

**ROMAN CATHOLIC FOUNDATION OF
EASTERN MISSOURI**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022



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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, 2023 and 2022, 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, 2023 and 2022, 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 19, 2024

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
Cash	\$ 1,041,729	\$ 1,093,684
Investments	26,660,312	19,566,138
Prepaid Expenses	35,738	25,420
Promises to Give - With Donor Restriction, Net	-	65,118
Agency Receivables	-	68,146
Other Receivables	3,560	-
Property and Equipment, Net	-	1,568
Right of Use Asset	217,838	279,361
Other Long-Term Assets	225,036	225,462
Promises to Give - With Donor Restriction in Perpetuity for Endowment, Net	-	11,285
Investments With Donor Restriction in Perpetuity	39,689,790	37,123,036
Total Assets	\$ 67,874,003	\$ 58,459,218
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 10,752	\$ 5,352
Amounts Due to Beneficiaries of Split Interest Agreements	1,421,715	1,353,258
Agency Liabilities	16,699	227,471
Lease Liability	234,089	297,156
Grants Payable	3,299,964	3,340,148
Beneficiary Funds	4,127,267	3,380,168
Total Liabilities	9,110,486	8,603,553
NET ASSETS		
Without Donor Restriction	1,363,966	2,198,018
With Donor Restriction	57,399,551	47,657,647
Total Net Assets	58,763,517	49,855,665
Total Liabilities and Net Assets	\$ 67,874,003	\$ 58,459,218

See accompanying Notes to Financial Statements.

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

	Without Donor Restriction	With Donor Restriction	Total
PUBLIC SUPPORT AND REVENUE			
Total Contributions	\$ 199,701	\$ 7,386,925	\$ 7,586,626
Less:			
Amounts Raised for Others	-	42,933	42,933
Amounts Received for Beneficiary Endowments	-	325,933	325,933
Net Contributions	199,701	7,018,059	7,217,760
Planned Giving Services Fee	156,250	-	156,250
Foundation Management Fees	49,639	-	49,639
Miscellaneous Income	1,649	-	1,649
Interest and Dividends	66,088	1,203,304	1,269,392
Net Assets Released from Restrictions	4,994,430	(4,994,430)	-
Total Public Support and Revenue	5,467,757	3,226,933	8,694,690
PROGRAM GRANTS			
Education	2,574,543	-	2,574,543
Social Services	1,719,489	-	1,719,489
Parish Life	608,178	-	608,178
Vocations	472,405	-	472,405
Total Grants	5,374,615	-	5,374,615
Less: Grants Made from Beneficiary Funds	88,825	-	88,825
Total Program Grants	5,285,790	-	5,285,790
OPERATING EXPENSES			
Salaries	601,668	-	601,668
Employee Benefits	113,300	-	113,300
Payroll Taxes	46,810	-	46,810
Occupancy Expense	74,014	-	74,014
Office Expenses	84,527	-	84,527
Professional Fees	126,371	-	126,371
Insurance Premiums	12,090	-	12,090
Depreciation and Amortization Expenses	1,568	-	1,568
Provision for Uncollectible Amounts	(48,628)	-	(48,628)
Travel and Other Expenses	17,427	-	17,427
Total Operating Expenses	1,029,147	-	1,029,147
Total Grants and Expenses	6,314,937	-	6,314,937
INCREASE (DECREASE) IN NET ASSETS BEFORE NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS	(847,180)	3,226,933	2,379,753
NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS	13,128	6,514,971	6,528,099
CHANGE IN NET ASSETS	(834,052)	9,741,904	8,907,852
Net Assets - Beginning of Year	2,198,018	47,657,647	49,855,665
NET ASSETS - END OF YEAR	\$ 1,363,966	\$ 57,399,551	\$ 58,763,517

See accompanying Notes to Financial Statements.

