




Catholic Community Foundation of South Carolina

Independent Auditor's Report and Financial Statements

June 30, 2023 and 2022



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Independent Auditor's Report

The Board of Directors
Catholic Community Foundation of South Carolina
Charleston, South Carolina

Opinion

We have audited the accompanying financial statements of Catholic Community Foundation of South Carolina (the "Foundation"), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

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, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the Foundation to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of the Foundation as of June 30, 2022 were audited by other auditors whose report dated April 20, 2023 expressed an unmodified opinion on those financial statements. Our opinion is not modified with respect to this matter.

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 the Foundation's ability to continue as a going concern within 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 the Foundation'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 the Foundation'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.

Forvis Mazars, LLP

**Greenville, South Carolina
September 30, 2024**

Catholic Community Foundation of South Carolina
Statements of Financial Position
Years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 5,225,267	\$ 4,805,778
Prepaid expenses	2,625	2,100
Contributions receivable, net	2,571,040	5,309,674
Notes receivable	1,519,941	2,353,658
Investments	65,689,811	54,721,190
Total Assets	<u>\$ 75,008,684</u>	<u>\$ 67,192,400</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 100,369	\$ -
Funds held for others	53,229,915	46,610,033
Bicentennial Capital Campaign distributions	2,238,900	1,954,748
Due to related parties	269,828	549,946
Total Liabilities	<u>55,839,012</u>	<u>49,114,727</u>
Net Assets:		
Without donor restrictions	130,937	255,144
With donor restrictions	19,038,735	17,822,529
Total Net Assets	<u>19,169,672</u>	<u>18,077,673</u>
Total Liabilities and Net Assets	<u>\$ 75,008,684</u>	<u>\$ 67,192,400</u>

Catholic Community Foundation of South Carolina
Statement of Activities and Changes in Net Assets
Year ended June 30, 2023

	Without Donor Restriction	With Donor Restriction	Total
Support and Revenue:			
Contributions	\$ -	\$ (41,511)	\$ (41,511)
Fees for services	325,803	-	325,803
Investment returns, net	75,068	1,569,426	1,644,494
	<u>400,871</u>	<u>1,527,915</u>	<u>1,928,786</u>
Net assets released from restrictions	311,709	(311,709)	-
Total Support and Revenue	<u>712,580</u>	<u>1,216,206</u>	<u>1,928,786</u>
Expenses:			
Program services	472,907	-	472,907
General and administration	86,758	-	86,758
Institutional advancement	277,122	-	277,122
Total Expenses	<u>836,787</u>	<u>-</u>	<u>836,787</u>
Change in net assets	(124,207)	1,216,206	1,091,999
Net assets, beginning of year	<u>255,144</u>	<u>17,822,529</u>	<u>18,077,673</u>
Net assets, end of year	<u>\$ 130,937</u>	<u>\$ 19,038,735</u>	<u>\$ 19,169,672</u>

Catholic Community Foundation of South Carolina
Statement of Activities and Changes in Net Assets
Year ended June 30, 2022

	Without Donor Restriction	With Donor Restriction	Total
Support and Revenue:			
Contributions	\$ -	\$ 940,742	\$ 940,742
Fees for services	236,093	-	236,093
Investment losses, net	-	(1,532,856)	(1,532,856)
	<u>236,093</u>	<u>(592,114)</u>	<u>(356,021)</u>
Net assets released from restrictions	<u>1,336,589</u>	<u>(1,336,589)</u>	<u>-</u>
Total Support and Revenue	<u>1,572,682</u>	<u>(1,928,703)</u>	<u>(356,021)</u>
Expenses:			
Program services	463,431	-	463,431
General and administration	95,336	-	95,336
Institutional advancement	280,187	-	280,187
Total Expenses	<u>838,954</u>	<u>-</u>	<u>838,954</u>
Change in net assets	733,728	(1,928,703)	(1,194,975)
Net assets, beginning of year	<u>(478,584)</u>	<u>19,751,232</u>	<u>19,272,648</u>
Net assets, end of year	<u>\$ 255,144</u>	<u>\$ 17,822,529</u>	<u>\$ 18,077,673</u>

