

**ROMAN CATHOLIC FOUNDATION OF
EASTERN MISSOURI**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Roman Catholic Foundation of Eastern Missouri
St. Louis, Missouri

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Roman Catholic Foundation of Eastern Missouri, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, and the change 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Roman Catholic Foundation of Eastern Missouri and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Roman Catholic Foundation of Eastern Missouri's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' 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 auditors' 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 GAAS 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 GAAS, 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 Roman Catholic Foundation of Eastern Missouri'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 Roman Catholic Foundation of Eastern Missouri'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.



CliftonLarsonAllen LLP

St. Louis, Missouri
March 17, 2022

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

ASSETS	2021	2020
Cash	\$ 600,064	\$ 740,389
Investments	36,485,854	31,370,642
Prepaid Expenses	13,545	20,110
Promises to Give - With Donor Restriction, Net	20,968	328,562
Agency Receivables	193,323	2,778,404
Property and Equipment, Net	3,451	5,333
Right of Use Asset	340,580	401,504
Other Long-Term Assets	225,050	212,551
Promises to Give - With Donor Restriction in Perpetuity for Endowment, Net	148,028	2,317,668
Investments With Donor Restriction in Perpetuity	35,785,936	31,101,404
Total Assets	\$ 73,816,799	\$ 69,276,567
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 12,213	\$ 7,550
Amounts Due to Beneficiaries of Split Interest Agreements	1,744,394	1,470,692
Agency Liabilities	958,448	5,819,798
Lease Liability	358,520	418,190
Grants Payable	3,198,999	3,013,334
Beneficiary Funds	4,135,325	3,400,556
Total Liabilities	10,407,899	14,130,120
NET ASSETS		
Without Donor Restriction	479,896	1,051,513
With Donor Restriction	62,929,004	54,094,934
Total Net Assets	63,408,900	55,146,447
Total Liabilities and Net Assets	\$ 73,816,799	\$ 69,276,567

See accompanying Notes to Financial Statements.

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	Without Donor Restriction	With Donor Restriction	Total
PUBLIC SUPPORT AND REVENUE			
Total Contributions	\$ 53,958	\$ 6,990,121	\$ 7,044,079
Less:			
Amounts Raised for Others	-	667,171	667,171
Amounts Received for Beneficiary Endowments	-	273,332	273,332
Net Contributions	53,958	6,049,618	6,103,576
Planned Giving Services Fee	281,250	-	281,250
Foundation Management Fees	48,656	-	48,656
Miscellaneous Income	1,272	-	1,272
Interest and Dividends	3,680	1,041,191	1,044,871
Net Assets Released from Restrictions	4,708,087	(4,708,087)	-
Total Public Support and Revenue	5,096,903	2,382,722	7,479,625
PROGRAM GRANTS			
Education	2,887,547	-	2,887,547
Social Services	1,149,194	-	1,149,194
Parish Life	395,706	-	395,706
Vocations	148,768	-	148,768
Total Grants	4,581,215	-	4,581,215
Less: Grants Made on Beneficial Funds	74,125	-	74,125
Total Program Grants	4,507,090	-	4,507,090
OPERATING EXPENSES			
Salaries	581,072	-	581,072
Employee Benefits	100,369	-	100,369
Payroll Taxes	45,598	-	45,598
Occupancy Expense	73,556	-	73,556
Office Expenses	80,263	-	80,263
Professional Fees	263,554	-	263,554
Insurance Premiums	11,421	-	11,421
Depreciation and Amortization Expenses	1,882	-	1,882
Travel and Other Expenses	14,132	-	14,132
Total Operating Expenses	1,171,847	-	1,171,847
Total Grants and Expenses	5,678,937	-	5,678,937
INCREASE (DECREASE) IN NET ASSETS BEFORE NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS			
	(582,034)	2,382,722	1,800,688
NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS			
	10,417	6,451,348	6,461,765
INCREASE IN NET ASSETS			
	(571,617)	8,834,070	8,262,453
Net Assets - Beginning of Year	1,051,513	54,094,934	55,146,447
NET ASSETS - END OF YEAR	\$ 479,896	\$ 62,929,004	\$ 63,408,900

See accompanying Notes to Financial Statements.

