

**The Catholic Foundation of the  
Diocese of Colorado Springs, Inc.**

Independent Auditor's Report and Financial Statements

June 30, 2022 and 2021

**The Catholic Foundation of the  
Diocese of Colorado Springs, Inc.**  
June 30, 2022 and 2021

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## Independent Auditor's Report

Board of Directors  
The Catholic Foundation of the  
Diocese of Colorado Springs, Inc.  
Colorado Springs, Colorado

### ***Opinion***

We have audited the financial statements of The Catholic Foundation of the Diocese of Colorado Springs, Inc. (the Foundation), which comprise the statements of financial position as of June 30, 2022 and 2021, 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Foundation, as of June 30, 2022 and 2021, and the changes in its 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation 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 the Foundation's ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

Board of Directors  
The Catholic Foundation of the  
Diocese of Colorado Springs, Inc.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**FORVIS, LLP**

Colorado Springs, Colorado  
December 1, 2022

**The Catholic Foundation of the  
Diocese of Colorado Springs, Inc.**  
**Statements of Financial Position**  
**June 30, 2022 and 2021**

**Assets**

	<b>2022</b>	<b>2021</b>
Cash	\$ 2,495	\$ 51,113
Investments	1,507,406	1,803,963
Investments limited as to use, designated for Parish	43,011	33,800
Investments held for others	1,870,565	2,005,523
Contributions receivable from remainder trusts	58,924	55,539
Investments restricted for endowment	7,068,302	7,520,957
Prepaid and other	<u>3,442</u>	<u>700</u>
Total assets	<u><u>\$ 10,554,145</u></u>	<u><u>\$ 11,471,595</u></u>

**Liabilities and Net Assets**

**Liabilities**

Accounts payable - trade	\$ 17,699	\$ 1,748
Annuities payable	131,528	134,668
Funds held for others	<u>1,870,565</u>	<u>2,005,523</u>
Total liabilities	<u>2,019,792</u>	<u>2,141,939</u>

**Net Assets**

Without donor restrictions		
Board-designated for Parish	43,011	33,800
Undesignated	<u>1,354,519</u>	<u>1,705,581</u>
	<u>1,397,530</u>	<u>1,739,381</u>
With donor restrictions - for Parishes and other organizations	<u>7,136,823</u>	<u>7,590,275</u>
Total net assets	<u>8,534,353</u>	<u>9,329,656</u>
Total liabilities and net assets	<u><u>\$ 10,554,145</u></u>	<u><u>\$ 11,471,595</u></u>

# The Catholic Foundation of the Diocese of Colorado Springs, Inc.

## Statement of Activities Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, Gains and Other Support</b>			
Contributions	\$ 16,582	\$ 990,734	\$ 1,007,316
Change in value of split-interest annuity agreements	(13,482)	3,386	(10,096)
Management fee income	48,559	-	48,559
Investment return, net	(243,854)	(1,111,421)	(1,355,275)
Net assets released from restrictions - for Parishes and other organizations	<u>336,151</u>	<u>(336,151)</u>	<u>-</u>
Total revenues, gains and other support	<u>143,956</u>	<u>(453,452)</u>	<u>(309,496)</u>
<b>Expenses</b>			
Program and affiliated distributions to Parishes and other organizations	<u>334,725</u>	<u>-</u>	<u>334,725</u>
General and administrative services			
Professional fees	19,446	-	19,446
Grant to the Diocese for administrative expenses	<u>131,636</u>	<u>-</u>	<u>131,636</u>
	<u>151,082</u>	<u>-</u>	<u>151,082</u>
Total expenses	<u>485,807</u>	<u>-</u>	<u>485,807</u>
<b>Change in Net Assets</b>	(341,851)	(453,452)	(795,303)
<b>Net Assets, Beginning of Year</b>	<u>1,739,381</u>	<u>7,590,275</u>	<u>9,329,656</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 1,397,530</u></u>	<u><u>\$ 7,136,823</u></u>	<u><u>\$ 8,534,353</u></u>