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	Without Donor Restriction	With Donor Restriction	Total
PUBLIC SUPPORT AND REVENUE			
Total Contributions	\$ 655,102	\$ 2,795,942	\$ 3,451,044
Less:			
Amounts Raised for Others	-	319,118	319,118
Amounts Received for Beneficiary Endowments	-	112,150	112,150
Net Contributions	655,102	2,364,674	3,019,776
Planned Giving Services Fee	218,750	-	218,750
Foundation Management Fees	45,283	-	45,283
Miscellaneous Income	1,360	-	1,360
Interest and Dividends	30,794	1,515,939	1,546,733
Net Assets Released from Restrictions	6,263,672	(6,263,672)	-
Total Public Support and Revenue	7,214,961	(2,383,059)	4,831,902
PROGRAM GRANTS			
Education	2,573,524	-	2,573,524
Social Services	1,519,342	-	1,519,342
Parish Life	313,443	-	313,443
Vocations	328,278	-	328,278
Total Grants	4,734,587	-	4,734,587
Less: Grants Made from Beneficiary Funds	51,607	-	51,607
Total Program Grants	4,682,980	-	4,682,980
OPERATING EXPENSES			
Salaries	599,408	-	599,408
Employee Benefits	107,555	-	107,555
Payroll Taxes	48,187	-	48,187
Occupancy Expense	74,089	-	74,089
Office Expenses	72,212	-	72,212
Professional Fees	144,607	-	144,607
Insurance Premiums	11,822	-	11,822
Depreciation and Amortization Expenses	1,883	-	1,883
Provision for Uncollectible Amounts	(282,860)	-	(282,860)
Travel and Other Expenses	19,668	-	19,668
Total Operating Expenses	796,571	-	796,571
Total Grants and Expenses	5,479,551	-	5,479,551
INCREASE (DECREASE) IN NET ASSETS BEFORE NET REALIZED AND UNREALIZED LOSS ON INVESTMENTS	1,735,410	(2,383,059)	(647,649)
NET REALIZED AND UNREALIZED LOSS ON INVESTMENTS	(17,288)	(12,888,298)	(12,905,586)
CHANGE IN NET ASSETS	1,718,122	(15,271,357)	(13,553,235)
Net Assets - Beginning of Year	479,896	62,929,004	63,408,900
NET ASSETS - END OF YEAR	\$ 2,198,018	\$ 47,657,647	\$ 49,855,665

See accompanying Notes to Financial Statements.

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 8,907,852	\$ (13,553,235)
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	1,568	1,883
Provision for Uncollectible Accounts	(48,628)	(282,860)
Contributions with Donor Restrictions in Perpetuity for Endowment	(1,193,039)	(738,601)
Net Realized and Unrealized Loss (Gain) on Investments	(6,528,099)	12,905,586
(Increase) Decrease in Assets:		
Promises to Give	160,583	(464,684)
Agency Receivables	68,146	125,177
Other Receivable	(3,560)	-
Prepaid Expenses	(10,318)	(11,875)
Other Long-Term Assets	426	(412)
Right of Use Asset	61,523	61,219
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Liabilities	5,400	(6,861)
Amounts Due to Beneficiaries of Split Interest Agreements	68,457	(391,136)
Agency Liabilities	(210,772)	(730,977)
Grants Payable	(40,184)	141,149
Beneficiary Endowments	747,099	(755,157)
Right of Use Lease	(63,067)	(61,364)
Net Cash Provided (Used) by Operating Activities	1,923,387	(3,762,148)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(22,523,881)	(22,255,622)
Proceeds from Sales of Investments	19,856,772	22,061,260
Net Cash Used by Investing Activities	(2,667,109)	(194,362)
CASH FLOWS FROM FINANCING ACTIVITIES		
Collections of Contributions With Donor Restrictions in Perpetuity for Endowment	1,157,487	1,578,738
Net Cash Provided by Financing Activities	1,157,487	1,578,738
NET CHANGE IN CASH AND CASH EQUIVALENTS	413,765	(2,377,772)
Cash and Cash Equivalents - Beginning of Year	6,693,869	9,071,641
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 7,107,634	\$ 6,693,869
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash	\$ 1,041,729	\$ 1,093,684
Cash Within Investment Balance	\$ 6,065,905	\$ 5,600,185

See accompanying Notes to Financial Statements.