Catholic Community Foundation of South Carolina
Statements of Cash Flows
Years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,091,999	\$ (1,194,975)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized (gain) loss on investments	(1,438,613)	1,579,692
Changes in assets and liabilities:		
Prepaid expenses	(525)	-
Contributions receivable, net	2,738,634	3,054,195
Notes receivable	833,717	815,677
Accounts payable	100,369	(11,302)
Bicentennial Capital Campaign distributions and due to related parties	4,034	56,982
Net cash provided by operating activities	<u>3,329,615</u>	<u>4,300,269</u>
Cash flows from investing activities:		
Proceeds from sales of investments, net of funds held for others	28,875	10,740,220
Purchases of investments, net of funds held for others	<u>(2,939,001)</u>	<u>(14,351,269)</u>
Net cash used in investing activities	<u>(2,910,126)</u>	<u>(3,611,049)</u>
Change in cash and cash equivalents	419,489	689,220
Cash and cash equivalents, beginning of year	<u>4,805,778</u>	<u>4,116,558</u>
Cash and cash equivalents, end of year	<u><u>\$ 5,225,267</u></u>	<u><u>\$ 4,805,778</u></u>

Note 1. Nature of Organization

The Catholic Community Foundation of South Carolina (the "Foundation"), a nonprofit corporation, was incorporated on May 2, 2017 pursuant to the South Carolina Nonprofit Corporation Act of 1994. The Foundation operates exclusively for the benefit of and to carry out the religious, educational, and charitable purposes of the Bishop of Charleston (the "Bishop"), a Corporation Sole, doing business as the Roman Catholic Diocese of Charleston (the "Diocese"), and its parishes, schools, and affiliated organizations.

Note 2. Summary of significant accounting policies

Basis of Accounting – The financial statements of the Foundation 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"). Accordingly, revenue is recognized when earned rather than when received and expenses are recognized when incurred rather than when paid.

Basis of Presentation – Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Bishop may designate, from net assets without donor restrictions, net assets for an operating reserve and other reserves.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents – The Foundation considers all highly liquid, temporary cash investments with a maturity of three months or less when purchased to be cash equivalents, except for the cash investments in the funds managed by investment companies.

Investments – The Foundation follows the provisions of Accounting Standards Codification ("ASC") 958-320, *Not-for-Profit Entities, Investments*. Under ASC 958-320, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values on the statement of financial position. Unrealized gains and losses are included on the statement of activities within investment returns, net. Donor-restricted interest and dividend income are reported as increases in net assets without donor restriction if the restrictions are met in the reporting period in which the income and gains are recognized. Investment returns that are not donor restricted are reported in net assets without donor restriction.

Funds Held for Others – Funds held for others consist of funds held in a custodial capacity for affiliated entities, primarily the Chancery of the Roman Catholic Diocese of Charleston ("Chancery"), its parishes and schools, and others. The Foundation had \$53,229,915 and \$46,610,033 as of June 30, 2023 and 2022, respectively, of funds held for affiliated entities.

Investment Returns – Investment returns consist of the interest income, dividend income, and the realized and unrealized gains/losses from assets classified as investments on the accompanying financial statements.

Catholic Community Foundation of South Carolina
Notes to Financial Statements
June 30, 2023 and 2022

Contributions Receivable – Contributions receivable (pledges) are recognized as support in the period in which they are received. Contributions receivable are not recognized until the conditions on which they depend are substantially met. Unconditional contributions receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows, using a credit risk adjusted discount rate of return appropriate for the expected term of the promise to give. Amortization of the discounts is recorded as contribution revenue in accordance with donor restrictions on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment of such factors as prior collection history, type of contribution, and fundraising activity.

Contributions – Contributions are considered to be without donor restriction unless specifically restricted by the donors. Contributions that are restricted by the donors are reported as increases in net assets with donor restriction. When a restriction expires (that is, when the stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restriction and reported on the statements of activities and changes in net assets as net assets released from restrictions.