# The Catholic Foundation of the Diocese of Colorado Springs, Inc.

## Statement of Activities Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, Gains and Other Support</b>			
Contributions	\$ 533	\$ 305,618	\$ 306,151
Change in value of split-interest annuity agreements	(14,524)	-	(14,524)
Change in value of split-interest trust agreements	-	1	1
Management fee income	44,275	-	44,275
Investment return, net	404,788	1,620,759	2,025,547
Net assets released from restrictions - for Parishes and other organizations	569,467	(569,467)	-
	<u>1,004,539</u>	<u>1,356,911</u>	<u>2,361,450</u>
<b>Expenses</b>			
Program and affiliated distributions to Parishes and other organizations	569,640	-	569,640
General and administrative services			
Professional fees	19,580	-	19,580
Grant to the Diocese for administrative expenses	65,229	-	65,229
	<u>84,809</u>	<u>-</u>	<u>84,809</u>
Total expenses	<u>654,449</u>	<u>-</u>	<u>654,449</u>
<b>Change in Net Assets</b>	350,090	1,356,911	1,707,001
<b>Net Assets, Beginning of Year</b>	<u>1,389,291</u>	<u>6,233,364</u>	<u>7,622,655</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 1,739,381</u></u>	<u><u>\$ 7,590,275</u></u>	<u><u>\$ 9,329,656</u></u>

**The Catholic Foundation of the  
Diocese of Colorado Springs, Inc.**  
**Statements of Cash Flows**  
**Years Ended June 30, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>Operating Activities</b>		
Change in net assets	\$ (795,303)	\$ 1,707,001
Items not requiring (providing) operating activities cash flows		
Change in value of split-interest annuity agreements	10,096	14,524
Change in value of split-interest trust agreements	-	(1)
Contributions received restricted for long-term investment	(990,734)	(305,618)
Net realized and unrealized loss (gain) on investments reported at fair value	1,915,284	(2,082,039)
Changes in		
Contributions receivable from remainder trusts	(3,385)	-
Prepaid and other assets	(2,742)	(700)
Accounts payable	15,951	(3,811)
Accounts and annuities payable	(13,236)	(16,619)
Net cash provided by (used in) operating activities	<u>135,931</u>	<u>(687,263)</u>
<b>Investing Activities</b>		
Purchase of investments	(1,558,396)	(566,282)
Proceeds from sale of investments	<u>383,113</u>	<u>960,716</u>
Net cash provided by (used in) investing activities	<u>(1,175,283)</u>	<u>394,434</u>
<b>Financing Activities</b>		
Proceeds from contributions restricted for long-term investment	<u>990,734</u>	<u>305,618</u>
Net cash provided by financing activities	<u>990,734</u>	<u>305,618</u>
<b>Increase (Decrease) in Cash</b>	(48,618)	12,789
<b>Cash, Beginning of Year</b>	<u>51,113</u>	<u>38,324</u>
<b>Cash, End of Year</b>	<u><u>\$ 2,495</u></u>	<u><u>\$ 51,113</u></u>



# **The Catholic Foundation of the Diocese of Colorado Springs, Inc.**

## **Notes to Financial Statements**

**June 30, 2022 and 2021**

### **Note 1: Nature of Operations and Summary of Significant Accounting Policies**

#### ***Nature of Operations***

The Catholic Foundation of the Diocese of Colorado Springs, Inc. (the Foundation) was established in May 1991 for the sole and exclusive benefit of the Diocese of Colorado Springs (the Diocese), its parishes, schools and other related organizations designated by the Foundation's Board of Directors. Activity of the Foundation began in February 1992.

The primary objectives of the Foundation are to provide financial and other assistance and support to these entities; to accept, hold, invest, reinvest and administer any gifts, bequests, devises, beneficial trusts and property of any kind or nature and disburse or donate the income or principal; to acquire, own, manage, develop, rehabilitate, sell, lease, encumber or transfer real or personal property; and to participate in charitable arrangements of all kinds, which would benefit the Diocese and its related organizations.

#### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

#### ***Investments and Net Investment Return***

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value.

Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

# **The Catholic Foundation of the Diocese of Colorado Springs, Inc.**

## **Notes to Financial Statements**

**June 30, 2022 and 2021**

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

The Foundation maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.

### ***Funds Held for Others***

The Foundation has agreements with parishes and other related parties of the Diocese, whereby the Foundation will manage the assets contributed to these funds and charge an initial setup fee and periodic management fee as described in the agreements.

### ***Net Assets***

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

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for certain designated purposes.

Net assets with donor restrictions are subject to donor restrictions. Some 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

### ***Contributions***

Contributions are provided to the Foundation either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

<b>Nature of the Gift</b>	<b>Value Recognized</b>
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Foundation overcoming a donor imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor imposed barrier is met

# The Catholic Foundation of the Diocese of Colorado Springs, Inc.

## Notes to Financial Statements

June 30, 2022 and 2021

Nature of the Gift	Value Recognized
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue with donor restrictions and then released from restriction.