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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 statements 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, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Foundation leases office space. The Foundation determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statements of financial position. Finance leases are included in property and equipment and finance lease liability on 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. As most of leases do not provide an implicit rate, the Foundation uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The 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 ROU 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 1.76%. See Note 7.

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Agency Receivables and Liabilities

The Foundation raised 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 2023 and 2022, \$102,215 and \$108,955, 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, 2023 and 2022, the amount due to these parishes from the campaign funds raised was \$16,699 and \$227,471, respectively. The agency receivable balance at December 31, 2023 was \$-0-, with the difference of \$16,699 reflected in investments due to timing of distribution due to parishes. At December 31, 2022, the agency receivable balance was \$68,146, with the difference of \$159,325 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, 2023 and 2022, 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, 2023 and 2022 is \$579,242 and \$546,059, 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, 2023 and 2022 is \$252,435 and \$235,555, 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 \$590,038, and \$571,644 at December 31, 2023 and 2022, respectively. Included in this amount are agency funds of \$315,540 and \$300,951, at December 31, 2023 and 2022, 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 statements of financial position in accordance with accounting principles generally accepted in the United States of America.

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 statements 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.

**ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

Management has evaluated subsequent events through March 19, 2024, 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.

NOTE 4 INVESTMENTS

Investments consist of the following as of December 31:

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 6,065,905	\$ 5,600,185
Equity Securities	39,195,833	32,901,941
Exchange-Traded Fund	1,289,080	1,222,246
Mutual Funds	8,711,402	7,584,315
Bonds	11,087,882	9,380,487
Total	<u>\$ 66,350,102</u>	<u>\$ 56,689,174</u>

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 4 INVESTMENTS (CONTINUED)

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

	2023	2022
Investments	\$ 26,660,312	\$ 19,566,138
Investments With Donor Restriction in Perpetuity	39,689,790	37,123,036
Total	\$ 66,350,102	\$ 56,689,174

Net realized and unrealized gains (losses) on investments for the years ended December 31, 2023 and 2022 are comprised of the following:

	2023	2022
Unrealized Gains (Losses)	\$ 6,385,990	\$ (11,440,112)
Realized Gains (Losses)	142,109	(1,465,474)
Total	\$ 6,528,099	\$ (12,905,586)

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.

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. Money market funds, equity securities, exchange-traded and mutual funds are typically considered Level 1.

Level 2 – Pricing inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. Federal agency and corporate bonds are typically considered Level 2.

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.

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

During 2023 and 2022, 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:

	2023			Total
	Level 1	Level 2	Level 3	
Money Market Funds	\$ 3,408,522	\$ -	\$ -	\$ 3,408,522
Equity Securities:				
Basic Materials	1,357,809	-	-	1,357,809
Consumer Discretionary	6,051,477	-	-	6,051,477
Consumer Staples	2,021,676	-	-	2,021,676
Financial	5,785,849	-	-	5,785,849
Health care	3,096,143	-	-	3,096,143
Industrial Goods	4,510,002	-	-	4,510,002
Technology	10,303,550	-	-	10,303,550
Utilities	924,398	-	-	924,398
Comm Services	2,245,654	-	-	2,245,654
Energy	1,412,414	-	-	1,412,414
Real Estate	815,500	-	-	815,500
Unclassified	671,361	-	-	671,361
Exchange-Traded Fund	1,289,080	-	-	1,289,080
Mutual Funds:				
Commodities	1,615,056	-	-	1,615,056
Global Real Estate	10,087	-	-	10,087
Infrastructure	2,808,248	-	-	2,808,248
Fixed Income	4,241,074	-	-	4,241,074
Other Mutual Funds	36,937	-	-	36,937
Bonds:				
US Treasury Securities	5,751,120	-	-	5,751,120
Corporate Bonds	-	3,407,369	-	3,407,369
Federal Agencies	-	1,929,393	-	1,929,393
Total Assets	<u>\$ 58,355,957</u>	<u>\$ 5,336,762</u>	<u>\$ -</u>	<u>\$ 63,692,719</u>