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

	Without Donor Restriction	With Donor Restriction	Total
PUBLIC SUPPORT AND REVENUE			
Total Contributions	\$ 189,864	\$ 7,463,221	\$ 7,653,085
Less:			
Amounts Raised for Others	-	241,573	241,573
Amounts Received for Beneficiary Endowments	-	639,156	639,156
Net Contributions	189,864	6,582,492	6,772,356
Planned Giving Services Fee	343,750	-	343,750
Foundation Management Fees	34,782	-	34,782
Miscellaneous Income	1,527	-	1,527
Interest and Dividends	720	876,572	877,292
Net Assets Released from Restrictions	7,708,093	(7,708,093)	-
Total Public Support and Revenue	8,278,736	(249,029)	8,029,707
PROGRAM GRANTS			
Parish Life	4,118,455	-	4,118,455
Education	1,686,035	-	1,686,035
Social Services	401,885	-	401,885
Vocations	101,521	-	101,521
Total Grants	6,307,896	-	6,307,896
Less: Grants Made on Beneficial Funds	129,012	-	129,012
Total Program Grants	6,178,884	-	6,178,884
OPERATING EXPENSES			
Salaries	676,671	-	676,671
Employee Benefits	98,633	-	98,633
Payroll Taxes	52,868	-	52,868
Occupancy Expense	85,107	-	85,107
Office Expenses	91,841	-	91,841
Professional Fees	275,102	-	275,102
Insurance Premiums	24,912	-	24,912
Depreciation and Amortization Expense	1,883	-	1,883
Provision for Uncollectible Amounts	164,118	-	164,118
Travel and Other Expenses	935	-	935
Total Operating Expenses	1,472,070	-	1,472,070
Total Grants and Expenses	7,650,954	-	7,650,954
INCREASE (DECREASE) IN NET ASSETS BEFORE NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS	627,782	(249,029)	378,753
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS	(5,333)	4,929,406	4,924,073
INCREASE IN NET ASSETS	622,449	4,680,377	5,302,826
Net Assets - Beginning of Year	429,064	49,414,557	49,843,621
NET ASSETS - END OF YEAR	\$ 1,051,513	\$ 54,094,934	\$ 55,146,447

See accompanying Notes to Financial Statements.

**ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	\$ 8,262,453	\$ 5,302,826
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	1,882	1,883
Provision for Uncollectible Accounts	-	164,118
Contributions with Donor Restrictions in Perpetuity for Endowment	(1,269,195)	(665,504)
Net Realized and Unrealized Gain on Investments	(6,461,765)	(4,924,073)
(Increase) Decrease in Assets:		
Promises to Give	1,792,023	4,346,076
Agency Receivables	2,585,081	4,389,277
Prepaid Expenses	6,565	(15,037)
Other Long-Term Assets	(12,499)	(112,312)
Right of Use Lease	60,924	(401,504)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Liabilities	4,663	(18,241)
Amounts Due to Beneficiaries of Split Interest Agreements	273,702	68,191
Agency Liabilities	(4,861,350)	(5,777,010)
Grants Payable	185,665	756,111
Beneficiary Endowments	734,769	964,719
Right of Use Lease	(59,670)	418,190
Net Cash Provided by Operating Activities	1,243,248	4,497,710
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(28,450,023)	(62,255,838)
Proceeds from Sales of Investments	24,452,635	57,711,348
Net Cash Used by Investing Activities	(3,997,388)	(4,544,490)
CASH FLOWS FROM FINANCING ACTIVITIES		
Collections of Contributions With Donor Restrictions in Perpetuity for Endowment	1,954,406	563,758
Net Cash Provided by Financing Activities	1,954,406	563,758
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(799,734)	516,978
Cash and Cash Equivalents - Beginning of Year	9,871,375	9,354,397
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 9,071,641	\$ 9,871,375
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash	\$ 600,064	\$ 740,389
Cash Within Investment Balance	\$ 8,471,577	\$ 9,130,986

See accompanying Notes to Financial Statements.

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Foundation determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liability – operating, and finance leases are included in right-of-use (ROU) assets – financing and lease liability – financing in the statements of financial position. ROU assets represent the Foundation's right to use an underlying asset for the lease term and lease liabilities represent the Foundation's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Foundation has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statements of financial position. The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Foundation has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

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% to 1.69%. 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 2021 and 2020, \$233,914 and \$241,573, 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, 2021 and 2020, the amount due to these parishes from the campaign funds raised was \$958,448 and \$5,819,798, respectively. The agency receivable balance at December 31, 2021 was \$193,323, with the difference of \$765,125 reflected in investments due to timing of distribution due to parishes. At December 31, 2020, the agency receivable balance was \$2,778,404 with the difference of \$3,041,394 reflected in investments. The agency receivable and payable are also shown net of allowance and discount. See Note 7.