### ***Management Fee Income***

The Foundation assesses a fee to the endowment funds. The Foundation's fee is 0.5% per annum, which is calculated and funded from the pooled investment portfolio on a monthly basis. This fee is to compensate the Foundation for the various financial, regulatory and administrative requirements of the endowment portfolio.

### ***Functional Allocation of Expenses***

As the cost of supporting the programs of the Foundation are limited to the direct grants and in-kind services provided, no personnel costs or other costs have been allocated to program services. As such, a separate statements of functional expenses is not presented.

# The Catholic Foundation of the Diocese of Colorado Springs, Inc.

## Notes to Financial Statements

June 30, 2022 and 2021

### **Income Taxes**

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the Foundation is subject to federal income tax on any unrelated business taxable income. There was no significant unrelated business income during 2022 and 2021.

### **Subsequent Events**

Subsequent events have been evaluated through December 1, 2022, which is the date the financial statements were available to be issued.

### **Note 2: Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, comprise the following:

	<b>2022</b>	<b>2021</b>
<b>Financial Assets</b>		
Cash and cash equivalents	\$ 2,495	\$ 51,113
Investments	10,489,284	11,364,243
	<u>10,491,779</u>	<u>11,415,356</u>
<b>Donor, Legal or Other Restrictions and Designations</b>		
Funds held for others	1,870,565	2,005,523
Donor imposed restrictions	7,136,823	7,590,275
	<u>9,007,388</u>	<u>9,595,798</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,484,391</u>	<u>\$ 1,819,558</u>

The Foundation manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Foundation has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 90 days operating expenses. To achieve this target, the Foundation forecasts its future cash flows and monitors its liquidity quarterly, and monitors its reserves annually. During the years ended June 30, 2022 and 2021, the level of liquidity and reserves were managed within the policy requirements.

Financial assets available to meet cash needs for general expenditures within one year, above, includes board-designated net assets as this reserve could be drawn upon for expenditure following board resolution.

# The Catholic Foundation of the Diocese of Colorado Springs, Inc.

## Notes to Financial Statements June 30, 2022 and 2021

### Note 3: Investments

Investments held at June 30 are summarized as follows:

	Market Value	
	2022	2021
<b>Financial Position Classification</b>		
Investments limited as to use, designated	\$ 43,011	\$ 33,800
Investments	1,507,406	1,803,963
Investments restricted for endowment	7,068,302	7,520,957
Total Foundation earning investments	8,618,719	9,358,720
<b>Investments Held for Others</b>	1,870,565	2,005,523
Total investments	<u>\$ 10,489,284</u>	<u>\$ 11,364,243</u>

### Note 4: Disclosures about Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

# The Catholic Foundation of the Diocese of Colorado Springs, Inc.

## Notes to Financial Statements

June 30, 2022 and 2021

### ***Recurring Measurements***

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30:

		2022			
		Fair Value Measurements Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV (A)
	Fair Value				
<b>Assets</b>					
Investments					
Money market fund held by brokers	\$ 374,681	\$ 374,681	\$ -	\$ -	\$ -
CUIT					
Magnus 60/40 blended fund (B)	9,996,228	9,996,228	-	-	-
Mission Diocese fund (C)	118,375	118,375	-	-	-
	10,489,284	10,489,284	-	-	-
Contributions receivable from remainder trusts	58,924	-	58,924	-	-
<b>Liabilities</b>					
Funds held for others	1,870,565	-	1,870,565	-	-

# The Catholic Foundation of the Diocese of Colorado Springs, Inc.

## Notes to Financial Statements

June 30, 2022 and 2021

		2021			
		Fair Value Measurements Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV (A)
	Fair Value				
<b>Assets</b>					
Investments					
Money market fund held by brokers	\$ 375,000	\$ 375,000	\$ -	\$ -	\$ -
CUIT					
Magnus 60/40 blended fund (B)	10,800,969	-	-	-	10,800,969
Mission Diocese fund (C)	188,274	-	-	-	188,274
	<u>11,364,243</u>	<u>375,000</u>	<u>-</u>	<u>-</u>	<u>10,989,243</u>
Contributions receivable from remainder trusts	<u>55,539</u>	<u>-</u>	<u>55,539</u>	<u>-</u>	<u>-</u>
<b>Liabilities</b>					
Funds held for others	<u>2,005,523</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,005,523</u>

(A) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. See below for significant changes in the valuation techniques during the year ended June 30, 2022.