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

	2022			Total
	Level 1	Level 2	Level 3	
Money Market Funds	\$ 3,800,409	\$ -	\$ -	\$ 3,800,409
Equity Securities:				
Basic Materials	1,479,717	-	-	1,479,717
Consumer Goods	7,096,030	-	-	7,096,030
Financial	4,609,375	-	-	4,609,375
Health care	3,609,680	-	-	3,609,680
Industrial Goods	3,371,683	-	-	3,371,683
Technology	6,717,138	-	-	6,717,138
Utilities	1,034,900	-	-	1,034,900
Comm Services	1,539,654	-	-	1,539,654
Energy	1,658,471	-	-	1,658,471
Real Estate	745,863	-	-	745,863
Unclassified	1,039,430	-	-	1,039,430
Exchange-Traded Fund	1,222,246	-	-	1,222,246
Mutual Funds:				
Commodities	1,432,941	-	-	1,432,941
Global Real Estate	10,229	-	-	10,229
Infrastructure	2,363,021	-	-	2,363,021
Fixed Income	3,742,675	-	-	3,742,675
Other Mutual Funds	35,449	-	-	35,449
Bonds:				
US Treasury Securities	3,967,880	-	-	3,967,880
Corporate Bonds	-	3,939,625	-	3,939,625
Federal Agencies	-	1,472,982	-	1,472,982
Total Assets	<u>\$ 49,476,791</u>	<u>\$ 5,412,607</u>	<u>\$ -</u>	<u>\$ 54,889,398</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:

	2023	2022
Cash and Cash Equivalents	\$ 1,041,729	\$ 1,093,684
Investments - Short-Term	8,950,551	8,947,544
Total	<u>\$ 9,992,280</u>	<u>\$ 10,041,228</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. During 2023, the management fee rate was modified and now a majority of the funds are calculated at a 1.25% annual rate. Prior to the modification, the management fee rate for most funds was 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, donor advised funds, and charitable lead trusts which are 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 are netted in the presentation of the statements of activities.

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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 investment balances making up the liquidity totals above as of December 31, 2023 and 2022 are reduced by \$10,132,391 and \$6,587,527 in donor-advised funds, respectively. The Foundation generally uses these assets for grant making based on donor recommendations and considers the majority of these as with donor restrictions, thus removed, along with the other restricted net assets to arrive at the total.

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

Due to the conclusion of the Beyond Sunday Campaign, there were no promise to give or agency receivables as of December 31, 2023. Promises to give and agency receivables were expected to be collected as follows at December 31, 2022:

	2022			Agency
	Promises to Give		Total	Receivables
	Without Donor Restriction	With Donor Restriction		Total
Less Than One Year	\$ -	\$ 107,706	\$ 107,706	\$ 121,873
One to Five Years	-	34,200	34,200	21,588
More Than Five Years	-	4,729	4,729	4,305
Subtotal	-	146,635	146,635	147,766
Less: Allowance for Doubtful Accounts	-	69,505	69,505	75,520
Less: Discount on Balances Collectible After One Year	-	727	727	4,100
Total	\$ -	\$ 76,403	\$ 76,403	\$ 68,146

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 8 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2023	2022
Furniture and Fixtures	\$ 18,825	\$ 18,825
Less: Accumulated Depreciation and Amortization	18,825	17,257
Total	\$ -	\$ 1,568

