

**CATHOLIC FOUNDATION
- DIOCESE OF AUSTIN**

Financial Statements

June 30, 2020 and 2019
(With Independent Auditors' Report)

**CATHOLIC FOUNDATION
- DIOCESE OF AUSTIN**

C O N T E N T S

| | <u>Page</u> |
|----------------------------------|-------------|
| Independent Auditors' Report | 1 |
| Financial Statements | |
| Statements of Financial Position | 3 |
| Statements of Activities | |
| Year Ended June 30, 2020 | 4 |
| Year Ended June 30, 2019 | 5 |
| Statements of Cash Flows | 6 |
| Notes to Financial Statements | 7 |

Independent Auditors' Report

Board of Directors
Catholic Foundation - Diocese of Austin

Report on the Financial Statements

We have audited the accompanying financial statements of the Catholic Foundation - Diocese of Austin (the 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Catholic Foundation - Diocese of Austin as of June 30, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I to the financial statements, the beginning net assets with and without donor restrictions as of July 1, 2018 and the revenue with and without restrictions for the year ending June 30, 2019, was restated. Our opinion is not modified with respect to this matter.

Austin, Texas
DATE

CATHOLIC FOUNDATION - DIOCESE OF AUSTIN

Statements of Financial Position

As of June 30, 2020 and 2019

| | 2020 | As Restated 2019 |
|--|----------------------|----------------------|
| Assets | | |
| Assets: | | |
| Cash | \$ 472,488 | \$ 46,236 |
| Short-term investments - money market mutual funds | 1,253,533 | 947,733 |
| Long-term investments | 35,388,840 | 33,767,720 |
| Other receivables | - | 6,069 |
| Prepaid expense | 1,958 | 1,825 |
| | <u>37,116,819</u> | <u>34,769,583</u> |
| Total assets | <u>\$ 37,116,819</u> | <u>\$ 34,769,583</u> |
| Liabilities and Net Assets | | |
| Accounts payable | \$ 21,936 | \$ 24,131 |
| Funds held for others - agency | 4,043,752 | 4,034,460 |
| | <u>4,065,688</u> | <u>4,058,591</u> |
| Total liabilities | <u>4,065,688</u> | <u>4,058,591</u> |
| Net assets: | | |
| Without donor restriction | (14,676) | (16,970) |
| With donor restriction | 33,065,807 | 30,727,962 |
| | <u>33,051,131</u> | <u>30,710,992</u> |
| Total net assets | <u>33,051,131</u> | <u>30,710,992</u> |
| Total liabilities and net assets | <u>\$ 37,116,819</u> | <u>\$ 34,769,583</u> |

The accompanying notes are an integral part of these financial statements.

CATHOLIC FOUNDATION - DIOCESE OF AUSTIN

Statement of Activities
Year Ended June 30, 2020

| | <u>Without donor restriction</u> | <u>With donor restriction</u> | <u>Total</u> |
|--|--------------------------------------|-----------------------------------|-----------------------------|
| Revenues, gains, and other support: | | | |
| Contributions | \$ 91,726 | \$ 3,024,557 | \$ 3,116,283 |
| Less: Contributions to agency funds | (91,726) | - | (91,726) |
| Net contributions | <u>-</u> | <u>3,024,557</u> | <u>3,024,557</u> |
| Investment return, net | (55,061) | 568,961 | 513,900 |
| Less: Investment return to agency funds | (69,818) | - | (69,818) |
| Investment return, net | <u>(124,879)</u> | <u>568,961</u> | <u>444,082</u> |
| Other income | <u>20,743</u> | <u>-</u> | <u>20,743</u> |
| Total revenues, gains, and other support | (104,136) | 3,593,518 | 3,489,382 |
| Net assets released from restrictions | <u>1,255,673</u> | <u>(1,255,673)</u> | <u>-</u> |
| Total revenues and release of restrictions | <u>1,151,537</u> | <u>2,337,845</u> | <u>3,489,382</u> |
| Expenses: | | | |
| Program | | | |
| Distributions to Diocese of Austin | 1,020,704 | - | 1,020,704 |
| Distributions to parishes | 47,590 | - | 47,590 |
| Distributions to schools | 102,513 | - | 102,513 |
| Distributions to other | 57,840 | - | 57,840 |
| Less: Distributions to agency funds | <u>(131,509)</u> | <u>-</u> | <u>(131,509)</u> |
| Total program | <u>1,097,138</u> | <u>-</u> | <u>1,097,138</u> |
| Administrative | | | |
| Professional services | 47,503 | - | 47,503 |
| Administrative | <u>4,602</u> | <u>-</u> | <u>4,602</u> |
| Total administrative | <u>52,105</u> | <u>-</u> | <u>52,105</u> |
| Total expenses | <u>1,149,243</u> | <u>-</u> | <u>1,149,243</u> |
| Change in net assets | 2,294 | 2,337,845 | 2,340,139 |
| Net assets at beginning of year | <u>(16,970)</u> | <u>30,727,962</u> | <u>30,710,992</u> |
| Net assets at end of year | <u><u>\$ (14,676)</u></u> | <u><u>\$ 33,065,807</u></u> | <u><u>\$ 33,051,131</u></u> |