### **Investments**

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. At June 30, 2022, this included money market funds and the CUIT funds. As CUIT became publicly traded at December 31, 2021, the Foundation's inputs in determining fair value changed from net asset value, at June 30, 2021, to quoted prices in active markets for identical securities, at June 30, 2022. Prior to this change, there were no limitations or holdbacks on redemptions and the Foundation was not required to make capital commitments to CUIT.

# **The Catholic Foundation of the Diocese of Colorado Springs, Inc.**

## **Notes to Financial Statements**

**June 30, 2022 and 2021**

The objective of investments in each of these classifications is:

- (B) To achieve current income and long-term capital appreciation through investment of approximately 60% in return-seeking securities and approximately 40% to risk-reducing securities with a bias towards “active” management in the equity portion of the portfolio.
- (C) To provide long-term capital appreciation through investing primarily in a broadly diversified portfolio.

### ***Contributions Receivable from Remainder Trusts***

Fair value is estimated at the present value of the future payments expected to be received over the expected term of the trust agreements. Due to the nature of the valuation inputs obtained by management, the interest is classified within Level 2 of the hierarchy.

### ***Funds Held for Others***

Inputs used to measure funds held for others liabilities are highly correlated with the inputs used to measure the related investments. As a result, at June 30, 2021, this liability was measured using the net asset value per share practical expedient, consistent with the related assets. However, given that there is not a readily available market to measure a price that would otherwise need to be paid to transfer this liability, inputs utilized are capped at Level 2. As a result, at June 30, 2022, this liability was measured using significant other observable inputs (Level 2).

## **Note 5: Contributions Receivable**

### ***Contributions Receivable from Remainder Trusts***

The Foundation has been named as the sole benefactor to various charitable remainder trusts for the benefit of Foundation endowment funds and Parish endowment funds, administered by the Foundation. The charitable remainder trusts provide for the payment of distributions to the Foundation upon the termination of the Trust. The Foundation’s interest in the charitable remainder trusts are recorded at present value, which approximates fair value of \$58,924 and \$55,539 as of June 30, 2022 and 2021, respectively, in the Foundation’s statements of financial position. The present value of the estimated future payments is calculated using a discount rate of 6% and applicable mortality tables. The Foundation recognized gains with donor restrictions of \$0 and \$1 on these charitable remainder trusts during the years ended June 30, 2022 and 2021, respectively, which are recorded in the change in value of split-interest trust agreements on the statements of activities.



# The Catholic Foundation of the Diocese of Colorado Springs, Inc.

## Notes to Financial Statements

June 30, 2022 and 2021

### Note 6: Annuities Payable

The Foundation has been the recipient of several gift annuities which require future payments to the donor or their named beneficiaries. The assets received from the donor are recorded at fair value. The Foundation has recorded a liability at June 30, 2022 and 2021 of \$131,528 and \$134,668, respectively, which represents the present value of the future annuity obligations. The liability has been determined using a discount rate of 6%. The Foundation recognized losses without donor restrictions of (\$13,480) and (\$14,524) and gains (losses) with donor restrictions of \$3,386 and (\$0) on these annuities during the years ended June 30, 2022 and 2021, respectively, which are recorded in the change in value of split-interest annuity agreements on the statements of activities.

### Note 7: Funds Held for Others

The Foundation holds funds for others in accordance with specifications of underlying agreements consisting of the following:

	<b>2022</b>	<b>2021</b>
Ave Maria	\$ 37,347	\$ 43,430
Catholic Charities of Colorado Springs	29,740	34,584
Divine Redeemer Parish	6,722	7,817
Jaeger	1,298	1,554
Monsignor Harrington Fund – St. Paul's	339,759	395,104
Our Lady of Guadalupe	142,649	165,886
Schmitz	503	662
Sacred Heart – Cheyenne Wells	29,985	34,870
St. Augustine	21,552	25,062
St. Dominic	27,839	32,373
St. Francis – Castle Rock	53,716	62,466
St. Francis – Colorado Springs	168,375	195,803
St. Gabriel	455,862	530,119
St. Joseph – Colorado Springs	467,336	395,725
St. Mary of the Rockies	35,000	-
St. Michael's	52,882	80,068
	<u>\$ 1,870,565</u>	<u>\$ 2,005,523</u>

# The Catholic Foundation of the Diocese of Colorado Springs, Inc.

## Notes to Financial Statements

June 30, 2022 and 2021

### Note 8: Net Assets

#### ***Board-designated Net Assets***

Net assets of \$43,011 and \$33,800 at June 30, 2022 and 2021, respectively, have been internally designated for specific parishes.