NOTE 9 NET ASSETS

Net assets consist of the following at December 31:

	2023		
	Without Donor Restriction	With Donor Restriction	Total
Donor-Advised Funds	\$ -	\$ 10,132,391	\$ 10,132,391
Parishes, Schools, Agencies, and Charities	-	10,488,606	10,488,606
Beyond Sunday Campaign and Other Funds	1,363,966	36,778,554	38,142,520
Total	\$ 1,363,966	\$ 57,399,551	\$ 58,763,517

	2022		
	Without Donor Restriction	With Donor Restriction	Total
Donor-Advised Funds	\$ -	\$ 6,587,527	\$ 6,587,527
Parishes, Schools, Agencies, and Charities	-	8,789,942	8,789,942
Beyond Sunday Campaign and Other Funds	2,198,018	32,280,178	34,478,196
Total	\$ 2,198,018	\$ 47,657,647	\$ 49,855,665

Net assets were released from restrictions as follows:

	2023	2022
Donor-Advised Funds	\$ 3,143,302	\$ 2,206,173
Parishes, Schools, Agencies, and Charities	490,058	509,792
Beyond Sunday Campaign and Other Funds	1,361,070	3,547,707
Total	\$ 4,994,430	\$ 6,263,672

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 10 ENDOWMENT

The Foundation's endowment as of December 31, 2023 and 2022 consists of 94 funds for both years, 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 (a) 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.

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.

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 10 ENDOWMENT (CONTINUED)

Endowment net asset composition as of December 31:

	2023		
	Without Donor Restriction	With Donor Restriction	Total
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity	\$ -	\$ 39,689,790	\$ 39,689,790
Accumulated Investment Gain	-	3,099,341	3,099,341
Total Investment Return	<u>\$ -</u>	<u>\$ 42,789,131</u>	<u>\$ 42,789,131</u>
	2022		
	Without Donor Restriction	With Donor Restriction	Total
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity	\$ -	\$ 37,123,036	\$ 37,123,036
Accumulated Investment Loss	-	(342,864)	(342,864)
Total Investment Return	<u>\$ -</u>	<u>\$ 36,780,172</u>	<u>\$ 36,780,172</u>

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

	2023		
	Without Donor Restriction	With Donor Restriction	Total
Endowment Assets - December 31, 2022	\$ -	\$ 36,780,172	\$ 36,780,172
Investment Return:			
Net Realized and Unrealized Gain	-	5,420,631	5,420,631
Interest and Dividends	-	858,518	858,518
Total Investment Return	-	6,279,149	6,279,149
Contributions	-	1,157,487	1,157,487
Amounts Appropriated for Spending	-	(1,427,677)	(1,427,677)
Endowment Assets - December 31, 2023	<u>\$ -</u>	<u>\$ 42,789,131</u>	<u>\$ 42,789,131</u>

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 10 ENDOWMENT (CONTINUED)

Interpretation of Relevant Law (Continued)

	2022		
	Without Donor Restriction	With Donor Restriction	Total
Endowment Assets - December 31, 2021	\$ -	\$ 46,214,990	\$ 46,214,990
Investment Return:			
Net Realized and Unrealized Loss	-	(10,003,584)	(10,003,584)
Interest and Dividends	-	1,146,056	1,146,056
Total Investment Return	-	(8,857,528)	(8,857,528)
Contributions	-	1,578,738	1,578,738
Amounts Appropriated for Spending	-	(2,156,028)	(2,156,028)
Endowment Assets - December 31, 2022	<u>\$ -</u>	<u>\$ 36,780,172</u>	<u>\$ 36,780,172</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.

At December 31, 2023, funds with original gift values of \$768,688, fair values of \$735,052, and deficiencies of \$33,636, prior to accrual for payables for annual distributions at the end of year, were reported in net assets with donor restrictions. With board of trustees' approval, appropriations from these funds may be made in 2024.

