THE CATHOLIC FOUNDATION OF NORTH GEORGIA, INC.

FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

with
INDEPENDENT AUDITORS' REPORT

TABLE OF CONTENTS

SMITH+HOWARD PC

INDEPENDENT AUDITORS' REPORT

Board of Directors of
The Catholic Foundation of North Georgia, Inc.

Opinion

We have audited the accompanying financial statements of The Catholic Foundation of North Georgia, Inc. (the "Foundation") (a nonprofit foundation), which comprise the statement of financial position as of June 30, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses 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 the Foundation as of June 30, 2023 and 2022, and the changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

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 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 for one year after the date of this report.

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 can arise from fraud or error and 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.

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Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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.

Smith and Howard

Atlanta, GA
November 14, 2023

THE CATHOLIC FOUNDATION OF NORTH GEORGIA, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

ASSETS

	2023	2022
Assets		
Cash and cash equivalents	$ 1,770,164	$ 1,966,323
Investments, at fair value	116,928,040	99,710,413
Prepaid expenses and other assets	52,876	10,806
Property and equipment, net	15,586	2,106
Right-of-use asset, net	442,164	-
Total Assets	$ 119,208,830	$ 101,689,648

LIABILITIES AND NET ASSETS

	2023	2022
Liabilities		
Accounts payable and accrued expenses	$ 59,770	$ 60,184
Annuities payable	84,567	90,068
Custodian funds payable	127,450	120,177
Beneficiary endowments	34,710,314	28,186,954
Operating lease liability	490,709	-
Total Liabilities	35,472,810	28,457,383
Net Assets		
Without donor restriction		
Undesignated	891,038	841,339
Board designated	18,432,723	14,006,719
Total net assets without donor restriction	19,323,761	14,848,058
With donor restriction		
Purpose restrictions	23,681,950	19,762,301
Perpetual endowments	40,730,309	38,621,906
Total net assets with donor restriction	64,412,259	58,384,207
Total Net Assets	83,736,020	73,232,265
Total Liabilities and Net Assets	$ 119,208,830	$ 101,689,648

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

THE CATHOLIC FOUNDATION OF NORTH GEORGIA, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support:			
Donations and pledges	$ 4,168,358	$ 2,838,193	$ 7,006,551
Investment income, net	2,116,012	4,800,923	6,916,935
Fees	271,289	-	271,289
Other	34,388	-	34,388
Net assets released from restrictions	1,611,064	(1,611,064)	-
Total Revenues, Gains, and Other Support	8,201,111	6,028,052	14,229,163
Expenses:			
Program Services			
Grants and distributions	2,366,631	-	2,366,631
Other program expenses	137,542	-	137,542
Total Program Services	2,504,173	-	2,504,173
Supporting Services			
General and administrative	596,684	-	596,684
Fundraising	624,551	-	624,551
Total Supporting Services	1,221,235	-	1,221,235
Total Expenses	3,725,408	-	3,725,408
Change in Net Assets	4,475,703	6,028,052	10,503,755
Net Assets, Beginning of Year	14,848,058	58,384,207	73,232,265
Net Assets, End of Year	$ 19,323,761	$ 64,412,259	$ 83,736,020

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

THE CATHOLIC FOUNDATION OF NORTH GEORGIA, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support:			
Donations and pledges	$ 1,637,114	$ 5,283,350	$ 6,920,464
Investment loss, net	(1,675,807)	(8,773,825)	(10,449,632)
Fees	199,431	-	199,431
Other	42,004	-	42,004
Net assets released from restrictions	2,116,664	(2,116,664)	-
Total Revenues, Gains, and Other Support	2,319,406	(5,607,139)	(3,287,733)
Expenses:			
Program Services			
Grants and distributions	2,425,537	-	2,425,537
Other program expenses	162,236	-	162,236
Total Program Services	2,587,773	-	2,587,773
Supporting Services			
General and administrative	521,466	-	521,466
Fundraising	483,121	-	483,121
Total Supporting Services	1,004,587	-	1,004,587
Total Expenses	3,592,360	-	3,592,360
Change in Net Assets	(1,272,954)	(5,607,139)	(6,880,093)
Net Assets, Beginning of Year	16,121,012	63,991,346	80,112,358
Net Assets, End of Year	$ 14,848,058	$ 58,384,207	$ 73,232,265

