

**ROMAN CATHOLIC FOUNDATION OF
EASTERN MISSOURI**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

**ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Roman Catholic Foundation of Eastern Missouri
St. Louis Missouri

We have audited the accompanying financial statements of Roman Catholic Foundation of Eastern Missouri (the Foundation), which comprise the statements of financial position as of December 31, 2019 and 2018, 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 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.

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

Board of Trustees
Roman Catholic Foundation of Eastern Missouri

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Roman Catholic Foundation of Eastern Missouri as of December 31, 2019 and 2018, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Louis, Missouri
March, 5, 2020

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
Cash	\$ 2,442,963	\$ 936,513
Investments	20,246,284	13,785,890
Prepaid Expenses	5,073	3,758
Promises to Give - Without Donor Restriction, Net	51,785	95,173
Promises to Give - With Donor Restriction, Net	2,844,039	7,598,521
Agency Receivables	7,167,681	13,914,519
Property and Equipment, Net	7,216	50,062
Other Long-Term Assets	100,239	51,741
Promises to Give - With Donor Restriction in Perpetuity for Endowment, Net	4,158,854	6,364,085
Investments With Donor Restriction in Perpetuity	30,537,647	27,651,835
Total Assets	\$ 67,561,781	\$ 70,452,097
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 25,791	\$ 45,571
Amounts Due to Beneficiaries of Split Interest Agreements	1,402,501	1,172,629
Agency Liabilities	11,596,808	19,415,651
Grants Payable	2,257,223	2,268,269
Beneficiary Funds	2,435,837	1,416,669
Total Liabilities	17,718,160	24,318,789
NET ASSETS		
Without Donor Restriction	429,064	284,113
With Donor Restriction	49,414,557	45,849,195
Total Net Assets	49,843,621	46,133,308
Total Liabilities and Net Assets	\$ 67,561,781	\$ 70,452,097

See accompanying Notes to Financial Statements.

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

	Without Donor Restriction	With Donor Restriction	Total
PUBLIC SUPPORT AND REVENUE			
Total Contributions	\$ 123,153	\$ 4,508,296	\$ 4,631,449
Less:			
Amounts Raised for Others	-	765,026	765,026
Amounts Received for Beneficiary Endowments	-	744,340	744,340
Net Contributions	123,153	2,998,930	3,122,083
Planned Giving Services Fee	342,500	-	342,500
Foundation Management Fees	26,288	-	26,288
Miscellaneous Income	9,583	-	9,583
Loss on Disposal of Property and Equipment	(23,499)	-	(23,499)
Interest and Dividends	20,921	1,148,328	1,169,249
Net Assets Released from Restrictions	6,104,716	(6,104,716)	-
Total Public Support and Revenue	6,603,662	(1,957,458)	4,646,204
PROGRAM GRANTS			
Catholic Education	3,476,224	-	3,476,224
Catholic Social Services	649,991	-	649,991
Parish Life	291,635	-	291,635
Vocations	57,358	-	57,358
Total Grants	4,475,208	-	4,475,208
Less: Grants Made on Beneficial Funds	71,650	-	71,650
Total Program Grants	4,403,558	-	4,403,558
OPERATING EXPENSES			
Salaries	672,622	-	672,622
Employee Benefits	106,664	-	106,664
Payroll Taxes	52,596	-	52,596
Occupancy Expense	55,656	-	55,656
Office Expenses	106,421	-	106,421
Professional Fees	281,763	-	281,763
Insurance Premiums	9,448	-	9,448
Depreciation and Amortization Expenses	19,347	-	19,347
Provision for Uncollectible Amounts	748,171	-	748,171
Travel and Other Expenses	16,843	-	16,843
Total Operating Expenses	2,069,531	-	2,069,531
Total Grants and Expenses	6,473,089	-	6,473,089
INCREASE (DECREASE) IN NET ASSETS BEFORE NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS	130,573	(1,957,458)	(1,826,885)
NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS	14,378	5,522,820	5,537,198
INCREASE IN NET ASSETS	144,951	3,565,362	3,710,313
Net Assets - Beginning of Year	284,113	45,849,195	46,133,308
NET ASSETS - END OF YEAR	\$ 429,064	\$ 49,414,557	\$ 49,843,621

See accompanying Notes to Financial Statements.

**ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018**

	Without Donor Restriction	With Donor Restriction	Total
PUBLIC SUPPORT AND REVENUE			
Total Contributions	\$ 95,543	\$ 8,862,574	\$ 8,958,117
Less:			
Amounts Raised for Others	-	2,870,863	2,870,863
Amounts Received for Beneficiary Endowments	-	658,930	658,930
Net Contributions	<u>95,543</u>	<u>5,332,781</u>	<u>5,428,324</u>
Planned Giving Services Fee	340,000	-	340,000
Foundation Management Fees	17,411	-	17,411
Miscellaneous Income	2,718	-	2,718
Loss on Disposal of Property and Equipment	(1,859)	-	(1,859)
Interest and Dividends	10,468	919,478	929,946
Net Assets Released from Restrictions	<u>4,676,302</u>	<u>(4,676,302)</u>	<u>-</u>
Total Public Support and Revenue	<u>5,140,583</u>	<u>1,575,957</u>	<u>6,716,540</u>
PROGRAM GRANTS			
Parish Life	126,440	-	126,440
Catholic Education	3,582,774	-	3,582,774
Catholic Social Services	37,584	-	37,584
Other Catholic Ministries	66,776	-	66,776
Other Ministries	60,004	-	60,004
Total Grants	<u>3,873,578</u>	<u>-</u>	<u>3,873,578</u>
Less: Grants Made on Beneficial Funds	<u>27,332</u>	<u>-</u>	<u>27,332</u>
Total Program Grants	<u>3,846,246</u>	<u>-</u>	<u>3,846,246</u>
OPERATING EXPENSES			
Salaries	674,697	-	674,697
Employee Benefits	98,391	-	98,391
Payroll Taxes	53,115	-	53,115
Occupancy Expense	55,656	-	55,656
Office Expenses	105,295	-	105,295
Professional Fees	325,698	-	325,698
Insurance Premiums	63,741	-	63,741
Depreciation and Amortization Expense	27,630	-	27,630
Travel and Other Expenses	<u>21,339</u>	<u>-</u>	<u>21,339</u>
Total Operating Expenses	<u>1,425,562</u>	<u>-</u>	<u>1,425,562</u>
Total Grants and Expenses	<u>5,271,808</u>	<u>-</u>	<u>5,271,808</u>
INCREASE (DECREASE) IN NET ASSETS BEFORE NET REALIZED AND UNREALIZED LOSS ON INVESTMENTS	(131,225)	1,575,957	1,444,732
NET REALIZED AND UNREALIZED LOSS ON INVESTMENTS	<u>(2,959)</u>	<u>(3,066,832)</u>	<u>(3,069,791)</u>
DECREASE IN NET ASSETS	(134,184)	(1,490,875)	(1,625,059)
Net Assets - Beginning of Year	<u>418,297</u>	<u>47,340,070</u>	<u>47,758,367</u>
NET ASSETS - END OF YEAR	<u>\$ 284,113</u>	<u>\$ 45,849,195</u>	<u>\$ 46,133,308</u>

See accompanying Notes to Financial Statements.

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ 3,710,313	\$ (1,625,059)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	19,347	27,630
Bad Debts Expense	748,171	-
Loss on Disposal of Fixed Assets	23,499	-
Contributions with Donor Restrictions in Perpetuity for Endowment	(769,375)	(1,767,405)
Net Realized and Unrealized Loss (Gain) on Investments	(5,537,198)	3,069,791
(Increase) Decrease in Assets:		
Promises to Give	4,138,494	(1,716,068)
Agency Receivables	6,746,838	15,532,369
Prepaid Expenses	(1,315)	(3,758)
Other Long-Term Assets	(48,498)	(1,523)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Liabilities	(19,780)	3,109
Amounts Due to Beneficiaries of Split Interest Agreements	229,872	237,024
Agency Liabilities	(7,818,843)	(9,310,953)
Due to Archdiocese	-	(1,886)
Grants Payable	(11,046)	58,002
Beneficiary Endowments	1,019,168	568,065
Net Cash Provided by Operating Activities	2,429,647	5,069,338
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(28,936,786)	(17,596,105)
Proceeds from Sales of Investments	23,196,563	8,618,172
Net Cash Used by Investing Activities	(5,740,223)	(8,977,933)
CASH FLOWS FROM FINANCING ACTIVITIES		
Collections of Contributions With Donor Restrictions in Perpetuity for Endowment	2,885,811	4,136,545
Net Cash Provided by Financing Activities	2,885,811	4,136,545
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(424,765)	227,950
Cash and Cash Equivalents - Beginning of Year	9,779,162	9,551,212
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 9,354,397	\$ 9,779,162
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash	\$ 2,442,963	\$ 936,513
Cash Within Investment Balance	\$ 6,911,434	\$ 8,842,649