#### ***Net Assets With Donor Restrictions***

Net assets with donor restrictions at June 30 are restricted for the following purposes:

	<b>2022</b>	<b>2021</b>
Subject to expenditure for specified purpose		
Parishes and other organizations	\$ 9,599	\$ 13,779
Subject to the passage of time		
Contributions receivable from remainder trusts	58,924	55,539
Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Restricted by donors for Parish and other organizations	519,736	1,970,335
Subject to endowment spending policy and appropriation as held in perpetuity		
Restricted by donors for Parish and other organizations	6,548,566	5,550,622
Total endowments	7,068,302	7,520,957
	<u>\$ 7,136,825</u>	<u>\$ 7,590,275</u>

#### ***Additional Net Assets Information***

Net assets at June 30 consist of the following:

# The Catholic Foundation of the Diocese of Colorado Springs, Inc.

## Notes to Financial Statements

June 30, 2022 and 2021

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
Operating	\$ 1,259,890	\$ -	\$ 1,259,890
Board-designated for a Parish	43,011	-	43,011
Gift annuities – unrestricted	94,623	2,670	97,293
Ave Maria	-	124,386	124,386
Camous Endowment	-	18,677	18,677
Carlson Endowment	-	11,619	11,619
Catholic Charities	-	9,752	9,752
Catholic Foundation	-	18,698	18,698
Cloud Family Tuition Assistance	-	6,929	6,929
Corpus Christi	-	12,509	12,509
Cursillo Movement Endowment	-	300,845	300,845
Diocesan	-	429,478	429,478
Divine Redeemer	-	24,997	24,997
Divine Redeemer Scholarship Endowment	-	20,417	20,417
Father Tim Cronin Endowment	-	351,904	351,904
St. Joseph – Colorado Springs (George Madril Estate)	-	450,414	450,414
Fred A. Hoffman Endowment Fund	-	7,944	7,944
Holy Apostles	-	45,198	45,198
Holy Apostles Catholic Education Tuition Assistance	-	379,181	379,181
Holy Family – Leadville	-	551	551
Holy Rosary	-	272	272
Holy Trinity	-	24,545	24,545
Holy Trinity Religious Education	-	45,446	45,446
Immaculate Conception	-	511	511
James H. Ladowski Endowment Fund	-	17,258	17,258
James V. Varrone Endowment	-	88,584	88,584
John Venezia Catholic Schools Endowment Fund	-	247,338	247,338
Life Support Center	-	2,961	2,961
Our Lady of Guadalupe	-	556	556
Our Lady of Perpetual Help	-	272	272
Our Lady of the Pines	-	740	740
Our Lady of the Woods	-	7,419	7,419
Our Lady of Visitation	-	430	430
P. Sofia Memorial Fund (St. Mary's High School)	-	233,159	233,159
P. Sofia Memorial Fund (TCE - Campus)	-	82,327	82,327
Pax Christi	-	29,805	29,805
People with Disabilities Endowment Fund	-	34,969	34,969
Reaves Memorial School Building Fund	-	172,148	172,148
Sacred Heart – Cheyenne Wells	-	18,416	18,416