The accompanying notes are an integral part of these financial statements

CATHOLIC FOUNDATION - DIOCESE OF AUSTIN

Statement of Activities - As Restated

Year Ended June 30, 2019

| | <u>Without donor restriction</u> | <u>With donor restriction</u> | <u>Total</u> |
|--|--------------------------------------|-----------------------------------|----------------------|
| Revenues, gains, and other support: | | | |
| Contributions | \$ 50,013 | \$ 1,189,260 | \$ 1,239,273 |
| Less: Contributions to agency funds | (50,013) | - | (50,013) |
| Net contributions | <u>-</u> | <u>1,189,260</u> | <u>1,189,260</u> |
| Investment return, net | 80,356 | 1,420,059 | 1,500,415 |
| Less: Investment return to agency funds | (185,867) | - | (185,867) |
| Investment return, net | <u>(105,511)</u> | <u>1,420,059</u> | <u>1,314,548</u> |
| Other income | <u>20,245</u> | <u>-</u> | <u>20,245</u> |
| Total revenues, gains, and other support | <u>(85,266)</u> | <u>2,609,319</u> | <u>2,524,053</u> |
| Net assets released from restrictions | <u>1,201,610</u> | <u>(1,201,610)</u> | <u>-</u> |
| Total revenues and release of restrictions | <u>1,116,344</u> | <u>1,407,709</u> | <u>2,524,053</u> |
| Expenses: | | | |
| Program | | | |
| Distributions to Diocese of Austin | 999,415 | - | 999,415 |
| Distributions to parishes | 43,259 | - | 43,259 |
| Distributions to schools | 77,367 | - | 77,367 |
| Distributions to other | 51,150 | - | 51,150 |
| Less: Distributions to agency funds | (124,229) | - | (124,229) |
| Total program | <u>1,046,962</u> | <u>-</u> | <u>1,046,962</u> |
| Administrative | | | |
| Professional services | 37,782 | - | 37,782 |
| Administrative | 3,948 | - | 3,948 |
| Total administrative | <u>41,730</u> | <u>-</u> | <u>41,730</u> |
| Total expenses | <u>1,088,692</u> | <u>-</u> | <u>1,088,692</u> |
| Change in net assets | 27,652 | 1,407,709 | 1,435,361 |
| Net assets at beginning of year | <u>(44,622)</u> | <u>29,320,253</u> | <u>29,275,631</u> |
| Net assets at end of year | <u>\$ (16,970)</u> | <u>\$ 30,727,962</u> | <u>\$ 30,710,992</u> |

The accompanying notes are an integral part of these financial statements

CATHOLIC FOUNDATION - DIOCESE OF AUSTIN

Statements of Cash Flows
Years Ended June 30, 2020 and 2019

| | 2020 | As Restated 2019 |
|--|--------------|---------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 2,340,139 | \$ 1,435,361 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Net realized and unrealized (gains) losses on investments | 30,405 | (706,912) |
| (Increase) decrease in other receivables | 6,069 | 1,268 |
| (Increase) decrease in prepaid expense | (133) | (1,825) |
| Increase (decrease) in accounts payable | (2,195) | (25,761) |
| Increase (decrease) in funds held for others - agency | 9,292 | 91,406 |
| | 2,383,577 | 793,537 |
| Net cash provided by (used in) operating activities | | |
| Cash from investing activities: | | |
| Proceeds from sale and maturities of investments | 4,217,230 | 19,093,675 |
| Purchase of investments | (5,868,755) | (22,625,674) |
| Net change in money market mutual funds | (305,800) | 2,779,428 |
| | (1,957,325) | (752,571) |
| Net cash provided by (used in) investing activities | | |
| Net increase (decrease) in cash | 426,252 | 40,966 |
| Cash and cash equivalents at beginning of year | 46,236 | 5,270 |
| Cash and cash equivalents at end of year | \$ 472,488 | \$ 46,236 |
| Cash paid for interest | \$ - | \$ - |

