708)</u>	<u>(531,932)</u>
Investment income (loss)	<u>\$ 2,294,042</u>	<u>\$ 4,804,559</u>

5. Net Assets with Donor Restrictions – Purpose

Net assets with donor restrictions that are purpose-restricted are as follows:

	<u>2020</u>	<u>2019</u>
Catholic Cemetery Perpetual Care Funds	\$ 15,796,440	\$ 15,180,737
Diocesan Pastoral Care Funds	2,189,684	2,421,257
Ordained Ministry Funds	1,303,300	1,340,828
Catholic Charities Funds	316,415	322,765
Priests' Health and Retirement Funds	235,312	230,528
Catholic Education Funds	<u>294,765</u>	<u>300,466</u>
	<u>\$ 20,135,916</u>	<u>\$ 19,796,581</u>

Net assets released from restriction are related to the Foundation's total return distributions under its policy.

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NOTES TO FINANCIAL STATEMENTS

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6. Net Assets with Donor Restrictions - Perpetual

Net assets with donor restrictions that are restricted to investments in perpetuity, the income from which is expendable to support:

	2020	2019
Ordained Ministry Funds	\$ 8,433,193	\$ 8,441,007
Parish/Catholic School Funds	12,748,006	11,811,892
Catholic Education Funds	11,590,365	11,844,803
Diocesan Pastoral Care Funds	2,695,642	2,412,008
Lay Ministry Education Grants and Program Funds	2,016,364	2,061,276
Capital Maintenance	3,992,976	4,073,881
Elementary Capital Endowment	1,296,309	1,322,506
Priests' Health and Retirement Funds	210,189	215,882
Catholic Cemetery Perpetual Care Funds	32,404	33,100
Catholic Charities Funds	2,893,276	2,956,589
	\$ 45,908,724	\$ 45,172,944

7. Commitments and Contingencies

A separate but related entity, the Diocese of Greensburg, received a grand jury subpoena in September 2016 (issued by the Pennsylvania Office of Attorney General (OAG)) seeking documents related to child sexual abuse in Diocesan possession. The subpoena was issued as part of a statewide criminal investigation being conducted by the OAG on the issue of child sexual abuse; the Diocese of Greensburg was one of six dioceses in the Commonwealth who received grand jury subpoenas. In response, the Diocese of Greensburg provided tens of thousands of pages of records to OAG. In April 2018, the grand jury concluded its work and issued an 884-page Grand Jury Report. After a number of individuals specifically identified in the Report lodged legal challenges to the accuracy and integrity of the Report, the State Supreme Court ordered the release of an interim, redacted version of the Grand Jury Report in August 2018. Appended to the Grand Jury Report is a written response from the Diocese. That response highlights the fact that the Diocese takes the protection of all children and young people seriously. Names and facts of any allegation of misconduct are (and will continue to be) reported immediately to the proper civil

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authorities. A longstanding policy of zero tolerance has been and continues to remain in place in the Diocese so that anyone who has a criminal history of child abuse or a credible allegation of child abuse has been removed from ministry, employment, or their volunteer position. Every report of suspected abuse of a child or young person – sexual, physical, and emotional – made to the Diocese is immediately reported to the PA ChildLine and the appropriate District Attorney.

In addition, in October 2018, that same but related entity, the Diocese of Greensburg, received a federal grand jury subpoena issued by the United States Attorney's Office for the Eastern District of Pennsylvania, again seeking documents related to child sexual abuse in Diocesan possession. This federal subpoena was issued as part of a statewide criminal investigation being conducted by the United States Department of Justice on the issues of child sexual abuse. All eight Catholic rite dioceses in the Commonwealth received the same federal grand jury subpoena. The projected duration and ultimate outcome of this new federal investigation is unknown. Because of the secrecy obligations attendant to a grand jury investigation, the Diocese of Greensburg is prevented from providing further information about the investigation at this time.

The Diocese of Greensburg announced a Comprehensive Reconciliation Initiative (Initiative) in February, 2019, to help survivors of clergy sexual abuse. The Initiative included the establishment of a Survivors' Compensation Program. Although the Survivors' Compensation Program has since closed, the Initiative continues and is ongoing. The Diocese of Greensburg Self-Insurance Fund is absorbing the expense of this Initiative, and because the Foundation is a separate corporate entity, its assets would not be subject to the reach of the Diocese of Greensburg's general creditors.

8. Expenses

The Foundation provides gift and endowment management services to various entities of the Diocese. Expenses on a functional and natural basis are as follows:

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	Year Ended June 30, 2020	
	Program	General and Administrative
Total return distributed	\$ 3,263,820	\$ -
Management and professional fees	-	61,863
Salaries and benefits	-	133,529
Office expenses	-	37,339
	<u>\$ 3,263,820</u>	<u>\$ 232,731</u>
	Year Ended June 30, 2019	
	Program	General and Administrative
Total return distributed	\$ 2,931,061	\$ -
Management and professional fees	-	80,368
Salaries and benefits	-	115,811
Office expenses	-	31,443
	<u>\$ 2,931,061</u>	<u>\$ 227,622</u>

9. Liquidity and Availability

The Foundation manages its liquid resources through prudent investment portfolio management to ensure the entity has adequate funds to cover the monthly returns being distributed, as well as administrative costs. The Foundation prepares detailed budgets and has been very active in fiscal management to ensure the entity remains liquid.

Endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Donor-restricted endowment funds are not available for general use.

Board-designated endowments may be subject to potential annual appropriation to the operating budget, if and when approved annually by the Board as part of its budget process. Although the Foundation does not intend to spend from the corpus of these Board-designated endowments (other than amounts appropriated for general or program

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initiative expenditures as part of the Board's annual budget approval), these amounts could be made available if necessary.

As part of its liquidity management plan, the Foundation invests in cash in excess of daily requirements in short-term investments, and money market funds. The Foundation manages its cash, short-term investments, and money market funds to ensure that sufficient cash is available to cover operating expenditures and liabilities as they come due. This includes, among other items, the total return distributions on donor-restricted endowments, which may fluctuate greatly between years.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2020</u>	<u>2019</u>
Financial assets, at year-end	\$ 80,334,933	\$ 78,656,754
Less:		
Board-designated endowments	12,308,484	12,058,794
Donor-imposed restrictions:		
Restricted by donor with purpose restrictions	20,135,916	19,796,581
Investments held in perpetuity	<u>45,908,724</u>	<u>45,172,944</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,981,809</u>	<u>\$ 1,628,435</u>