# The Catholic Foundation of the Diocese of Colorado Springs, Inc.

## Notes to Financial Statements

June 30, 2022 and 2021

	2022 (Continued)		
	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
Sacred Heart – Colorado Springs	-	11,433	11,433
HOB Seminarian Support	-	768,178	768,178
Schmitz Endowment	-	51,948	51,948
Sr. Marianella Scholarship Fund	-	54,510	54,510
St. Andrew Kim	-	347	347
St. Anthony	-	608	608
St. Augustine	-	14,527	14,527
St. Benedict	-	1,314	1,314
St. Catherine	-	608	608
St. Charles	-	5,587	5,587
St. Dominic	-	10,263	10,263
St. Francis – Castle Rock	-	49,484	49,484
St. Francis – Colorado Springs	-	10,870	10,870
St. Gabriel	-	1,702	1,702
St. Joseph – Colorado Springs	-	12,834	12,834
St. Joseph – Fairplay	-	1,066	1,066
St. Joseph – Salida	-	608	608
St. Mark	-	474	474
St. Mary of the Rockies	-	608	608
St. Mary’s – Colorado Springs	-	86,299	86,299
St. Mary’s – Flagler	-	608	608
St. Michael’s	-	15,032	15,032
St. Patrick’s	-	13,601	13,601
St. Patrick’s – Lemelin Endowment	-	96,043	96,043
St. Paul’s	-	1,640,511	1,640,511
St. Peter – Monument	-	614	614
TCE Endowment	-	16,888	16,888
Catholic School Tuition Assistance Endowmt	-	145,415	145,415
Suthers Family Education Fund	-	47,059	47,059
St. Rose of Lima	-	21,422	21,422
Vietnamese Holy Martyrs	-	586	586
William & Kathleen Jaeger Memorial Scholarship Fund	-	111,870	111,870
Ave Maria Catholic School Foundation Fund	-	201,229	201,229
Catholic Extension Seminarian Endowment Mission Diocese Fund	-	118,375	118,375
Carolyn M. Erdle Endowment	-	372,138	372,138
Orff Endowment Fund	-	28,841	28,841
	<u>\$ 1,397,524</u>	<u>\$ 7,136,825</u>	<u>\$ 8,534,349</u>

# The Catholic Foundation of the Diocese of Colorado Springs, Inc.

## Notes to Financial Statements

June 30, 2022 and 2021

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
Operating	\$ 1,563,077	\$ -	\$ 1,563,077
Board-designated for a Parish	33,800	-	33,800
Gift annuities – unrestricted	142,504	7,965	150,469
Ave Maria	-	131,664	131,664
Camous Endowment	-	22,833	22,833
Carlson Endowment	-	13,511	13,511
Catholic Charities	-	11,341	11,341
Catholic Foundation	-	21,743	21,743
Cloud Family Tuition Assistance	-	5,814	5,814
Corpus Christi	-	14,547	14,547
Cursillo Movement Endowment	-	349,851	349,851
Diocesan	-	525,058	525,058
Divine Redeemer	-	29,069	29,069
Divine Redeemer Scholarship Endowment	-	23,743	23,743
Father Tim Cronin Endowment	-	409,227	409,227
St. Joseph – Colorado Springs (George Madril Estate)	-	550,654	550,654
Fred A. Hoffman Endowment Fund	-	9,238	9,238
Holy Apostles	-	55,256	55,256
Holy Apostles Catholic Education Tuition Assistance	-	463,567	463,567
Holy Family – Leadville	-	673	673
Holy Rosary	-	317	317
Holy Trinity	-	30,007	30,007
Holy Trinity Religious Education	-	55,560	55,560
Immaculate Conception	-	595	595
James H. Ladowski Endowment Fund	-	20,070	20,070
James V. Varrone Endowment	-	103,014	103,014
John Venezia Catholic Schools Endowment Fund	-	302,383	302,383
Life Support Center	-	3,443	3,443
Our Lady of Guadalupe	-	646	646
Our Lady of Perpetual Help	-	317	317
Our Lady of the Pines	-	860	860
Our Lady of the Woods	-	8,627	8,627
Our Lady of Visitation	-	500	500
P. Sofia Memorial Fund (St. Mary's High School)	-	285,049	285,049
P. Sofia Memorial Fund (TCE - Campus)	-	100,649	100,649
Pax Christi	-	34,660	34,660
People with Disabilities Endowment Fund	-	40,665	40,665
Reaves Memorial School Building Fund	-	198,953	198,953
Sacred Heart – Cheyenne Wells	-	21,415	21,415