Fees for Services – Fees for services are custodial management fees charged to funds held for others within the Foundation and are recognized at the time the related services are rendered which is when the performance obligations are met.

Fundraising Activities – The costs of fundraising activities are reported in the institutional advancement category and do not include management and general or other program costs of the Foundation. The costs of incidental fundraising activities conducted in conjunction with other program activities are not separately reported. Incidental fundraising costs are included in the related program expenditures of the appropriate functional category. The Foundation incurred expenses related to development and fundraising of \$277,122 and \$280,187 during the years ended June 30, 2023 and 2022, respectively.

Notes Receivables – Notes receivables are stated at amounts the Foundation expects to collect (unpaid principal balances less estimated allowances for doubtful accounts and present value discount) based on the Foundation's assessment of the financial stability of the respective parishioners. Notes receivables determined by the Foundation not to be collectible are charged off against the respective allowances. An allowance was determined not to be needed for the years ended June 30, 2023 and 2022.

Income Taxes – The Foundation is exempt from federal and state income taxes under certain provisions of Section 501(c)(3) of the Internal Revenue Code and the South Carolina Code of Laws; therefore, no provisions for income taxes have been included in these financial statements.

The Financial Accounting Standards Board ("FASB") provides guidance on the Foundation's evaluation of accounting for uncertainty in income taxes. Management evaluated the Foundation's tax position and concluded that no uncertain tax positions exist that requires adjustment to the financial statements to comply with the provisions of this guidance.

Estimates – The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Areas requiring significant estimates include the allowance for doubtful accounts and the functional allocation of expenses. It is at least reasonably possible that the significant estimates used will change within the next year.

Catholic Community Foundation of South Carolina
Notes to Financial Statements
June 30, 2023 and 2022

Recently Issued Accounting Standards – In June 2016, the FASB issued ASC 326, *Financial Instruments – Credit Losses* which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. The Foundation is currently evaluating the impact on its financial statements upon the adoption of this new standard.

Note 3. Functional expenses

Directly identifiable expenses are charged to programs and supporting services and have been summarized on a functional basis in the statement of activities. Expenses by function and nature consist of the following for the year ended June 30:

	2023			
	Program Services	General and Administration	Institutional Advancement	Total
Grant awards	\$ 472,907	\$ -	\$ -	\$ 472,907
Professional and contracted services	-	86,758	-	86,758
Stewardship	-	-	188,473	188,473
Printing and postage	-	-	37,179	37,179
Office supplies and equipment	-	-	938	938
Bank charges	-	-	50,532	50,532
Total expenses	<u>\$ 472,907</u>	<u>\$ 86,758</u>	<u>\$ 277,122</u>	<u>\$ 836,787</u>

	2022			
	Program Services	General and Administration	Institutional Advancement	Total
Grant awards	\$ 463,431	\$ -	\$ -	\$ 463,431
Professional and contracted services	-	89,575	-	89,575
Stewardship	-	-	164,482	164,482
Printing and postage	-	2,728	57,491	60,219
Office supplies and equipment	-	-	2,446	2,446
Bank charges	-	-	54,739	54,739
Other	-	3,033	1,029	4,062
Total expenses	<u>\$ 463,431</u>	<u>\$ 95,336</u>	<u>\$ 280,187</u>	<u>\$ 838,954</u>

Note 4. Cash and cash equivalents, liquidity, and availability of resources

Cash consists of interest-bearing checking accounts, savings accounts, and money-market accounts.

The Foundation places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers \$250,000 for substantially all depository accounts. The Foundation from time to time may have amounts on deposit in excess of the insured limits. To mitigate the risk of uninsured cash balances, the Foundation participates in the IntraFi Network Deposits program offered through South State Bank. Participation in this program allows large deposit balances to be spread among several FDIC-insured banks while preserving liquidity. As of June 30, 2023 and 2022, the Foundation had \$257,062 and \$4,583,192 which exceeded these insured amounts, respectively.