At December 31, 2022, funds with original gift values of \$2,862,112, fair values of \$2,654,327, and deficiencies of \$207,785, prior to accrual for payables for annual distributions at the end of year, were reported in net assets with donor restrictions. With board of trustees' approval, appropriations from these funds may be made in 2023.

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.

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 10 ENDOWMENT (CONTINUED)

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.

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, 2023 and 2022, related parties contributed approximately \$1,452,312 and \$839,215, respectively, to the Foundation. These contributions represent approximately 19% and 24% of total contributions for the years ending December 31, 2023 and 2022, 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 \$25,977 and \$22,082 for the years ended December 31, 2023 and 2022, respectively, which are included in employee benefits.

NOTE 13 LEASES – ASC 842

The Foundation leases certain operating and office facilities for a term under long-term, non-cancelable lease agreements which expires in June 2027.

The Foundation entered into a lease for office space beginning in 2020 with payments of \$5,190 effective July 2021, and \$5,306 effective July 2022, with payments escalating annually through 2027.

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 13 LEASES – ASC 842 (CONTINUED)

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

	<u>2023</u>	<u>2022</u>
Lease Cost:		
Operating Lease Costs	\$ 62,833	\$ 62,833
Total Building Lease Cost	<u>\$ 62,833</u>	<u>\$ 62,833</u>
Other Information:		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Operating leases	\$ 64,377	\$ 62,977
Weighted-Average Remaining Lease Term - Operating Lease	3.4 years	4.4 years
Weighted-Average Discount Rate - Operating Leases	0.488%	0.488%

The Foundation classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2023, is as follows:

<u>Year Ending December 31,</u>	<u>Operating Leases</u>
2024	\$ 65,776
2025	67,176
2026	68,575
2027	<u>34,638</u>
Total Lease Payments	236,165
Less: Interest	<u>(2,076)</u>
Present Value of Lease Liabilities	<u>\$ 234,089</u>

ROMAN CATHOLIC FOUNDATION OF EASTERN MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 14 FUNCTIONAL EXPENSES

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

	2023			
	Programs	General and Administrative	Fundraising	Total
Grants	\$ 5,285,790	\$ -	\$ -	\$ 5,285,790
Salaries	179,323	254,462	167,883	601,668
Employee Benefits	33,233	44,915	35,152	113,300
Payroll Taxes	13,840	19,983	12,987	46,810
Occupancy Expenses	25,519	29,654	18,841	74,014
Office Expenses	28,691	41,595	14,241	84,527
Professional Fees	58,011	54,707	13,653	126,371
Insurance Premiums	8,169	2,380	1,541	12,090
Depreciation and Amortization Expense	-	1,568	-	1,568
Travel and Other Expense	5,223	6,854	5,350	17,427
Provision for Uncollectible Amounts	-	-	(48,628)	(48,628)
Total	\$ 5,637,799	\$ 456,118	\$ 221,020	\$ 6,314,937

	2022			
	Programs	General and Administrative	Fundraising	Total
Grants	\$ 4,682,980	\$ -	\$ -	\$ 4,682,980
Salaries	165,858	274,338	159,212	599,408
Employee Benefits	28,140	47,659	31,756	107,555
Payroll Taxes	13,255	21,989	12,943	48,187
Occupancy Expenses	25,473	29,809	18,807	74,089
Office Expenses	26,525	31,330	14,357	72,212
Professional Fees	65,327	54,865	24,415	144,607
Insurance Premiums	8,092	2,266	1,464	11,822
Depreciation and Amortization Expense	-	1,883	-	1,883
Travel and Other Expense	8,063	9,396	2,209	19,668
Provision for Uncollectible Amounts	-	-	(282,860)	(282,860)
Total	\$ 5,023,713	\$ 473,535	\$ (17,697)	\$ 5,479,551

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 2023 and 2022, \$156,250 and \$218,750, respectively, was received and included in planned giving services revenue in the statements of activities.



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