# The Catholic Foundation of the Diocese of Colorado Springs, Inc.

## Notes to Financial Statements

June 30, 2022 and 2021

	2021 (Continued)		
	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
Sacred Heart – Colorado Springs	-	13,295	13,295
HOB Seminarian Support	-	234,869	234,869
Schmitz Endowment	-	62,134	62,134
Sr. Marianella Scholarship Fund	-	66,610	66,610
St. Andrew Kim	-	404	404
St. Anthony	-	707	707
St. Augustine	-	16,894	16,894
St. Benedict	-	1,528	1,528
St. Catherine	-	707	707
St. Charles	-	6,497	6,497
St. Dominic	-	12,547	12,547
St. Francis – Castle Rock	-	57,544	57,544
St. Francis – Colorado Springs	-	12,641	12,641
St. Gabriel	-	1,979	1,979
St. Joseph – Colorado Springs	-	14,925	14,925
St. Joseph – Fairplay	-	1,304	1,304
St. Joseph – Salida	-	707	707
St. Mark	-	551	551
St. Mary of the Rockies	-	707	707
St. Mary's – Colorado Springs	-	100,357	100,357
St. Mary's – Flagler	-	707	707
St. Michael's	-	17,480	17,480
St. Patrick's	-	16,627	16,627
St. Patrick's – Lemelin Endowment	-	117,418	117,418
St. Paul's	-	2,005,341	2,005,341
St. Peter – Monument	-	714	714
St. Peter School	-	20,007	20,007
TCE Endowment	-	20,647	20,647
Catholic School Tuition Assistance Endowmt	-	158,560	158,560
St. Rose of Lima	-	26,190	26,190
Vietnamese Holy Martyrs	-	681	681
William & Kathleen Jaeger Memorial Scholarship Fund	-	40,142	40,142
Ave Maria Catholic School Foundation Fund	-	171,212	171,212
Catholic Extension Seminarian Endowment Mission Diocese Fund	-	188,274	188,274
Carolyn M. Erdle Endowment	-	312,345	312,345
Orff Endowment Fund	-	33,539	33,539
	<u>\$ 1,739,381</u>	<u>\$ 7,590,275</u>	<u>\$ 9,329,656</u>

# **The Catholic Foundation of the Diocese of Colorado Springs, Inc.**

## **Notes to Financial Statements June 30, 2022 and 2021**

### ***Net Assets Released from Restrictions***

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<b>2022</b>	<b>2021</b>
Expiration of time restrictions		
Satisfaction of purpose restrictions		
Parishes and other organizations	<u>\$ 4,181</u>	<u>\$ 926</u>
Restricted purpose spending-rate distributions and appropriations		
Restricted by donors for Parish and other organizations	<u>331,968</u>	<u>568,541</u>
	<u><u>\$ 336,149</u></u>	<u><u>\$ 569,467</u></u>

# The Catholic Foundation of the Diocese of Colorado Springs, Inc.

## Notes to Financial Statements June 30, 2022 and 2021

### ***Additional Net Assets Released from Restrictions Information***

Net assets released from restriction during the years ended June 30 consist of the following:

	<b>2022</b>	<b>2021</b>
Ave Maria	\$ -	\$ 9,206
Camous Endowment Fund	1,142	945
Cloud Family Tuition Assistance	-	302,155
Carolyn M. Erdle Endowment	15,617	-
Corpus Christi	-	602
Cursillo Endowment Fund	-	14,485
Diocesan	26,253	21,739
Father Tim Cronin Designated Fund for Corpus Christi	-	16,943
Fred A. Hoffman Endowment Fund	-	382
Holy Apostles	2,763	2,288
Holy Apostles Catholic Education Tuition Assistance	23,178	19,193
Holy Family	34	28
Holy Rosary	-	13
Holy Trinity Religious Education	4,278	3,543
James H. Ladowski Endowment	-	831
James V. Varrone Endowment	-	4,265
John Ross Annuity	559	398
John Venezia Catholic Schools Endowment Fund	15,119	12,519
Madril Endowment Fund	27,533	22,799
Mary O'Hayes	1,475	380
Our Lady of Perpetual Help	-	13
Orff Endowment Fund	-	1,384
P. Sofia Memorial Fund (St. Mary's High School)	14,252	11,802
P. Sofia Memorial Fund (TCE - Campus)	5,032	4,167
Reaves Memorial School Building Fund	9,948	7,817
Sacred Heart – Colorado Springs	-	550
Seminary Burse	21,157	17,267
Seminarian Mission Endowment	50,000	-
Sr. Marianella Tuition Assistance	3,300	2,000



# The Catholic Foundation of the Diocese of Colorado Springs, Inc.

## Notes to Financial Statements

June 30, 2022 and 2021

	<b>Continued</b>	
	<b>2022</b>	<b>2021</b>
St. Dominic	627	519
St. Joseph	65	54
St. Patrick	831	688
St. Patrick's Parish – Lemelin	5,871	4,861
St. Paul	100,000	82,000
St. Peter School	1,000	30
St. Peter Forensic Lab Endowment	1,766	-
St. Rose of Lima	1,310	1,084
TCE Endowment	1,032	855
William & Kathleen Jaeger Memorial Scholarship Fund	2,007	1,662
	<u>\$ 336,149</u>	<u>\$ 569,467</u>

### Note 9: Endowment

The Foundation's governing body is subject to the State of Colorado Prudent Management of Institutional Funds Act (UPMIFA). As a result, the Foundation classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before being reclassified as net assets without donor restrictions.