Catholic Community Foundation of South Carolina
Notes to Financial Statements
June 30, 2023 and 2022

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to program and supporting services to be general expenditures. Financial assets available within one year as of June 30, without donor or other restrictions limiting their use, comprise the following:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 5,225,267	\$ 4,805,778
Investments, net of funds held for others	<u>12,459,896</u>	<u>8,111,157</u>
Total cash, cash equivalents, and investments	17,685,163	12,916,935
Contributions receivable	2,571,040	5,309,674
Notes receivables	<u>1,519,941</u>	<u>2,353,658</u>
	21,776,144	20,580,267
Less amounts not available to be used within one year:		
Required to satisfy donor restrictions	<u>(19,038,735)</u>	<u>(17,822,529)</u>
Financial assets available to meet cash needs for general expenditures	<u>\$ 2,737,409</u>	<u>\$ 2,757,738</u>

The Foundation manages its liquidity by developing and adopting annual operating and capital budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they come due. Actual performance is reported and monitored monthly in comparison to the budgets. Adjustments are made to plan as needed to ensure adequate liquidity. As part of the liquidity management plan, cash balances are invested in short-term investments.

Note 5. Contributions receivable and the Bicentennial Campaign

Campaign Overview and Case Statement – In April 2019, the Diocese launched the Bicentennial Campaign (“BCC”) as an intentional effort designed to strengthen existing Diocesan programs, parishes, and missions, while taking strides toward sustaining and growing the Diocese into the next century. The BCC target for total funds raised is \$60,000,000 to be conducted in four phases from April 2019 through July 2020. The solicitation phase of the campaign was extended to July 2021 due to the impacts of the coronavirus disease (COVID-19). The redemption phase of the campaign is ongoing through July 2026.

The BCC solicits contributions and pledges through parishes within the auspices of the Diocese with each parish’s target being based upon 105% of the average annual offertory collected over the past three fiscal years ended June 30, 2017, 2016, and 2015. Parishes serve as solicitors in the BCC and appeal to parishioners to make pledges to support the Diocese, parishes, schools, and Catholic ministries in the state of South Carolina.

Catholic Community Foundation of South Carolina
Notes to Financial Statements
June 30, 2023 and 2022

As an extraordinary effort on the part of the Diocese to strengthen the Catholic Church in the state of South Carolina, the BCC has an established case statement to ensure that the funds raised are utilized most effectively within the Diocese. The BCC case for support is broken down as follows:

- **Strengthening Our Parishes and Missions — \$30,000,000**
 - Enhance parish-level ministries to share the Gospel more effectively
 - Acquire property in high-growth areas to ensure the future of the Church
 - Strengthen the financial position of our parishes and missions
- **Forming Catholics to Believe in the Gospel — \$19,000,000**
 - Catholic School Tuition Assistance
 - Seminarian Education Fund
 - Hispanic Ministry Endowment
 - Formation Ministries Endowment
 - Continuing Education for Diaconate & Lay Leaders
 - Facilities Endowment
- **Living the Gospel through Social Outreach — \$11,000,000**
 - Social Ministries Endowment
 - St. Clare's Home
 - Clean of Heart
 - Outreach Program Fund

The Board of Directors authorizes the use of funds from the BCC for use in the case elements identified above.

Parish Sharing – Each parish participating as a solicitor in the BCC shares in the proceeds of the campaign through a sharing arrangement. Solicitors participating in the standard campaign will receive 50% of what is raised from its parishioners to be allocated to its own local case up to the parish target. The remaining 50% will be allocated to the Foundation, for the benefit of the Diocese. Distributions of proceeds from the campaign to the parishes is based upon actual pledges redeemed and the related cash received. Above the parish target, each solicitor will receive 75% of what is raised from parishioners with the Foundation being allocated the remaining 25%. Once a standard campaign solicitor reaches 125% of its parish target, the parish will receive 100% of all amounts collected beyond 125%.