See accompanying Notes to Financial Statements.

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 1 ORGANIZATION

The Roman Catholic Foundation of Eastern Missouri (the Foundation) was organized on June 5, 2013. The mission of the Foundation is to connect donors and their philanthropic goals with the local Catholic Church. Parishes, schools, agencies, and charities throughout eastern Missouri will benefit from increased giving through the establishment of endowment funds. The Foundation has been organized to support these organizations in perpetuity.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting.

Basis of Presentation

Financial statement presentation follows guidance set forth by accounting principles generally accepted for nonprofit organizations, which requires the Foundation to report information regarding its financial position and activities according to two classes of net assets: without donor restriction and with donor restriction.

Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Investments

Investments are typically reported at fair value. Gains and losses on sales of investments are generally determined on a specific cost identification basis. Unrealized gains and losses are determined based on year-end fair value fluctuations.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statement of financial position.

Property and Equipment

Property and equipment are carried at cost, less accumulated depreciation and amortization computed using the straight-line method. The assets are depreciated and amortized over the following periods:

Computer Equipment	3 to 5 Years
Software	3 to 5 Years
Furniture and Fixtures	5 to 10 Years
Website Development	3 to 5 Years

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promises to Give

Promises to give, including those which are stipulated by the donor restrictions, are recognized as support in the period the promises are received and are recorded at the present value of estimated future cash flows. The Foundation provides an allowance for doubtful accounts equal to the estimated collection losses that will be incurred in the collection of all promises to give. The estimated losses are based on its assessment of the current status of individual promises to give and historical collection rates. Balances that are still outstanding after management has used reasonable collection efforts will be written off through a charge to the valuation allowance and a credit to promises to give. Promises to give expected to be collected after one year are discounted at rates ranging from 0.67% to 2.51%. See Note 7.

Agency Receivables and Liabilities

The Foundation is currently raising funds through a campaign soliciting contributions from parishioners throughout the Archdiocese of St. Louis. A portion of these funds is being remitted back to each donor's specific parish. Of the funds raised in 2019 and 2018, \$765,026 and \$2,870,863, respectively, was for specific parishes. Agency liabilities are recorded when the parishioners' commitment is made to the Foundation, not necessarily when the cash is received by the Foundation. At December 31, 2019 and 2018, the amount due to these parishes from the campaign funds raised was \$11,596,808 and \$19,415,651, respectively. The agency receivable balance at December 31, 2019 was \$7,167,681, with the difference of \$4,429,127 reflected in investments due to timing of distribution due to parishes. At December 31, 2018, the agency receivable balance was \$13,914,519 with the difference of \$5,501,132 reflected in investments. The agency receivable and payable are also shown net of allowance and discount. See Note 7.

Amounts Due to Beneficiaries of Split Interest Agreements

During 2015, the Foundation was named the trustee, but not a beneficiary, of a charitable remainder trust. The trust assets held by the Foundation are included with investments at December 31, 2019 and 2018, and an equivalent liability is included with amounts due to beneficiaries of split interest agreements. The trust assets and equivalent liability are valued at fair value. The fair value of the assets and the related liability at December 31, 2019 and 2018 is \$636,784 and \$581,386, respectively.

During 2018, the Foundation entered into a net income makeup charitable remainder unitrust agreement with a donor for an irrevocable trust whereby a liability is recorded for present value of payments due to the beneficiaries. The excess of contributed assets over the trust liability is recorded as a contribution with donor restrictions. The liability for this agreement at December 31, 2019 and 2018 is \$260,980 and 269,315, respectively.