The accompanying notes are an integral part of these financial statements

CATHOLIC FOUNDATION - DIOCESE OF AUSTIN

Notes to Financial Statements

June 30, 2020 and 2019

Note A - Organization

The accompanying financial statements are those of the Catholic Foundation - Diocese of Austin (Foundation). The Foundation is a separate nonprofit Texas corporation created under IRC sections 501(c)(3) and 509(a)(3) as a supporting organization and integrated auxiliary of the Catholic Church.

The Foundation was formed to promote the establishment and growth of endowment funds and planned giving to provide perpetual funding to the Central Administrative Office (CAO) of the Diocese of Austin (Diocese) and to participating parishes, schools and other Catholic organizations within the Diocese.

Note B - Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Foundation have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which require the CAO to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without restriction-- Includes net assets that are not subject to donor-imposed restrictions. An entity's governing board may establish an endowment fund. For such an endowment, all three sources: contributions, income, and gains and losses are without restriction. These net assets may be used at the discretion of the Foundation management.

Net assets with restriction-- Net assets subject to stipulations imposed by donors. Term endowments are donated assets with stipulations that they be invested for a specified period of time, or until the occurrence of a specified event, to provide income for a specified period of time. In the absence of donor stipulations to the contrary, investment income and gains and losses on donor-restricted endowments are reported as increases in net assets with donor restriction. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

The net assets of an endowment fund can result from three sources: original principal, gains and losses, or interest and dividends. Each source is without donor restriction unless its use is restricted by donor or by law. The donor may place different restrictions on each of the three sources.

CATHOLIC FOUNDATION - DIOCESE OF AUSTIN

Notes to Financial Statements

June 30, 2020 and 2019

Note B - Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

Cash and cash equivalents include cash in banks and time deposits with an initial maturity of less than 90 days. Money market mutual funds are considered to be held for short-term investment and are not included in cash and cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in investment return on the statements of activities. See Note D.

Investment return includes interest and dividends on investments, the realized gains and losses on investment transactions, unrealized gains and losses from changes in the market value of investments, and investment advisory expenses. Realized gains and losses on disposition of investment securities are determined using fair market value and transactions are recorded on a trade date basis.

Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Foundation groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 - Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

CATHOLIC FOUNDATION - DIOCESE OF AUSTIN

Notes to Financial Statements

June 30, 2020 and 2019

Note B - Summary of Significant Accounting Policies (Continued)

Fair Value of Financial Instruments (Continued)

Level 2 - Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 - Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The Foundation uses appropriate valuation techniques based on available inputs to measure the fair value of its investments. An asset'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 must 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:

Common stocks, corporate bonds and U.S. government securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Money market funds, mutual funds, and exchange traded funds: Valued at the net asset value (NAV) of shares held at year end.

Pooled investment fund: Includes long/short basket of securities and market neutral equity securities. These investments are valued at fair value by the Investment Manager using published NAV.

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.

CATHOLIC FOUNDATION - DIOCESE OF AUSTIN

Notes to Financial Statements

June 30, 2020 and 2019

Note B - Summary of Significant Accounting Policies (Continued)

Contributions and Bequests

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. 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.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. All expenses have been allocated on the basis of time and effort.

Income Taxes

The Foundation is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Foundation has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Foundation has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CATHOLIC FOUNDATION - DIOCESE OF AUSTIN

Notes to Financial Statements

June 30, 2020 and 2019

Note B - Summary of Significant Accounting Policies (Continued)

Risks and Uncertainties

The Foundation invests in various securities including mutual funds, corporate stocks, exchange traded funds, bonds, and money market mutual funds. Investment securities, in general, are exposed to various risks, such as interest rate, credit, foreign exchange fluctuations, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and the statement of activities.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

New Accounting Pronouncements

During 2019, the Foundation adopted Financial Accounting Standards Board Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The update assists entities in evaluating whether transactions should be accounting for as contributions or as exchange transactions, and determining whether a contribution is conditional. The Foundation has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Subsequent Events

Management of the Foundation has evaluated subsequent events for disclosure through the date of the independent auditors' report, the date the financial statements were issued.