Parishes can optionally conduct a combined campaign instead of a standard campaign in instances where parish leadership believes that an urgent and significant local need exists. All combined campaigns are required to be approved by the Diocesan Parish Target Review Committee and must be conducted in 2018, 2019, and 2020. Combined campaigns require the parish to pursue a local goal two times (or more) of the standard campaign target, receive approval as noted above, guarantee the Foundation's 50% share of the parish target, and participate in the established Diocesan planning and building process.

Catholic Community Foundation of South Carolina
Notes to Financial Statements
June 30, 2023 and 2022

Management's estimate of the contributions receivable is based upon a calculation that reflects the current pledge balance by parish and its measurement against goal. The amounts presented on the face of the financial statements for the Foundation represent the share of the overall pledge balance due to the Foundation expected through a reduction of contributions receivable for the amounts estimated to be due to the parishes through parish sharing. Amounts due to parishes for parish sharing on amounts collected are presented on the statements of financial position as BCC distributions and amounted to \$2,238,900 and \$1,954,748 at June 30, 2023 and 2022, respectively. The Foundation remitted funds to parishes in the amount of \$5,855,092 and \$6,827,454 for the years ended June 30, 2023 and 2022, respectively.

Campaign Expenses – The Foundation has developed a budget for the BCC which includes fundraising counsel, professional services, the design and production of campaign materials, educational brochures, travel, mailings, postage, administrative expenses, and other expenses. These costs are expenses incurred by the Foundation after all parish sharing amounts have been paid.

Contributions – Parishioners have the option to participate in the BCC through outright gifts or contributions that are recognized as contributions as received.

Contributions Receivable – Most promises to give are designated sums for the BCC to be paid and collected over a five-year period with payments made at the parishioner's option on a monthly, quarterly, semi-annual, or annual basis. Parishioners may elect to make a promise to give over a period shorter than five years at their discretion. Donors are able to restrict their gift to one or more of the Diocesan case element(s) if the gift exceeds \$100,000. Gifts made as a promise to give over a period of time are restricted to the purposes described in the BCC case statement. Management estimates an allowance for uncollectable contributions receivable as described in Note 2. The discount rate used for contributions receivable was 5.13% and 4.00% at June 30, 2023 and 2022, respectively.

The contributions receivable collectable in future years as of June 30 are as follows:

2024	\$ 2,712,367
2025	996,560
2026	208,530
2027	<u>18,815</u>
Total uncollected promises to give	3,936,272
Less allowance for uncollectible promises	(1,294,126)
Less net present value discount	<u>(71,106)</u>
	<u>\$ 2,571,040</u>

Note 6. Notes receivable

Notes receivable consist of amounts due from parishes under the auspices of the Diocese that are participating in the Diocese's BCC as described in Note 5. These notes are due from parishes and the promissory notes are designed to conform to the timing and goals of the BCC. All notes are unsecured and non-interest bearing. A present value discount of 4.5% has been applied to recognize the time value of amounts to be paid over time with the present value discount accreted over time.

A note receivable is defined as impaired when, based on current information and events, it is probable that a parish will be unable to pay all amounts due under the contractual terms of the promissory note. The Foundation does not generally evaluate notes for impairment, unless there is an event that arises that brings in to question a parish's ability to pay. Those notes are evaluated for impairment on an individual basis, as needed. Due to the relationship of the parishes and schools with the Diocese and the Foundation, notes are very seldom uncollectible.

Catholic Community Foundation of South Carolina
Notes to Financial Statements
June 30, 2023 and 2022

Notes receivable consist of the following for the year ended June 30:

	<u>2023</u>	<u>2022</u>
\$605,000 note receivable from a parish executed on February 16, 2019 with \$10,083 monthly payments beginning June 1, 2020 for a term of five years. Note is unsecured and non-interest bearing.	\$ 120,000	\$ 345,000
\$680,000 note receivable from a parish executed on April 16, 2019 with \$11,333 monthly payments beginning June 1, 2019 for a term of five years. Note is unsecured and non-interest bearing.	102,000	238,000
\$420,000 note receivable from a parish executed on October 1, 2019 with \$7,000 monthly payments beginning March 1, 2020 for a term of five years. Note is unsecured and non-interest bearing.	211,000	274,000
\$35,000 note receivable from a parish executed on October 31, 2019 with \$583 monthly payments beginning January 1, 2020 for a term of five years. Note is unsecured and non-interest bearing.	15,750	23,333
\$575,000 note receivable from a parish executed on November 5, 2019 with \$9,583 monthly payments beginning June 1, 2020 for a term of five years. Note is unsecured and non-interest bearing.	297,084	421,667
\$330,000 note receivable from a parish executed on November 7, 2019 with \$9,583 monthly payments beginning May 1, 2020 for a term of five years. Note is unsecured and non-interest bearing.	129,550	206,550
\$890,000 note receivable from a parish executed on November 14, 2019 with \$14,833 monthly payments beginning June 1, 2020 for a term of five years. Note is unsecured and non-interest bearing.	385,287	563,287
\$495,000 note receivable from a parish executed on February 14, 2020 with \$8,250 monthly payments beginning June 1, 2020 for a term of five years. Note is unsecured and non-interest bearing.	280,500	368,500
\$40,000 note receivable from a parish executed on February 14, 2020 with \$667 monthly payments beginning June 1, 2020 for a term of five years. Note is unsecured and non-interest bearing.	<u>22,000</u>	<u>30,667</u>
	1,563,171	2,471,004
Less net present value discount	<u>(43,230)</u>	<u>(117,346)</u>
	<u>\$ 1,519,941</u>	<u>\$ 2,353,658</u>

Expected maturities of the notes receivables as of June 30, 2023 is summarized as follows:

Years Ending June 30,	
2024	\$ 779,000
2025	554,550
2026	<u>229,621</u>
	<u>\$ 1,563,171</u>

Catholic Community Foundation of South Carolina
Notes to Financial Statements
June 30, 2023 and 2022

Note 7. Investments and funds held for others

In accordance with ASC 820, *Fair Value Measures and Disclosures*, the Foundation's investments are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table sets forth by level the fair value hierarchy of the Foundation's assets accounted for at fair value on a recurring basis as of June 30, 2023:

Fair value measurements at June 30, 2023				
	Total	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Quoted Prices or Similar Assets and Liabilities (Level 2)	Significant Unobservable Inputs (Level 3)
Assets measured at fair value:				
U.S government bonds	\$ 2,444,299	\$ 2,444,299	\$ -	\$ -
Corporate and government debt securities	17,798,441	17,798,441	-	-
Equity securities	<u>43,926,750</u>	<u>43,926,750</u>	<u>-</u>	<u>-</u>
Total assets at fair value	<u>\$ 64,169,490</u>	<u>\$ 64,169,490</u>	<u>\$ -</u>	<u>\$ -</u>

Investments are held at fair value and included in the table above except cash totaling \$1,520,321.

The following table sets forth by level the fair value hierarchy of the Foundation's assets accounted for at fair value on a recurring basis as of June 30, 2022:

Fair value measurements at June 30, 2022				
	Total	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Quoted Prices or Similar Assets and Liabilities (Level 2)	Significant Unobservable Inputs (Level 3)
Assets measured at fair value:				
U.S government bonds	\$ 4,129,322	\$ 4,129,322	\$ -	\$ -
Corporate and government debt securities	12,807,223	12,807,223	-	-
Equity securities	<u>35,604,045</u>	<u>35,604,045</u>	<u>-</u>	<u>-</u>
Total assets at fair value	<u>\$ 52,540,590</u>	<u>\$ 52,540,590</u>	<u>\$ -</u>	<u>\$ -</u>

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Investments are held at fair value and included in the table above except cash totaling \$2,180,600.