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amounts Due to Beneficiaries of Split Interest Agreements (Continued)

The Foundation enters into charitable gift annuity agreements with donors, whereby a specified annuity amount is paid to the donors from the Foundation for the remainder of the donors' life. Upon termination of this annuity agreements, the remaining balance is transferred to various funds within the Foundation. The amounts received from the donors are invested with the Foundation's investments. The gift annuity payable represents the present value of the future contractual payments to the donors of \$504,827 and \$321,928 at December 31, 2019 and 2018, respectively. Included in this amount are agency funds of \$90,001 and \$57,897, at December 31, 2019 and 2018, respectively, which the Foundation holds and invests as an agent for parishes, schools, and other Catholic organizations.

Beneficiary Funds

Beneficiary funds are donor-restricted funds for the contributing Catholic organization, who is also the sole beneficiary. Although the Foundation retains legal ownership of beneficiary endowments through the irrevocable gifts contributed to the Foundation, because this is a reciprocal transfer, the Foundation must account for the fair value of these funds as both assets and liabilities on the statement of financial position in accordance with accounting principles generally accepted in the United States of America.

Net Assets and Contributions

Net Assets, revenues, gains, and losses are classified based on the existence or absence of donor-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 restrictions.

Net Assets With Donor Restrictions – Net Assets subject to donor-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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. 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. The Foundation considers donor-advised funds as contributions with donor restrictions.

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The Foundation has adopted the policy of reporting net assets released from restrictions upon completion of the donor purpose restriction, regardless of whether the related cash has been received.

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Program Services and Supporting Activities

The following program services and supporting activities are included in the accompanying financial statements:

Programs – The program component of the Foundation consists of all aspects of the Foundation's administration of scholarships, grant programs, and planned giving education.

General and Administrative – Includes the functions necessary to: maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Foundation's program strategy; secure proper administrative functioning of the board of trustees; and manage the financial and budgetary responsibilities of the Foundation.

Fundraising – Provides the structure necessary to encourage and secure private financial support from individuals, foundations, and organizations.

Expense Allocation

Expenses are charged to program services and supporting activities on the basis of periodic time and expense studies. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation. The expenses that are allocated primarily involve allocations based on estimates of time and effort and square footage.

Income Tax Status

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is, therefore, exempt from federal income taxes on related, exempt income. The Foundation follows the accounting standards for contingencies in evaluating uncertain tax positions. Management believes all positions taken would be upheld when examined. The Foundation's federal tax returns are subject to examination by taxing authorities.

Change in Accounting Principle

In June 2018, FASB issued Accounting Standards (ASU) 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as an exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional.

Subsequent Events

Management has evaluated subsequent events through March, 5, 2020, the date that the financial statements were available for issue.

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 3 CASH AND CASH EQUIVALENTS

The Foundation places its cash and cash equivalents with an original maturity date of three months or less in accounts with banking institutions with strong credit ratings that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, such amounts may be in excess of FDIC limits.

NOTE 4 INVESTMENTS

Investments consist of the following as of December 31:

	2019	2018
Cash and Cash Equivalents	\$ 6,911,434	\$ 8,842,649
Equity Securities	31,591,003	22,258,485
Exchange-Traded Fund	1,568,769	1,317,523
Commodities	408,631	316,043
Mutual Funds	10,304,094	8,253,723
Privately Held Stock	-	449,302
Total	<u>\$ 50,783,931</u>	<u>\$ 41,437,725</u>

These amounts are reported in the financial statements as follows as of December 31:

	2019	2018
Investments	\$ 20,246,284	\$ 13,785,890
Investments With Donor Restriction in Perpetuity	30,537,647	27,651,835
Total	<u>\$ 50,783,931</u>	<u>\$ 41,437,725</u>

Net realized and unrealized losses on investments for the years ended December 31, 2019 and 2018 are comprised of the following:

	2019	2018
Unrealized Losses	\$ 6,038,708	\$ (3,027,203)
Realized Losses	(501,510)	(42,588)
Total	<u>\$ 5,537,198</u>	<u>\$ (3,069,791)</u>

NOTE 5 FAIR VALUE MEASUREMENTS

The Foundation accounts for certain assets at fair value as required by generally accepted accounting principles. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The valuation techniques are required to maximize the use of observable inputs and minimize the use of unobservable inputs.