Note C - Summary of Significant Investment and Distribution Policies

1. Investment Return Objectives, Risk Parameters and Strategies

The Foundation Board has adopted investment and distribution policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long term. The investment process seeks to achieve an after-cost total real rate of return that exceeds the annual distribution with acceptable levels of risk. The Foundation Board expects its endowment assets over time to produce a rate of return sufficient to provide those annual distributions.

CATHOLIC FOUNDATION - DIOCESE OF AUSTIN

Notes to Financial Statements

June 30, 2020 and 2019

Note C - Summary of Significant Investment and Distribution Policies

1. Investment Return Objectives, Risk Parameters and Strategies

The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the endowment fund, (2) the purposes of the endowment, (3) the general economic conditions, (4) the possible effects of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies (including but not limited to its policy concerning minimum balances for an endowment fund).

Under the Foundation's standard endowment contract, the Foundation does not guarantee a rate of return or that the value of the fund will appreciate, nor does it have any responsibility to replenish the funds should net depreciation occur.

2. Distribution Policy

Income available for distribution is determined by a total return system. The Foundation expects to make distributions to the endowment beneficiary in the amount of four percent (4%) of the net fair market value of the fund, which includes the change in market value of the fund, dividends and interest, net of expenses, all averaged over the prior three (3) years.

3. Funds with Deficiencies

Because the Foundation has no responsibility under the endowment contracts to replenish depreciated funds, other activity related to endowments with donor restriction into perpetuity, including investment gains and losses, distributions and administrative fees are recorded as net assets with donor restrictions for time or purpose.

CATHOLIC FOUNDATION - DIOCESE OF AUSTIN

Notes to Financial Statements

June 30, 2020 and 2019

Note D - Investments

Investments at June 30, 2020 and 2019, are summarized as follows:

| | 2020 | | 2019 | |
|--|---------------------|---------------------|---------------------|---------------------|
| | Cost | Fair Value | Cost | Fair Value |
| Short-term investments - money market mutual funds | \$ 1,253,533 | \$ 1,253,533 | \$ 947,733 | \$ 947,733 |
| Long-term investments | | | | |
| Bond funds | \$ 6,499,597 | \$ 6,664,843 | \$ 6,564,700 | \$ 6,402,414 |
| Equity funds | 15,837,730 | 19,611,472 | 14,206,741 | 18,004,290 |
| Exchange traded funds - equities | 5,567,323 | 6,304,594 | 4,670,621 | 5,185,853 |
| Pooled investment fund | 3,088,131 | 2,807,931 | 4,225,531 | 4,175,163 |
| Total long-term investments | <u>\$30,992,781</u> | <u>\$35,388,840</u> | <u>\$29,667,593</u> | <u>\$33,767,720</u> |

Investment return for the years ended June 30, 2020 and 2019, is comprised of the following:

| | 2020 | 2019 |
|------------------------------|-------------------|---------------------|
| Interest and dividend income | \$ 669,184 | \$ 899,014 |
| Realized gains (losses) | (326,335) | 1,209,270 |
| Unrealized gains (losses) | 295,930 | (502,358) |
| Advisory expenses | (124,879) | (105,511) |
| | <u>\$ 513,900</u> | <u>\$ 1,500,415</u> |

Note E - Endowment Funds

Endowment funds at June 30, 2020 and 2019, consist of the following:

| | 2020 | 2019 |
|--|-------------|-------------|
| With Donor Restriction | | |
| Our Faith ~ Our Legacy Seminarian Endowment | 6,151,052 | 6,312,460 |
| Our Faith ~ Our Legacy Catholic Charities of Central Texas Endowment | 3,690,092 | 3,786,969 |
| Our Faith ~ Our Legacy Retired Priests Endowment | 3,690,092 | 3,786,969 |
| Our Faith ~ Our Legacy Youth Ministry | 2,258,732 | 2,318,045 |
| Our Faith ~ Our Legacy Religious Education & Formation | 2,257,654 | 2,316,940 |
| Bishop Louis Reicher School Endowment | 1,796,321 | 1,845,077 |
| Our Faith ~ Our Legacy Catholic Schools Endowment | 1,278,665 | 1,313,411 |
| Sacred Heart Catholic School Endowment | 1,271,943 | 1,306,552 |

CATHOLIC FOUNDATION - DIOCESE OF AUSTIN

Notes to Financial Statements

June 30, 2020 and 2019

Note E - Endowment Funds (Continued)