Investment returns (losses) is comprised of the following for the years ended June 30, 2023 and 2022:

	<u>June 30, 2023</u>		
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Dividends and interest, net of fees	\$ 75,068	\$ 130,813	\$ 205,881
Realized gains, net	-	119,029	119,029
Unrealized gains, net	-	1,319,584	1,319,584
Total	<u>\$ 75,068</u>	<u>\$ 1,569,426</u>	<u>\$ 1,644,494</u>

	<u>June 30, 2022</u>		
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Dividends and interest, net of fees	\$ -	\$ 46,836	\$ 46,836
Realized gains, net	-	465,545	465,545
Unrealized losses, net	-	(2,045,237)	(2,045,237)
Total	<u>\$ -</u>	<u>\$ (1,532,856)</u>	<u>\$ (1,532,856)</u>

Fair value of investments held by the Foundation net of funds held by others at June 30 are as follows:

	<u>2023</u>	<u>2022</u>
Investments	\$ 65,689,811	\$ 54,721,190
Funds held for others	<u>(53,229,915)</u>	<u>(46,610,033)</u>
	<u>\$ 12,459,896</u>	<u>\$ 8,111,157</u>

Note 8. Funds held for others

The Foundation holds and invests funds belonging to the Chancery, its parishes and schools, and others in a custodial capacity. Funds are either held or invested in an externally managed investment pool in accordance with the Foundation's investment policy.

Assets held for others under the Foundation's management at June 30 are as follows:

	<u>2023</u>	<u>2022</u>
Chancery	\$ 34,385,403	\$ 29,885,652
Parishes and Schools	13,613,214	12,070,652
Catholic Charities	1,860,276	1,670,402
Priest Retirement Fund	1,433,754	1,293,736
Other affiliates	<u>1,937,268</u>	<u>1,689,591</u>
	<u>\$ 53,229,915</u>	<u>\$ 46,610,033</u>

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Note 9. Net assets with donor restrictions

Net assets with donor restrictions consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Restricted for the BCC and use in subsequent years	\$ 6,628,093	\$ 9,706,242
St. Francis Xavier School	<u>196,172</u>	<u>164,248</u>
	<u>6,824,265</u>	<u>9,870,490</u>
Restricted for various endowments:		
Bicentennial Campaign Endowments	10,135,546	6,375,555
Education Endowment Fund	42,758	32,265
St. Francis Catholic School Endowment	816,133	728,371
Seminarian Endowment	53,291	45,675
St. Andrew Serra Endowment	506,465	433,356
The St. Philip Neri Catholic Church Endowment Fund	418,880	336,817
Victor S. Raj, MD Scholarship Endowment	236,033	-
St. Gregory the Great School Endowment	<u>5,364</u>	<u>-</u>
	<u>12,214,470</u>	<u>7,952,039</u>
Total restricted for various endowments	<u>\$ 19,038,735</u>	<u>\$ 17,822,529</u>

Note 10. Endowments

The Foundation's endowments consist of eight funds established for the benefit of various Catholic schools and the church. The endowments includes donor-restricted endowments funds. As required by U.S. GAAP, the net assets associated with the endowments are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law – The Foundation has interpreted the state of South Carolina's enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift, as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. At June 30, 2023 and 2022, there were no such donor stipulations. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

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In accordance with UPMIFA, the Foundation considered the following factors in making their determination to appropriate or accumulate endowment funds:

1. The duration and preservation of the funds
2. The purpose of the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and appreciation of investments
6. Other resources of the Foundation
7. Investment policies of the Foundation

The following tables present the Foundation's endowment net asset classification and composition. Endowment net assets composition by type of fund at June 30, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 12,214,470	\$ 12,214,470

Endowment net assets composition by type of fund at June 30, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 7,952,039	\$ 7,952,039

Funds with Deficiencies – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. No such deficiencies existed at June 30, 2023 or 2022.