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2021 and 2020, 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, 2021 and 2020 is \$692,168, and \$663,654, 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, 2021 and 2020 is \$294,695 and \$247,116, respectively.

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 \$757,431, and \$559,922 at December 31, 2021 and 2020, respectively. Included in this amount are agency funds of \$342,111 and \$97,445, at December 31, 2021 and 2020, 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.

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets and Contributions (Continued)

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.

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.

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Risks and Uncertainties

In March 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant declines and volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Foundation for future periods. Management is monitoring the situation and evaluating its options as circumstances evolve.

Subsequent Events

Management has evaluated subsequent events through March 17, 2022, the date that the financial statements were available for issue.

NOTE 3 CASH AND CASH EQUIVALENTS

The Foundation places its cash and cash equivalents not included in investments, 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.

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 4 INVESTMENTS

Investments consist of the following as of December 31:

	2021	2020
Cash and Cash Equivalents	\$ 8,471,577	\$ 9,130,986
Equity Securities	46,028,855	40,888,370
Exchange-Traded Fund	1,291,603	700,256
Commodities	-	481,169
Mutual Funds	16,479,755	11,271,265
Total	<u>\$ 72,271,790</u>	<u>\$ 62,472,046</u>

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

	2021	2020
Investments	\$ 36,485,854	\$ 31,370,642
Investments With Donor Restriction in Perpetuity	35,785,936	31,101,404
Total	<u>\$ 72,271,790</u>	<u>\$ 62,472,046</u>

Net realized and unrealized gains (losses) on investments for the years ended December 31, 2021 and 2020 are comprised of the following:

	2021	2020
Unrealized Losses	\$ 2,803,528	\$ 6,706,895
Realized Losses	3,658,237	(1,782,822)
Total	<u>\$ 6,461,765</u>	<u>\$ 4,924,073</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.

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.

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

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 2021 and 2020, 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:

	2021			Total
	Level 1	Level 2	Level 3	
Money Market Funds	\$ 2,997,925	\$ -	\$ -	\$ 2,997,925
Equity Securities				
Basic Materials	2,018,400	-	-	2,018,400
Consumer Goods	8,982,356	-	-	8,982,356
Financial	5,231,447	-	-	5,231,447
Healthcare	4,631,778	-	-	4,631,778
Industrial Goods	5,036,596	-	-	5,036,596
Technology	12,592,058	-	-	12,592,058
Utilities	1,437,475	-	-	1,437,475
Comm Services	2,799,930	-	-	2,799,930
Energy	1,468,297	-	-	1,468,297
Real Estate	1,075,187	-	-	1,075,187
Unclassified	755,331	-	-	755,331
Exchange-Traded Fund	1,291,603	-	-	1,291,603
Mutual Funds:				
Commodities	618,364	-	-	618,364
Global Real Estate	18,713	-	-	18,713
Infrastructure	2,014,946	-	-	2,014,946
Intermediate-Term Bond	10,313,625	-	-	10,313,625
Fixed Income	3,369,220	-	-	3,369,220
Other Mutual Funds	144,887	-	-	144,887
Total Assets	<u>\$ 66,798,138</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,798,138</u>

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

	2020			
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 2,104,150	\$ -	\$ -	\$ 2,104,150
Equity Securities:				
Basic Materials	624,802	-	-	624,802
Consumer Goods	3,731,631	-	-	3,731,631
Financial	2,275,809	-	-	2,275,809
Healthcare	2,853,308	-	-	2,853,308
Industrial Goods	1,888,609	-	-	1,888,609
Real Estate	17,920,519	-	-	17,920,519
Services	6,529,029	-	-	6,529,029
International	641,693	-	-	641,693
Technology	2,055,889	-	-	2,055,889
Utilities	1,310,040	-	-	1,310,040
Infrastructure	518,670	-	-	518,670
Energy	538,371	-	-	538,371
Exchange-Traded Fund	700,256	-	-	700,256
Commodities	481,169	-	-	481,169
Mutual Funds:				
Global Real Estate	12,926	-	-	12,926
Intermediate-Term Bond	8,310,449	-	-	8,310,449
Other Mutual Funds	2,947,890	-	-	2,947,890
Total Assets	<u>\$ 55,445,210</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,445,210</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:

	2021	2020
Cash and Cash Equivalents	\$ 600,064	\$ 740,389
Investments - Short-Term	9,409,963	10,239,144
Total	<u>\$ 10,010,027</u>	<u>\$ 10,979,533</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
DECEMBER 31, 2021 AND 2020

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, 2021 and 2020 include \$8,864,110 and \$5,514,482 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:

	2021			Agency Receivables
	Promises to Give		Total	
	Without Donor Restriction	With Donor Restriction		
	Total			Total
Less Than One Year	\$ -	\$ 461,424	\$ 461,424	\$ 641,161
One to Five Years	-	69,179	69,179	59,843
More Than Five Years	-	7,840	7,840	5,227
Subtotal	-	538,443	538,443	706,231
Less: Allowance for Doubtful Accounts	-	363,154	363,154	495,896
Less: Discount on Balances Collectible After One Year	-	6,293	6,293	17,012
Total	\$ -	\$ 168,996	\$ 168,996	\$ 193,323

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 7 PROMISES TO GIVE AND AGENCY RECEIVABLES (CONTINUED)

	2020			Agency
	Promises to Give			Receivables
	Without Donor Restriction	With Donor Restriction	Total	Total
Less Than One Year	\$ -	\$ 3,529,832	\$ 3,529,832	\$ 3,708,998
One to Five Years	-	352,441	352,441	406,605
More Than Five Years	-	12,249	12,249	8,266
Subtotal	-	3,894,522	3,894,522	4,123,869
Less: Allowance for Doubtful Accounts	-	1,193,951	1,193,951	1,269,001
Less: Discount on Balances Collectible After One Year	-	54,351	54,341	76,464
Total	\$ -	\$ 2,646,220	\$ 2,646,230	\$ 2,778,404

NOTE 8 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2021	2020
Furniture and Fixtures	\$ 18,825	\$ 18,825
Less: Accumulated Depreciation and Amortization	15,374	13,492
Total	\$ 3,451	\$ 5,333

NOTE 9 NET ASSETS

Net assets consist of the following at December 31:

	2021		
	Without Donor Restriction	With Donor Restriction	Total
	Donor-Advised Funds	\$ -	\$ 8,864,110
Parishes, Schools, Agencies, and Charities	-	10,593,123	10,593,123
Beyond Sunday Campaign Funds	479,896	43,471,771	43,951,667
Total	\$ 479,896	\$ 62,929,004	\$ 63,408,900

	2020		
	Without Donor Restriction	With Donor Restriction	Total
	Donor-Advised Funds	\$ -	\$ 5,514,482
Parishes, Schools, Agencies, and Charities	-	8,642,179	8,642,179
Beyond Sunday Campaign Funds	1,051,513	39,938,273	40,989,786
Total	\$ 1,051,513	\$ 54,094,934	\$ 55,146,447

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 9 NET ASSETS (CONTINUED)

Net assets were released from restrictions as follows:

	2021	2020
Donor-Advised Funds	\$ 1,821,085	\$ 2,154,572
Parishes, Schools, Agencies, and Charities	559,728	489,227
Beyond Sunday Campaign Funds	2,327,274	5,064,294
Total	\$ 4,708,087	\$ 7,708,093

NOTE 10 ENDOWMENT

The Foundation's endowment as of December 31, 2021 and 2020 consists of 110 and 99 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.

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.

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 10 ENDOWMENT (CONTINUED)

Interpretation of Relevant Law (Continued)

Endowment net asset composition as of December 31:

	2021		
	Without Donor Restriction	With Donor Restriction	Total
Original Donor Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity	\$ -	\$ 35,785,936	\$ 35,785,936
Accumulated Investment Gain	-	10,429,054	10,429,054
Total Investment Return	\$ -	\$ 46,214,990	\$ 46,214,990

	2020		
	Without Donor Restriction	With Donor Restriction	Total
Original Donor Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity	\$ -	\$ 31,101,404	\$ 31,101,404
Accumulated Investment Gain	-	8,808,558	8,808,558
Total Investment Return	\$ -	\$ 39,909,962	\$ 39,909,962

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

	2021		
	Without Donor Restriction	With Donor Restriction	Total
Endowment Assets - December 31, 2020	\$ -	\$ 39,909,962	\$ 39,909,962
Investment Return:			
Net Realized and Unrealized Gain	-	5,704,384	5,704,384
Interest and Dividends	-	814,262	814,262
Total Investment Return	-	6,518,646	6,518,646
Contributions	-	1,954,406	1,954,406
Amounts Appropriated for Spending	-	(2,168,024)	(2,168,024)
Endowment Assets - December 31, 2021	\$ -	\$ 46,214,990	\$ 46,214,990

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 10 ENDOWMENT (CONTINUED)

Interpretation of Relevant Law (Continued)

	2020		
	Without Donor Restriction	With Donor Restriction	Total
Endowment Assets - December 31, 2019	\$ -	\$ 36,149,664	\$ 36,149,664
Investment Return:			
Net Realized and Unrealized Loss	-	4,351,942	4,351,942
Interest and Dividends	-	656,764	656,764
Total Investment Return	-	5,008,706	5,008,706
Contributions	-	563,758	563,758
Amounts Appropriated for Spending	-	(1,812,166)	(1,812,166)
Endowment Assets - December 31, 2020	<u>\$ -</u>	<u>\$ 39,909,962</u>	<u>\$ 39,909,962</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. We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no underwater endowment funds at December 31, 2021 and 2020.