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

There are three general valuation techniques that may be used to measure fair value, as described below:

Market Approach – Uses prices and other relevant information generated by market transactions involving identical or comparable asset or liabilities.

Cost Approach – Based on the amount that currently would be required to replace the service capacity of an asset.

Income Approach – Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts.

Assets measured and reported at fair value are classified and disclosed in one of the following three categories:

Level 1 – Quoted prices that are readily available in active markets/exchanges for identical assets.

Level 2 – Pricing inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

Level 3 – Significant pricing inputs that are unobservable for the asset and includes assets for which there is little, if any, market activity for the asset.

During 2019 and 2018, there were no changes in the methods and/or assumptions utilized to derive the fair value of the Foundation's assets. The following are major categories of assets measured at fair value on a recurring basis during the year ended December 31:

	2019			Total
	Level 1	Level 2	Level 3	
Money Market Funds	\$ 1,350,784	\$ -	\$ -	\$ 1,350,784
Equity Securities				
Basic Materials	493,020	-	-	493,020
Consumer Goods	2,858,752	-	-	2,858,752
Financial	2,227,822	-	-	2,227,822
Healthcare	2,339,250	-	-	2,339,250
Industrial Goods	1,649,015	-	-	1,649,015
International	13,051,744	-	-	13,051,744
Technology	4,297,687	-	-	4,297,687
Utilities	664,194	-	-	664,194
Services	1,499,182	-	-	1,499,182
Infrastructure	1,287,078	-	-	1,287,078
Energy	673,297	-	-	673,297
Unclassified	549,962	-	-	549,962
Exchange-Traded Fund	1,568,769	-	-	1,568,769
Commodities	408,631	-	-	408,631
Mutual Funds:				
Global Real Estate	810,765	-	-	810,765
Intermediate-Term Bond	8,934,544	-	-	8,934,544
Other Mutual Funds	558,785	-	-	558,785
Total Assets	<u>\$ 45,223,281</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,223,281</u>

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

	2018			Total
	Level 1	Level 2	Level 3	
Money Market Funds	\$ 3,655,065	\$ -	\$ -	\$ 3,655,065
Equity Securities:				
Basic Materials	333,695	-	-	333,695
Consumer Goods	2,017,054	-	-	2,017,054
Financial	1,532,778	-	-	1,532,778
Healthcare	1,791,936	-	-	1,791,936
Industrial Goods	1,124,704	-	-	1,124,704
Real Estate	337,318	-	-	337,318
Services	985,797	-	-	985,797
International	9,416,640	-	-	9,416,640
Technology	2,630,464	-	-	2,630,464
Utilities	439,348	-	-	439,348
Infrastructure	1,029,474	-	-	1,029,474
Energy	619,277	-	-	619,277
Exchange-Traded Fund	1,317,523	-	-	1,317,523
Commodities	316,043	-	-	316,043
Mutual Funds:				
Global Real Estate	636,743	-	-	636,743
Intermediate-Term Bond	7,475,644	-	-	7,475,644
Other Mutual Funds	141,336	-	-	141,336
Total Assets	<u>\$ 35,800,839</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,800,839</u>

NOTE 6 LIQUIDITY AND AVAILABILITY

Financial assets available for grants and other expenses within one year of the statement of financial position date comprise the following at December 31:

	2019	2018
Cash and Cash Equivalents	\$ 2,242,963	\$ 936,513
Investments - Short-Term	8,323,591	7,094,256
Promises to Give	54,100	2,109,512
Total	<u>\$ 10,620,654</u>	<u>\$ 10,140,281</u>

In addition to these funds available for general expenditures, the Foundation's board of trustees has chosen to charge a management fee to all funds based on monthly market value to cover general expenditures required to operate the Foundation. The management fee rate for most funds is calculated at a 1% annual rate on up to the first \$2 million, 0.85% on the next \$3 million, and 0.6% on the fund balance greater than \$5 million. Exceptions to this fee schedule are for agency funds, charitable remainder annuity trusts, charitable remainder unitrusts, and charitable lead trusts which is calculated at a flat 1% annual rate, and charitable gift annuity funds are calculated at an annual 1.5% rate. Fees are assessed on a monthly basis. Such management fee income and management fee expense is netted in the presentation of the statement of activities.