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|---------------------|
| Our Faith ~ Our Legacy Permanent Diaconate Endowment | \$ 1,229,176 | \$ 1,261,535 |
| Our Faith ~ Our Legacy Campus Ministry Endowment | 1,229,122 | 1,261,479 |
| EC Seminarian Endowment | 2,074,320 | 1,047,618 |
| EC Advancing our Mission Endowment | 1,013,914 | - |
| Diocese of Austin Seminarian Endowment | 717,308 | 257,774 |
| Diocese of Austin Endowment | 562,080 | - |
| Beverly Guirard Endowment | 537,849 | 551,983 |
| Robert "Bob" Kasberg Endowment | 511,403 | 525,432 |
| Diocese of Austin Retired Priest Endowment | 509,684 | 519,684 |
| Monica Therese Bailes Memorial Endowment | 293,488 | 301,467 |
| Bishop John E. McCarthy Endowment | 280,414 | 287,002 |
| Bishop Gregory M. Aymond Endowment | 202,039 | 207,459 |
| Our Lady of Wisdom Endowment | 169,136 | 173,839 |
| Knights of Columbus #3287 Legacy Fund | 158,153 | 156,460 |
| The Fr. Bob Scott, CSP, Good Stop Endowment | 154,275 | 156,310 |
| Msgr. Driscoll Seminarian Endowment | 136,005 | 139,693 |
| Deacon Alfredo Vásquez Endowment | 116,455 | 119,638 |
| St. Ignatius Martyr Catholic School Endowment | 113,304 | 116,500 |
| Dean E. Wilhelm Endowment | 102,979 | 101,917 |
| David & Cynthia Bednar Endowment | 81,180 | 82,975 |
| Diocese of Austin Brown Scholarship Endowment | 71,481 | 73,490 |
| Erlene and Arthur Goertz Endowment | 61,396 | 63,189 |
| Louis Goertz Endowment | 54,777 | 56,390 |
| St. Dominic Savio Catholic HS Endowment | 47,067 | 46,645 |
| Danette Gaitros Memorial Endowment | 40,997 | 40,642 |
| Msgr. Arthur Michalka Endowment | 39,370 | 40,564 |
| University Catholic Center Class Endowment | 37,646 | 37,310 |
| St. Mary, Immaculate Conception Perpetual Endowment | 35,501 | 33,262 |
| Diocese of Austin Catholic Schools Endowment | 33,378 | 34,256 |
| Eagle's Wings Retreat Center General Endowment | 27,650 | 28,522 |
| Arturo & Louisa Casiraghi Endowment | 19,799 | 18,504 |
| St. John Vianney Catholic Church Endowment | 9,910 | - |
| | <u>\$33,065,807</u> | <u>\$30,727,962</u> |

CATHOLIC FOUNDATION - DIOCESE OF AUSTIN

Notes to Financial Statements

June 30, 2020 and 2019

Note F - Net Assets

Net assets with donor restrictions at June 30, 2020 and 2019, include investment gains on endowments with donor restriction into perpetuity of \$4,796,161 and \$5,482,874, respectively.

Net assets with donor restriction into perpetuity at June 30, 2020 and 2019, include:

| | <u>2020</u> | <u>2019</u> |
|---|--------------|--------------|
| Our Faith ~ Our Legacy Seminarian Endowment | \$ 5,000,000 | \$ 5,000,000 |
| Our Faith ~ Our Legacy Catholic Charities of Central Texas Endowment | 3,000,000 | 3,000,000 |
| Our Faith ~ Our Legacy Retired Priests Endowment | 3,000,000 | 3,000,000 |
| Our Faith ~ Our Legacy Youth Ministry | 2,001,000 | 2,001,000 |
| EC Seminarian Endowment | 2,000,000 | 1,000,000 |
| Our Faith ~ Our Legacy Religious Education & Formation | 2,000,000 | 2,000,000 |
| Bishop Louis Reicher School Endowment | 1,551,570 | 1,551,570 |
| Sacred Heart Catholic School Endowment | 1,121,874 | 1,121,874 |
| Our Faith ~ Our Legacy Permanent Diaconate Endowment | 1,050,000 | 1,050,000 |
| Our Faith ~ Our Legacy Campus Ministry Endowment | 1,000,000 | 1,000,000 |
| Our Faith ~ Our Legacy Catholic Schools Endowment | 1,000,000 | 1,000,000 |
| EC Advancing our Mission Endowment | 1,000,000 | - |
| Diocese of Austin Seminarian Endowment | 679,083 | 225,822 |
| Diocese of Austin Endowment | 555,273 | - |
| Robert "Bob" Kasberg Endowment | 505,193 | 505,193 |
| Diocese of Austin Retired Priest Endowment | 451,428 | 451,377 |
| Beverly Guirard Endowment | 405,701 | 405,701 |
| The Monica Therese Bailes Memorial Endowment | 253,746 | 253,746 |
| Bishop John E. McCarthy Endowment | 233,173 | 233,173 |
| Bishop Gregory M. Aymond Endowment | 174,089 | 174,089 |
| Knights of Columbus #3287 Legacy Fund | 150,000 | 150,000 |
| Our Lady of Wisdom University Parish Endowment | 126,102 | 126,102 |
| The Fr Bob Scott CSP Good Stop Endowment | 124,081 | 122,656 |
| Msgr. John Driscoll Endowment for Seminary Education | 122,870 | 122,870 |
| St. Ignatius Martyr Catholic School Endowment | 99,944 | 99,944 |
| Deacon Alfredo Vasquez Endowment | 95,088 | 95,088 |
| Rev. Dean E. Wilhelm Endowment | 80,000 | 80,000 |
| David and Cynthia Bednar Endowment | 72,000 | 72,000 |
| Diocese of Austin Brown Scholarship Endowment | 61,904 | 61,904 |
| Erlene and Arthur Goertz Endowment | 55,000 | 55,000 |
| Louis Goertz Endowment | 54,273 | 54,273 |

CATHOLIC FOUNDATION - DIOCESE OF AUSTIN

Notes to Financial Statements

June 30, 2020 and 2019

Note F - Net Assets (Continued)

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|---------------------|
| Msgr. Arthur Michalka Endowment | \$ 39,059 | \$ 39,059 |
| The Danette Gaitros Memorial Endowment | 33,377 | 33,377 |
| St. Dominic Savio Catholic High School Endowment | 32,891 | 32,891 |
| St. Mary Immaculate Conception Perpetual Endowment | 32,225 | 30,150 |
| UCC Catholic Center Class Endowment | 29,406 | 28,118 |
| Diocese of Austin Catholic Schools Endowment | 28,986 | 28,986 |
| Eagle's Wings Retreat Center General Endowment | 25,000 | 25,000 |
| Arturo and Louisa Casiraghi Memorial Scholarship Endowment | 15,310 | 14,125 |
| St. John Vianney Catholic Church Endowment | 10,000 | - |
| | <u>\$28,269,646</u> | <u>\$25,245,088</u> |

Net assets were released from donor restrictions for distributions and expenses of \$1,255,673 and \$1,201,610 for the years ended June 30, 2020 and 2019, respectively.

Note G - Availability and Liquidity

The following represents the Foundation's financial assets at June 30, 2020 and 2019:

| | <u>2020</u> | <u>2019</u> |
|---|---------------------|---------------------|
| Financial assets at year end: | | |
| Cash and cash equivalents | \$ 472,488 | \$ 46,236 |
| Investments | 36,642,373 | 34,715,453 |
| Other receivables | - | 6,069 |
| Total financial assets | <u>37,114,861</u> | <u>34,767,758</u> |
| Less amounts unavailable for general expenditures: | | |
| Required to satisfy donor restrictions | (33,065,807) | (30,727,962) |
| Funds held for others - agency | (4,043,752) | (4,034,460) |
| Adjusted for net assets with purpose restrictions to be met in less than a year | <u>1,418,385</u> | <u>1,275,700</u> |
| | <u>(35,691,174)</u> | <u>(33,486,722)</u> |
| Financial assets available to meet general expenditures over the next year | <u>\$ 1,423,687</u> | <u>\$ 1,281,036</u> |

CATHOLIC FOUNDATION - DIOCESE OF AUSTIN

Notes to Financial Statements

June 30, 2020 and 2019

Note G - Availability and Liquidity (Continued)

The Foundation's endowment funds consist of donor-restricted endowments and endowments designated by management to be used for specific purposes. Income from donor-restricted endowments is restricted for specific purposes. Donor restricted endowment funds are not available for general expenditures, and thus, are subtracted from total assets available to meet general expenditures. Endowments designated by management to be used for specific purposes are also subtracted from total assets available to meet general expenditures.