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, 2021 AND 2020

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 years ended December 31, 2021 and 2020, related parties contributed approximately \$870,712 and \$2,386,000, respectively, to the Foundation. These contributions represent approximately 12% and 30% of total contributions for the years ending December 31, 2021 and 2020, respectively.

NOTE 12 RETIREMENT PLAN

Effective July 2018, the Foundation established a 401(k) plan covering all employees meeting certain eligibility criteria. Contributions paid by the Foundation for this retirement plan totaled \$27,120 and \$25,195 for the years ended December 31, 2021 and 2020, respectively, which are included in employee benefits.

NOTE 13 COMMITMENTS

The Foundation entered into a lease for office space for \$5,073 per month beginning in 2020, and \$5,190 effective July 2021, with payments escalating annually through 2027.

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 13 COMMITMENTS (CONTINUED)

The following table provides quantitative information concerning the Foundation's lease:

	<u>2021</u>	<u>2020</u>
Lease Cost:		
Operating Lease Cost, Included in Occupancy Expense		
Amortization of Right-of-Use Assets for Lease Beginning in 2020	\$ 60,924	\$ 45,698
Lease Expense for Related Party Lease	-	18,764
Total Building Lease Cost	<u>\$ 60,924</u>	<u>\$ 64,462</u>
Other Information:		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities	\$ 61,578	
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	340,580	
Weighted-Average Remaining Lease Term - Operating Lease	7 years	
Weighted-Average Discount Rate - Operating Leases	0.488%	

A Maturity Analysis of Annual Undiscounted Cash Flows for Lease Liabilities as of December 31, 2020, is as Follows:

<u>Year</u>	<u>Operating Leases</u>
2022	\$ 61,364
2023	63,067
2024	64,778
2025	66,497
2026	68,225
Thereafter	34,589
Total	<u>\$ 358,520</u>

Office equipment rent of \$2,041 for both years ended is included in office expense at December 31, 2021 and 2020.

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 14 FUNCTIONAL EXPENSES

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

	2021			Total
	Programs	General and Administrative	Fundraising	
Grants	\$ 4,507,090	\$ -	\$ -	\$ 4,507,090
Salaries	134,585	295,129	151,358	581,072
Employee Benefits	25,292	49,408	25,669	100,369
Payroll Taxes	10,593	22,574	12,431	45,598
Occupancy Expenses	19,478	27,687	26,391	73,556
Office Expenses	37,269	20,045	22,949	80,263
Professional Fees	70,347	122,627	70,580	263,554
Insurance Premiums	7,562	1,965	1,894	11,421
Depreciation and Amortization Expense	-	1,882	-	1,882
Travel and Other Expense	4,450	7,522	2,160	14,132
Total	\$ 4,816,666	\$ 548,839	\$ 313,432	\$ 5,678,937

	2020			Total
	Programs	General and Administrative	Fundraising	
Grants	\$ 6,178,884	\$ -	\$ -	\$ 6,178,884
Salaries	157,995	306,494	212,182	676,671
Employee Benefits	23,850	40,683	34,100	98,633
Payroll Taxes	12,457	23,234	17,177	52,868
Occupancy Expenses	23,101	32,672	29,334	85,107
Office Expenses	31,168	25,640	34,533	91,341
Professional Fees	76,043	69,565	129,994	275,602
Insurance Premiums	20,252	4,031	629	24,912
Depreciation and Amortization Expense	-	1,883	-	1,883
Travel and Other Expense	212	210	513	935
Provision for Uncollectible Account	-	-	164,118	164,118
Total	\$ 6,523,962	\$ 504,412	\$ 622,580	\$ 7,650,954

NOTE 15 TRANSACTIONS WITH THE ARCHDIOCESE

In June 2019, the Foundation entered into a Planned Giving Services Agreement with the Archdiocese for \$1,312,500 which goes through June 2025. During 2021 and 2020, \$281,250 and \$343,750, respectively, was received and included in planned giving services revenue in the statements of activities.

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