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
NOTES TO FINANCIAL STATEMENTS
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NOTE 6 LIQUIDITY AND AVAILABILITY (CONTINUED)

In addition to a management fee, the board of trustees has also approved a scholarship administration fee for all scholarships granted from the Beyond Sunday Educational Fund and SOAR! to cover expenditures incurred to administer the application and award process. The fee is \$50 per award per semester.

The assets above as of December 31, 2019 and 2018 include \$3,636,808 and \$2,687,721 in donor-advised funds. The Foundation generally uses these assets for grant making based on donor recommendations and considers the majority of these as with donor restrictions.

Endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments that is restricted for specific purposes is not available for general expenditure. As described in Note 10, the Foundation's donor-restricted endowments are subject to an annual spending rate of 4.5%.

The Foundation invests cash in excess of daily requirements in short-term investments and money market funds. These short-term funds are accumulated and invested for operating expenditures, distributing funds to parishes as part of the Beyond Sunday Parish share distribution on a periodic basis, as well as funding scholarships and school grants.

NOTE 7 PROMISES TO GIVE AND AGENCY RECEIVABLES

Promises to give and agency receivables are expected to be collected as follows at December 31:

	2019			Agency
	Promises to Give			Receivables
	Without Donor Restriction	With Donor Restriction	Total	Total
Less Than One Year	\$ 54,100	\$ 6,250,729	\$ 6,304,829	\$ 6,153,655
One to Five Years	-	2,268,290	2,268,290	2,392,651
More Than Five Years	-	11,973	11,973	10,404
Subtotal	54,100	8,530,992	8,585,092	8,556,710
Less: Allowance for Doubtful Accounts	1,500	1,330,239	1,331,739	1,186,479
Less: Discount on Balances Collectible After One Year	815	194,007	194,822	202,550
Total	<u>\$ 51,785</u>	<u>\$ 7,006,746</u>	<u>\$ 7,058,531</u>	<u>\$ 7,167,681</u>

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 7 PROMISES TO GIVE AND AGENCY RECEIVABLES (CONTINUED)

	2018			Agency Receivables
	Promises to Give			Total
	Without Donor Restriction	With Donor Restriction	Total	
Less Than One Year	\$ 50,517	\$ 9,013,419	\$ 9,063,936	\$ 8,424,934
One to Five Years	50,000	7,162,968	7,212,968	7,145,941
More Than Five Years	-	8,281	8,281	17,121
Subtotal	100,517	16,184,668	16,285,185	15,587,996
Less: Allowance for Doubtful Accounts	3,000	1,771,231	1,774,231	1,220,118
Less: Discount on Balances Collectible After One Year	2,344	450,831	453,175	453,359
Total	\$ 95,173	\$ 13,962,606	\$ 14,057,779	\$ 13,914,519

NOTE 8 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2019	2018
Computer Equipment	\$ -	\$ 10,823
Software	-	116,428
Furniture and Fixtures	18,825	18,825
Subtotal	18,825	146,076
Less: Accumulated Depreciation and Amortization	11,609	96,014
Total	\$ 7,216	\$ 50,062

NOTE 9 NET ASSETS

Net assets consist of the following at December 31:

	2019		
	Without Donor Restriction	With Donor Restriction	Total
Undesignated	\$ 274,331	\$ -	\$ 274,331
Donor-Advised Funds	452	3,636,356	3,636,808
Parishes, Schools, Agencies, and Charities	-	5,996,563	5,996,563
Beyond Sunday Campaign Funds	154,281	39,781,638	39,935,919
Total	\$ 429,064	\$ 49,414,557	\$ 49,843,621

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 9 NET ASSETS (CONTINUED)