All endowments are subject to an annual spending rate of 4% of the most recent 12 quarter market value average. The Foundation manages liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting 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 H - Fair Values of Financial Instruments

The following table sets forth by level, within the fair value hierarchy, the fair value of investments as of June 30, 2020:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|-------------------------------------|---------------------|---------------------|----------------|---------------------|
| Short-term investments | <u>\$ 1,253,533</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,253,533</u> |
| <u>Long-term investments:</u> | | | | |
| Bond funds | \$ 6,664,843 | \$ - | \$ - | \$ 6,664,843 |
| Equity funds | 19,611,472 | - | - | 19,611,472 |
| Exchange traded funds - equities | 6,304,594 | - | - | 6,304,594 |
| Pooled investment funds | <u>-</u> | <u>2,807,931</u> | <u>-</u> | <u>2,807,931</u> |
| Total long-term investments | <u>\$32,580,909</u> | <u>\$ 2,807,931</u> | <u>\$ -</u> | <u>\$35,388,840</u> |

CATHOLIC FOUNDATION - DIOCESE OF AUSTIN

Notes to Financial Statements

June 30, 2020 and 2019

Note H - Fair Values of Financial Instruments (Continued)

The following table sets forth by level, within the fair value hierarchy, the fair value of investments as of June 30, 2019:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|-------------------------------------|----------------------|---------------------|----------------|----------------------|
| Short-term investments | <u>\$ 947,733</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 947,733</u> |
| <u>Long-term investments:</u> | | | | |
| Bond funds | \$ 6,402,414 | \$ - | \$ - | \$ 6,402,414 |
| Equity funds | 18,004,290 | - | - | 18,004,290 |
| Exchange traded funds - equities | 5,185,853 | - | - | 5,185,853 |
| Pooled investment funds | <u>-</u> | <u>4,175,163</u> | <u>-</u> | <u>4,175,163</u> |
| Total long-term investments | <u>\$ 29,592,557</u> | <u>\$ 4,175,163</u> | <u>\$ -</u> | <u>\$ 33,767,720</u> |

Note I - Restatement

The net assets of the Foundation have been restated to correctly classify net assets between without donor restrictions and with donor restrictions. The Foundation also restated assets that are held for others and those assets related activities as pass-through on the statement of financial position and statement of activities. This change in classification is detailed below:

Statement of Financial Position as of June 30, 2019

| | <u>As Previously Stated</u> | <u>As Restated</u> | <u>Change</u> |
|---------------------------------------|---------------------------------|--------------------|---------------|
| Funds held for others - agency | \$ - | \$ 4,034,460 | \$ 4,034,460 |
| Net assets without donor restrictions | 25,492,467 | (16,970) | (25,509,437) |
| Net assets with donor restrictions | 9,252,985 | 30,727,962 | 21,474,977 |

CATHOLIC FOUNDATION - DIOCESE OF AUSTIN

Notes to Financial Statements

June 30, 2020 and 2019

Note I - Restatement (Continued)

Statement of Activities for the Year Ended June 30, 2019

| | As Previously Stated | As Restated | Change |
|---------------------------------------|-------------------------|--------------|--------------|
| Contributions | | | |
| With donor restrictions | \$ 1,239,273 | \$ 1,189,260 | \$ (50,013) |
| Investment return | | | |
| Without donor restrictions | 1,072,933 | (105,511) | (1,178,444) |
| With donor restrictions | 427,482 | 1,420,059 | 992,577 |
| Other income | | | |
| Without donor restrictions | - | 20,245 | 20,245 |
| Net assets released from restrictions | | | |
| Without donor restrictions | 267,658 | 1,201,610 | 933,952 |
| With donor restrictions | (267,658) | (1,201,610) | (933,952) |
| Less: distributions to agency funds | | | |
| Without donor restrictions | - | (124,229) | 124,229 |
| Net assets at beginning of year | | | |
| Without donor restrictions | 25,364,797 | (44,622) | (25,409,419) |
| With donor restrictions | 7,853,888 | 29,320,253 | 21,466,365 |

Statement of Cash Flows for the Year Ended June 30, 2019

| | As Previously Stated | As Restated | Change |
|--|-------------------------|--------------|-------------|
| Change in net assets | \$ 1,526,767 | \$ 1,435,361 | \$ (91,406) |
| Increase (decrease) in funds held for others - agency | - | 91,406 | 91,406 |