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

1. Duration and preservation of the fund
2. Purposes of the Foundation and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Foundation
7. Investment policies of the Foundation

The Foundation's endowment consists of approximately 70 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

# The Catholic Foundation of the Diocese of Colorado Springs, Inc.

## Notes to Financial Statements

June 30, 2022 and 2021

The composition of net assets by type of endowment fund at June 30:

<b>2022</b>			
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity	\$ -	\$ 6,548,566	\$ 6,548,566
Accumulated investment gains	-	519,736	519,736
	<u>\$ -</u>	<u>\$ 7,068,302</u>	<u>\$ 7,068,302</u>
<b>2021</b>			
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity	\$ -	\$ 5,550,622	\$ 5,550,622
Accumulated investment gains	-	1,970,335	1,970,335
	<u>\$ -</u>	<u>\$ 7,520,957</u>	<u>\$ 7,520,957</u>

Changes in donor-restricted endowment funds for the years ended June 30:

<b>2022</b>			
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment funds, beginning of year	\$ -	\$ 7,520,957	\$ 7,520,957
Investment return, net	-	(1,111,421)	(1,111,421)
Contributions and deposits	-	990,734	990,734
Appropriation for expenditure	-	(331,968)	(331,968)
Endowment funds, end of year	<u>\$ -</u>	<u>\$ 7,068,302</u>	<u>\$ 7,068,302</u>

# The Catholic Foundation of the Diocese of Colorado Springs, Inc.

## Notes to Financial Statements

June 30, 2022 and 2021

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds, beginning of year	\$ -	\$ 6,167,031	\$ 6,167,031
Investment return, net	-	1,620,759	1,620,759
Contributions and deposits	-	301,708	301,708
Appropriation for expenditure	-	(568,541)	(568,541)
Endowment funds, end of year	<u>\$ -</u>	<u>\$ 7,520,957</u>	<u>\$ 7,520,957</u>

### ***Investment and Spending Policies***

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Foundation must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under the Foundation's policies, endowment assets are invested in a manner that is intended to produce an average rate of return of approximately 7% annually while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

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 current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Foundation has a spending policy of appropriating for expenditure each year 5% of its endowment fund's fair value on June 30 preceding the year in which the expenditure is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 2% annually. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

# **The Catholic Foundation of the Diocese of Colorado Springs, Inc.**

## **Notes to Financial Statements**

**June 30, 2022 and 2021**

### ***Underwater Endowments***

The governing body of the Foundation has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of:

- a) the original value of initial and subsequent gift amounts donated to the fund and
- b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

The Foundation has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

At June 30, 2022, funds with original gift values of \$1,771,808, fair values of \$1,640,459, and deficiencies of \$135,349, were reported in net assets with donor restrictions. The total consists of deficiencies in five funds: the Carolyn M. Erdle Endowment, the St. Joseph – George Madril Estate Endowment, the Seminary Burse Endowment, the Suthers Family Education Fund, and the Mary O’Hayes Gift Annuity Fund. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after investment of new restricted contributions and continued appropriation for certain purposes that was deemed prudent by the governing body. There were no underwater endowments at June 30, 2021.

The Foundation has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor stipulations or laws and regulations.

### **Note 10: Related-party Transactions**

The Foundation made grant payments to the Diocese of \$131,644 and \$65,229 during 2022 and 2021, respectively. Amounts remitted were to reimburse the Diocese for various administrative services received. These costs are recorded in grant to the Diocese for administrative expenses on the statements of activities.

The Diocese made contributions to the Foundation of \$585,599 during 2022. Amounts were contributed for purposes of increasing funding in the HOB Seminarian Support fund.

# **The Catholic Foundation of the Diocese of Colorado Springs, Inc.**

## **Notes to Financial Statements**

**June 30, 2022 and 2021**

### **Note 11: Significant Estimates and Concentrations**

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

#### ***Contributions***

Approximately 70% of all contributions were received from two donors in 2022, and approximately 90% of all contributions were received from one donor in 2021.

#### ***Investments***

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