	2018		Total
	Without Donor Restriction	With Donor Restriction	
Undesignated	\$ 284,113	\$ -	\$ 284,113
Donor-Advised Funds	-	2,687,721	2,687,721
Parishes, Schools, Agencies, and Charities	-	4,691,026	4,691,026
Beyond Sunday Campaign Funds	-	38,470,448	38,470,448
Total	<u>\$ 284,113</u>	<u>\$ 45,849,195</u>	<u>\$ 46,133,308</u>

Net assets were released from restrictions as follows:

	2019	2018
Donor-Advised Funds	\$ 1,176,158	\$ 280,974
Parishes, Schools, Agencies, and Charities	228,684	204,122
Beyond Sunday Campaign Funds	4,699,874	4,191,206
Total	<u>\$ 6,104,716</u>	<u>\$ 4,676,302</u>

NOTE 10 ENDOWMENT

The Foundation's endowment as of December 31, 2019 and 2018 consists of 66 and 54 funds, respectively, established for parishes, schools, and ministries in Eastern Missouri. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified, and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The board of trustees of the Foundation has interpreted 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. As a result of this interpretation, the Foundation classifies net assets with donor restrictions at the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund not retained in perpetuity is subject to appropriation for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 10 ENDOWMENT (CONTINUED)

Interpretation of Relevant Law (Continued)

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of the Foundation and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Foundation; and
- The investment policies of the Foundation.

Endowment net asset composition as of December 31:

	2019		
	Without Donor Restriction	With Donor Restriction	Total
Original Donor Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity	\$ -	\$ 30,537,647	\$ 30,537,647
Accumulated Investment Gain	-	5,612,017	5,612,017
Total Investment Return	\$ -	\$ 36,149,664	\$ 36,149,664
	2018		
	Without Donor Restriction	With Donor Restriction	Total
Original Donor Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity	\$ -	\$ 27,651,835	\$ 27,651,835
Accumulated Investment Gain	-	154,274	154,274
Total Investment Return	\$ -	\$ 27,806,109	\$ 27,806,109

Changes in endowment net assets for the years ended December 31:

	2019		
	Without Donor Restriction	With Donor Restriction	Total
Endowment Assets - December 31, 2018	\$ -	\$ 27,806,109	\$ 27,806,109
Investment Return:			
Net Realized and Unrealized Loss	-	4,793,401	4,793,401
Interest and Dividends	-	1,018,584	1,018,584
Total Investment Return	-	5,811,985	5,811,985
Contributions	-	2,885,811	2,885,811
Amounts Appropriated for Spending	-	(354,241)	(354,241)
Endowment Assets - December 31, 2019	\$ -	\$ 36,149,664	\$ 36,149,664

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 10 ENDOWMENT (CONTINUED)

Interpretation of Relevant Law (Continued)

	2018		
	Without Donor Restriction	With Donor Restriction	Total
Endowment Assets - December 31, 2017	\$ -	\$ 25,841,698	\$ 25,841,698
Investment Return:			
Net Realized and Unrealized Loss	-	(2,692,028)	(2,692,028)
Interest and Dividends	-	773,460	773,460
Total Investment Return	-	(1,918,568)	(1,918,568)
Contributions	-	4,136,545	4,136,545
Amounts Appropriated for Spending	-	(253,566)	(253,566)
Endowment Assets - December 31, 2018	<u>\$ -</u>	<u>\$ 27,806,109</u>	<u>\$ 27,806,109</u>

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. There were no underwater endowment funds at December 31, 2019 and 2018.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, as approved by the board of trustees, the endowment assets are invested in a manner that is intended to seek long-term capital appreciation and current income while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return that exceeds inflation by approximately 5.5% annually. Actual returns in any given year may vary from this goal.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, 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 targets a diversified asset allocation that uses equity-based and fixed-income investments to achieve its long-term return objectives within prudent risk constraints.

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 10 ENDOWMENT (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year a set percentage of an endowment fund's twelve quarter trailing average market value, ranging from 2.25% to 4.5%. In establishing this policy, the Foundation considered the long-term expected return on its endowments. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowments to continue to grow. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in, as well as to provide additional real growth through new gifts and investment return.

