



The Catholic Foundation
for the Diocese of Greensburg

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

WITH

INDEPENDENT AUDITOR'S REPORT

MaherDuessel

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THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREENSBURG, PENNSYLVANIA

YEARS ENDED JUNE 30, 2021 AND 2020

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Independent Auditor's Report

**The Most Reverend Larry J. Kulick, JCL
Bishop of the Diocese of
Greensburg, Pennsylvania
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, 2021 and 2020, 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 Most Reverend Larry J. Kulick, JCL
Bishop of the Diocese of Greensburg
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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, 2021 and 2020, 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
October 26, 2021

THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREENSBURG, PENNSYLVANIA

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

| | 2021 | 2020 |
|---|-----------------------|----------------------|
| Assets | | |
| Cash and cash equivalents | \$ 134,313 | \$ 8,006 |
| Investments: | | |
| Managed balanced portfolios | 97,862,075 | 78,665,128 |
| Equity in other investments | 265,118 | 223,266 |
| Interest in perpetual trust | 1,639,925 | 1,291,840 |
| Total investments | 99,767,118 | 80,180,234 |
| Due from other Diocesan entities | 8,622 | - |
| Interest receivable | 163,477 | 146,693 |
| Total Assets | \$ 100,073,530 | \$ 80,334,933 |
| Liabilities and Net Assets | | |
| Liabilities: | | |
| Distribution payable | \$ 90,000 | \$ 2,824 |
| Loan payable to the Diocese | - | 66,714 |
| Gift annuity payable | 132,706 | 143,653 |
| Total Liabilities | 222,706 | 213,191 |
| Net Assets: | | |
| Without donor restrictions: | | |
| Undesignated | 2,555,918 | 1,768,618 |
| Designated | 15,225,911 | 12,308,484 |
| Total without donor restrictions | 17,781,829 | 14,077,102 |
| With donor restrictions: | | |
| Purpose restrictions | 24,936,924 | 20,135,916 |
| Perpetual in nature | 57,132,071 | 45,908,724 |
| Total with donor restrictions | 82,068,995 | 66,044,640 |
| Total Net Assets | 99,850,824 | 80,121,742 |
| Total Liabilities and Net Assets | \$ 100,073,530 | \$ 80,334,933 |

See accompanying notes to financial statements.

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

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2021 AND 2020

| | 2021 | | | | 2020 | | | |
|---|-------------------------------|-------------------------|----------------------|----------------------|-------------------------------|-------------------------|----------------------|----------------------|
| | 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 | \$ 332,703 | \$ 226,396 | \$ 592,598 | \$ 1,151,697 | \$ 698,731 | \$ 737,839 | \$ 1,418,631 | \$ 2,855,201 |
| Investment income, net | 3,820,260 | 5,447,935 | 12,412,426 | 21,680,621 | 418,216 | 820,881 | 1,054,945 | 2,294,042 |
| Change in value of split-interest agreements | - | (11,587) | (76) | (11,663) | - | (32,754) | (542) | (33,296) |
| Endowment administration fee | 220,712 | - | - | 220,712 | 211,337 | - | - | 211,337 |
| Net assets released from restrictions | 2,643,337 | (861,736) | (1,781,601) | - | 2,923,885 | (1,186,631) | (1,737,254) | - |
| Total revenues, gains, and other support | 7,017,012 | 4,801,008 | 11,223,347 | 23,041,367 | 4,252,169 | 339,335 | 735,780 | 5,327,284 |
| Expenses: | | | | | | | | |
| Management and professional fees | 84,817 | - | - | 84,817 | 61,863 | - | - | 61,863 |
| Administrative expenses | 80,146 | - | - | 80,146 | 170,868 | - | - | 170,868 |
| Payments to beneficiaries | 905,486 | - | - | 905,486 | 883,731 | - | - | 883,731 |
| Transfers to Diocesan entities | 2,241,836 | - | - | 2,241,836 | 2,380,089 | - | - | 2,380,089 |
| Total expenses | 3,312,285 | - | - | 3,312,285 | 3,496,551 | - | - | 3,496,551 |
| Change in Net Assets | 3,704,727 | 4,801,008 | 11,223,347 | 19,729,082 | 755,618 | 339,335 | 735,780 | 1,830,733 |
| Net Assets: | | | | | | | | |
| Beginning of year | 14,077,102 | 20,135,916 | 45,908,724 | 80,121,742 | 13,321,484 | 19,796,581 | 45,172,944 | 78,291,009 |
| End of year | <u>\$ 17,781,829</u> | <u>\$ 24,936,924</u> | <u>\$ 57,132,071</u> | <u>\$ 99,850,824</u> | <u>\$ 14,077,102</u> | <u>\$ 20,135,916</u> | <u>\$ 45,908,724</u> | <u>\$ 80,121,742</u> |

See accompanying notes to financial statements.