Strategies Employed for Achieving Investment Objectives – The Foundation follows an investment policy with long-term growth as the main objective. The Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation utilizes a diversified asset allocation, with greater emphasis on equity-based investments, to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy – The Foundation has a policy of appropriating for distribution each year, as determined by the investment committee and approved by the Bishop, 4% of its endowment funds average fair value over the prior 36 months (or since inception, if shorter) as of June 30 (measurement date) each year and allows spending from underwater endowments. In establishing these policies, the Foundation considered the expected return on its endowment. Accordingly, the Foundation expects the current spending policy to allow its endowment to maintain its purchasing power by growing at a rate equal to planned payouts. Additional real growth will be provided through new gifts and excess investment return.

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As a community foundation, the Foundation holds and manages endowments for the benefit of Diocesan entities. The Foundation owns and controls these endowment funds and spending on these funds is governed by an endowment fund plan. Certain endowment fund plans may allow for distributions of up to 20% of fund principal for the stated purpose in the plan, but only in the event of extraordinary need, emergency or other crisis. Distributions of principal are subject to the approval of two-thirds of the Foundation Board of Directors, the Pastor, and the Bishop.

Changes in endowment net assets for the year ended June 30, 2023 are as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 7,952,039	\$ 7,952,039
Investment returns, net	-	1,537,503	1,537,503
Contributions	-	2,753,803	2,753,803
Appropriation of endowment assets for expenditure	-	(28,875)	(28,875)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 12,214,470</u>	<u>\$ 12,214,470</u>

Changes in endowment net assets for the year ended June 30, 2022 are as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 1,235,584	\$ 1,235,584
Investment losses, net	-	(1,493,120)	(1,493,120)
Contributions	-	122,637	122,637
Endowment pledge payments transferred in	-	8,111,938	8,111,938
Appropriation of endowment assets for expenditure	-	(25,000)	(25,000)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 7,952,039</u>	<u>\$ 7,952,039</u>

Note 11. Related party transactions

The Foundation operates as the community foundation and fundraising vehicle of the Diocese. The Chancery provides management services to the Foundation for accounting, administrative, and other essential services. Expenses for these services totaled \$50,000 for the years ended June 30, 2023 and 2022. Expenses paid by the Chancery on the Foundation's behalf are recorded as expenses on the Foundation's statements of activities as expenses when incurred, with amounts due to the Chancery (due to related parties on the statements of financial position). For the years ended June 30, 2023 and 2022, expenses paid by the Chancery on the behalf of the Foundation totaled \$836,787 and \$838,954, respectively. Amounts due to the Chancery at June 30, 2023 and 2022 were \$227,676 and \$545,389, respectively. Amounts due to the Chancery are repaid from time to time at the discretion of management.

As described in Note 5, the Foundation is serving as the fundraising arm of the Diocese for the BCC launched in 2019. As part of this campaign, parishes have the option to participate in the BCC as part of standard or shared campaign, both of which result in portions of amounts collected as contributions and promises to give due back to the parishes as part of parish sharing. These amounts are recorded as a liability to the parish as described in Note 5 and were \$2,238,900 and \$1,954,748 at June 30, 2023 and 2022, respectively. These amounts are included in Bicentennial Capital Campaign distributions on the statements of financial position.

In its capacity as the fundraiser for the BCC, the Foundation's Board of Directors will from time to time make grants in accordance with the BCC's case for support as detailed in Note 5. No grants were made to the Diocese or Catholic Charities during the year ended June 30, 2023. Grants made to the Diocese and Catholic Charities amounted to \$79,014 and \$229,248, respectively, during the year ended June 30, 2022.

As described in Notes 7 and 8, the Foundation manages investments for various parishes, schools, and other organizations within the Diocese. These funds are held in trust and all investment related gains or losses are reflected as changes in funds administered for related parties. At June 30, 2023 and 2022, the Foundation held amounts due to parishes or schools for stock proceeds in the amount of \$34,492 and \$4,557, respectively. At June 30, 2023 and 2022, the Foundation held amounts due to Catholic Charities for stock proceeds in the amount of \$7,660 and \$-, respectively. These amounts are included in due to related parties on the statements of financial position.

Note 12. Subsequent events

The Foundation has evaluated subsequent events through September 30, 2024, which is the date these financial statements were available to be issued.