NOTE 11 RELATED PARTY TRANSACTIONS

During the year ended December 31, 2019 and 2018, related parties contributed approximately \$582,000 and \$655,000, respectively, to the Foundation. These contributions represent approximately 18% and 12% of total contributions for the year ending December 31, 2019 and 2018, respectively. In addition, amounts due from related parties of approximately \$50,000 and \$114,000 represent less than 1% of promises to give and agency receivables outstanding at December 31, 2019.

NOTE 12 RETIREMENT PLAN

The Foundation maintained a 403(b) plan covering all employees who met certain eligibility requirements through June 2018. Effective July 2018, the Foundation established a 401(k) plan covering all employees meeting certain eligibility criteria. Contributions paid by the Foundation for both retirement plans totaled \$29,833 and \$26,856 for the years ended December 31, 2019 and 2018, respectively, which are included in employee benefits.

NOTE 13 COMMITMENTS

In 2016, the Foundation entered into a lease agreement with the Archdiocese of St. Louis (Archdiocese) for office space. The lease was extended and provisions were made making it cancellable with a 30-day written notice. Monthly rental payments in accordance with the lease were \$4,638 per month, which included a technology fee. During the year ended 2019, the Foundation entered into a new lease beginning in 2020 to lease office space for \$5,073 per month from a different lessor, with payments escalating annually through 2026.

**ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 13 COMMITMENTS (CONTINUED)

Future minimum rents under the noncancellable lease agreements are as follows:

<u>Year Ending December 31.</u>	<u>Amount</u>
2020	\$ 61,613
2021	63,968
2022	65,368
2023	66,767
2024	66,126
Thereafter	153,770
Total	<u>\$ 477,612</u>

Rent expense for the office space amounted to \$57,697 and \$55,656 for the years ended December 31, 2019 and 2018, respectively, which is included in occupancy expenses and was paid to the Archdiocese. Office equipment rent of \$2,041 for both years ended is included in office expense at December 31, 2019 and 2018.

NOTE 14 FUNCTIONAL EXPENSES

The following is a detail of expenses by functional classification for the years ended December 31:

	2019			
	<u>Programs</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Grants	\$ 4,403,558	\$ -	\$ -	\$ 4,403,558
Salaries	176,856	283,357	212,408	672,621
Employee Benefits	29,168	40,861	36,634	106,663
Payroll Taxes	13,771	21,745	17,080	52,596
Occupancy Expenses	15,172	22,180	18,304	55,656
Office Expenses	29,994	22,189	54,239	106,422
Professional Fees	79,056	50,453	152,251	281,760
Insurance Premiums	5,610	2,102	1,736	9,448
Depreciation and Amortization Expense	1,413	2,066	15,868	19,347
Travel and Other Expense	5,256	9,481	25,604	40,341
Bad Debt Expense	-	-	748,171	748,171
	<u>\$ 4,759,854</u>	<u>\$ 454,434</u>	<u>\$ 1,282,295</u>	<u>\$ 6,496,583</u>

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 14 FUNCTIONAL EXPENSES (CONTINUED)

	2018			
	Programs	General and Administrative	Fundraising	Total
Grants	\$ 3,846,246	\$ -	\$ -	\$ 3,846,246
Salaries	238,760	211,818	224,119	674,697
Employee Benefits	35,425	31,607	31,359	98,391
Payroll Taxes	18,593	16,620	17,902	53,115
Occupancy Expenses	21,500	18,047	16,109	55,656
Office Expenses	37,087	29,416	38,792	105,295
Professional Fees	73,507	54,389	197,802	325,698
Insurance Premiums	62,571	598	572	63,741
Depreciation and Amortization Expense	3,060	1,775	22,795	27,630
Travel and Other Expense	7,917	10,974	2,448	21,339
	\$ 4,344,666	\$ 375,244	\$ 551,898	\$ 5,271,808

NOTE 15 TRANSACTIONS WITH THE ARCHDIOCESE

In July 2016, the Foundation entered into a Planned Giving Services Agreement with the Archdiocese for \$1,100,000. The agreement was in effect through June 2019, at which time a new agreement was put into effect for \$1,312,500 which goes through June 2025. During 2019 and 2018, \$326,250 and \$342,500, respectively, was received and included in planned giving services revenue in the statements of activities.