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

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2021 AND 2020

| | 2021 | 2020 |
|---|---------------|--------------|
| Cash Flows From Operating Activities: | | |
| Change in net assets | \$ 19,729,082 | \$ 1,830,733 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Net realized and unrealized gain on investments | (20,661,270) | (1,051,175) |
| Change in operating assets and liabilities: | | |
| Receivables | (16,784) | 23,065 |
| Gift annuity payable | (10,947) | (124,262) |
| Distribution payable | 87,176 | 2,824 |
| Due to/from other Diocesan entities | (75,336) | (31,116) |
| | (948,079) | 650,069 |
| Cash Flows From Investing Activities: | | |
| Sale of investments | 19,473,163 | 18,342,437 |
| Purchase of investments | (18,398,777) | (18,985,501) |
| | 1,074,386 | (643,064) |
| Net Increase (Decrease) in Cash and Cash Equivalents | 126,307 | 7,005 |
| Cash and Cash Equivalents: | | |
| Beginning of year | 8,006 | 1,001 |
| End of year | \$ 134,313 | \$ 8,006 |

See accompanying notes to financial statements.

THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

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

THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

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 \$97,862,075 and \$78,665,128 at June 30, 2021 and 2020, 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 \$265,118 and \$223,266 at June 30, 2021 and 2020, 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 \$1,639,925 and \$1,291,840 at June 30, 2021 and 2020, 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.

THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

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 \$12,673,784 and \$10,002,406 at June 30, 2021 and 2020, 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, 2021 and 2020. 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, 2021 AND 2020

Endowment Net Asset Composition by Type of Fund - June 30, 2021

| | Without Donor Restrictions | With Donor Restrictions | | Total |
|--|-------------------------------|-------------------------|---------------|---------------|
| | | Purpose | Perpetual | |
| Donor-restricted endowment funds | \$ - | \$ 24,936,924 | \$ 57,132,071 | \$ 82,068,995 |
| Board-designated endowment funds | 15,225,911 | - | - | 15,225,911 |
| | \$ 15,225,911 | \$ 24,936,924 | \$ 57,132,071 | \$ 97,294,906 |
| | | | | |
| | Without Donor Restrictions | With Donor Restrictions | | Total |
| | | Purpose | Perpetual | |
| Endowment net assets, beginning of year | \$ 12,308,484 | \$ 20,135,916 | \$ 45,908,724 | \$ 78,353,124 |
| Investment return: | | | | |
| Investment income | 227,685 | 433,739 | 357,927 | 1,019,351 |
| Net appreciation (realized and unrealized) | 3,592,575 | 5,014,196 | 12,054,499 | 20,661,270 |
| Total investment return | 3,820,260 | 5,447,935 | 12,412,426 | 21,680,621 |
| Contributions | 332,703 | 226,396 | 592,598 | 1,151,697 |
| Appropriation of endowment assets for expenditure | (1,235,536) | (861,736) | (1,781,601) | (3,878,873) |
| Other changes: | | | | |
| Changes in split-interest agreements | - | (11,587) | (76) | (11,663) |
| Endowment net assets, end of year | \$ 15,225,911 | \$ 24,936,924 | \$ 57,132,071 | \$ 97,294,906 |

THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

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 |

THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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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.

Implementation of Accounting Standards

The Financial Accounting Standards Board (FASB) issued a statement that became effective for fiscal year ending June 30, 2021, ASU 2018-13, *“Changes to the Disclosure Requirements for Fair Value Measurement (Topic 820)”*. This statement has been adopted and is reflected in Note 2.

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.

THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

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.

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, 2021 or 2020.

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, 2021 and 2020.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

Assets and Liabilities at Fair Value as of June 30, 2021

| | Level 1 | Level 2 | Level 3 | Total |
|---|---------------|---------|--------------|---------------|
| Beneficial interest in trusts | \$ - | \$ - | \$ 1,774,753 | \$ 1,774,753 |
| Gift annuity liability | - | - | (132,706) | (132,706) |
| Uninvested cash | 10 | - | - | 10 |
| Money market funds | 2,515,007 | - | - | 2,515,007 |
| Mutual funds: | | | | |
| Fixed income | 51,275 | - | - | 51,275 |
| Growth | 1,143,633 | - | - | 1,143,633 |
| Social values | 50,335 | - | - | 50,335 |
| Corporate bonds | 8,943,713 | - | - | 8,943,713 |
| Treasury bonds | 5,920,272 | - | - | 5,920,272 |
| Agency bonds | 1,382,744 | - | - | 1,382,744 |
| Municipal bonds | 2,091,599 | - | - | 2,091,599 |
| Mortgage backed securities | 3,205,504 | - | - | 3,205,504 |
| Equities - consumer discretionary goods | 10,972,763 | - | - | 10,972,763 |
| Equities – consumer staples | 4,072,621 | - | - | 4,072,621 |
| Equities – energy | 1,173,382 | - | - | 1,173,382 |
| Equities – financial | 8,011,294 | - | - | 8,011,294 |
| Equities – health care | 6,682,418 | - | - | 6,682,418 |
| Equities – industrial | 8,460,574 | - | - | 8,460,574 |
| Equities – information technology | 17,765,228 | - | - | 17,765,228 |
| Equities – materials | 3,362,697 | - | - | 3,362,697 |
| Equities - real estate | 5,341,980 | - | - | 5,341,980 |
| Equities – telecommunication | 5,461,010 | - | - | 5,461,010 |
| Equities – utilities | 1,120,669 | - | - | 1,120,669 |
| Equities - other | 263,637 | - | - | 263,637 |
| | \$ 97,992,365 | \$ - | \$ 1,642,047 | \$ 99,634,412 |

THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

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 |
| | <u>\$ 78,777,748</u> | <u>\$ -</u> | <u>\$ 1,258,833</u> | <u>\$ 80,036,581</u> |

THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

The Foundation's Level 3 assets and liabilities are measured at fair value on a recurring basis. The fair value of those Level 3 assets and liabilities are increased by investment income and changes in fair value. The Foundation's Level 3 assets and liabilities are decreased by payments to beneficiaries. There were no purchases of Level 3 investments during the years ending June 30, 2021 or 2020.

3. Loan Payable to the Diocese

As of June 30, 2020, the Foundation entered into a loan for operating cash flow with the Diocese of Greensburg. The loan was interest free and was amortized through 12 monthly payments of \$5,559.50. The loan was repaid in full by June 30, 2021.

4. Investment Income

Investment income consisted of the following:

| | <u>2021</u> | <u>2020</u> |
|-------------------------------|----------------------|---------------------|
| Dividend and interest income | \$ 1,628,703 | \$ 1,763,575 |
| Net realized/unrealized gains | <u>20,661,270</u> | <u>1,051,175</u> |
| | 22,289,973 | 2,814,750 |
| Less: investment expense | <u>(609,352)</u> | <u>(520,708)</u> |
| Investment income (loss) | <u>\$ 21,680,621</u> | <u>\$ 2,294,042</u> |

THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

5. Net Assets with Donor Restrictions – Purpose

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

| | 2021 | 2020 |
|--|---------------|---------------|
| Catholic Cemetery Perpetual Care Funds | \$ 19,545,036 | \$ 15,796,440 |
| Diocesan Pastoral Care Funds | 2,814,479 | 2,189,684 |
| Ordained Ministry Funds | 1,602,402 | 1,303,300 |
| Catholic Charities Funds | 384,405 | 316,415 |
| Priests' Health and Retirement Funds | 269,382 | 235,312 |
| Catholic Education Funds | 321,220 | 294,765 |
| | \$ 24,936,924 | \$ 20,135,916 |

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

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:

| | 2021 | 2020 |
|---|---------------|---------------|
| Ordained Ministry Funds | \$ 10,151,996 | \$ 8,433,193 |
| Parish/Catholic School Funds | 16,458,574 | 12,748,006 |
| Catholic Education Funds | 14,309,556 | 11,590,365 |
| Diocesan Pastoral Care Funds | 3,442,810 | 2,695,642 |
| Lay Ministry Education Grants and Program Funds | 2,497,292 | 2,016,364 |
| Capital Maintenance | 4,859,352 | 3,992,976 |
| Elementary Capital Endowment | 1,576,991 | 1,296,309 |
| Priests' Health and Retirement Funds | 264,983 | 210,189 |
| Catholic Cemetery Perpetual Care Funds | 40,362 | 32,404 |
| Catholic Charities Funds | 3,530,155 | 2,893,276 |
| | \$ 57,132,071 | \$ 45,908,724 |

THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

7. Commitments and Contingencies

The Diocese of Greensburg announced a Comprehensive Reconciliation Initiative (Initiative) in February 2019, to help survivors of clergy sexual abuse, which included the adoption of a Survivors' Compensation Program. Although the Survivors' Compensation Program has since closed, the Initiative continues and is ongoing. The Initiative has resulted, to date, in settlements with approximately 75 survivors, totaling in excess of \$6 million. 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:

| | Year Ended June 30, 2021 | |
|----------------------------------|--------------------------|-------------------------------|
| | Program | General and Administrative |
| Total return distributed | \$ 3,147,322 | \$ - |
| Management and professional fees | - | 84,817 |
| Salaries and benefits | - | 49,598 |
| Office expenses | - | 30,548 |
| | <u>\$ 3,147,322</u> | <u>\$ 164,963</u> |
| | 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> |

THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

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 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.

THE CATHOLIC FOUNDATION FOR THE DIOCESE OF GREENSBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

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>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| Financial assets, at year-end | \$ 100,073,530 | \$ 80,334,933 |
| Less: | | |
| Board-designated endowments | 15,225,911 | 12,308,484 |
| Donor-imposed restrictions: | | |
| Restricted by donor with purpose restrictions | 24,936,924 | 20,135,916 |
| Investments held in perpetuity | <u>57,132,071</u> | <u>45,908,724</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 2,778,624</u> | <u>\$ 1,981,809</u> |