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

THE CATHOLIC FOUNDATION OF NORTH GEORGIA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services	Supporting Activities: General and Administrative	Supporting Activities: Fundraising	Totals
Grants and distributions	$ 2,366,631	$ -	$ -	$ 2,366,631
Salaries and wages	94,823	266,948	311,286	673,057
Payroll taxes	6,904	19,437	22,667	49,008
Employee benefits	17,841	57,185	69,057	144,083
Board and volunteer expenses	-	4,450	-	4,450
Communications	-	9,413	80,973	90,386
Grant and donor advised fund expenses	6,174	-	-	6,174
Other expenses	1,322	120,426	12,546	134,294
Professional fees	3,090	69,339	10,358	82,787
Rent	7,388	45,489	49,040	101,917
Stewardship and development	-	1,384	68,624	70,008
Depreciation	-	2,613	-	2,613
	$ 2,504,173	$ 596,684	$ 624,551	$ 3,725,408

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

THE CATHOLIC FOUNDATION OF NORTH GEORGIA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

		Supporting Activities		
	Program Services	General and Administrative	Fundraising	Totals
Grants and distributions	$ 2,425,537	$ -	$ -	$ 2,425,537
Salaries and wages	93,466	239,537	243,962	576,965
Payroll taxes	6,491	17,185	17,215	40,891
Employee benefits	20,109	54,152	56,766	131,027
Board and volunteer expenses	-	1,089	-	1,089
Communications	-	10,835	63,789	74,624
Grant and donor advised fund expenses	28,803	-	-	28,803
Other expenses	1,302	67,379	9,213	77,894
Professional fees	3,030	104,989	8,231	116,250
Rent	8,954	23,212	23,471	55,637
Stewardship and development	81	2,100	60,474	62,655
Depreciation	-	988	-	988
	$ 2,587,773	$ 521,466	$ 483,121	$ 3,592,360

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

THE CATHOLIC FOUNDATION OF NORTH GEORGIA, INC.
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash Flows from Operating Activities:		
Change in Net Assets	$ 10,503,755	$ (6,880,093)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Unrealized (gain) loss of investments	(4,047,359)	12,990,113
Depreciation	2,613	988
Restricted contributions	(2,838,193)	(5,283,350)
Operating lease expense	100,745	-
Payments on operating lease liability	(52,200)	-
Change in assets and liabilities:		
Prepaid expenses and other assets	(42,070)	-
Accounts payable and accrued expenses	(414)	6,943
Annuities payable	(5,501)	(23,819)
Total adjustments	(47,985)	(16,876)
Net Cash Provided by Operating Activities	3,621,376	810,782
Cash Flows from Investing Activities:		
Purchases of property and equipment	(16,093)	-
Purchase of investments	(15,203,420)	(13,965,864)
Proceeds from sale of investments	4,152,349	4,558,393
Net Cash Required by Investing Activities	(11,067,164)	(9,407,471)
Cash Flows from Financing Activities:		
Restricted contributions received	2,838,193	5,283,350
Increase (decrease) in custodian funds payable	7,273	(24,604)
Proceeds from beneficiary endowment	4,404,163	3,210,161
Net Cash Provided by Financing Activities	7,249,629	8,468,907
Net Decrease in Cash and Cash Equivalents	(196,159)	(127,782)
Cash and Cash Equivalents at Beginning of Year	1,966,323	2,094,105
Cash and Cash Equivalents at End of Year	$ 1,770,164	$ 1,966,323

Supplemental Disclosure of Non-Cash Operating and Investing Activities:
See Notes 1 and 6 for non-cash disclosures related to the right of use asset and operating lease liability obligations.

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

NOTE 1 – NATURE OF THE ORGANIZATION

The Catholic Foundation of North Georgia, Inc. (the "Foundation"), is a Georgia non-profit organization governed by a board of directors composed of laypersons, priests, and the Archbishop of the Roman Catholic Archdiocese of Atlanta (the "Archdiocese"), to help Catholics make a lasting difference in the community. The Foundation attracts, professionally manages, and invests gifts to support the current and long-term financial needs of parishes, schools, charities, and other ministries.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Foundation follows accounting standards set by the Financial Accounting Standards Board ("FASB"). The FASB sets accounting principles generally accepted in the United States of America ("GAAP").

New Accounting Policies Adopted

Effective July 1, 2022, the Foundation adopted Accounting Standards Update ("ASU") 2016-02, Leases (Topic 842). The objective of this ASU is to increase transparency and comparability in financial reporting by requiring statement of financial position recognition of leases and note disclosure of certain information about lease arrangements. The Foundation adopted ASU 2016-02 using the modified retrospective method. This method allows the standard to be applied retrospectively through a cumulative catch-up adjustment to net assets recognized upon adoption, if necessary. Adoption of ASU 2016-02 did not result in changes to the Foundation's beginning net assets balance. Additionally, upon adoption, the Foundation elected to use risk-free discount rate, an option only available to private entities, when calculating the present value of future lease payments and has made an accounting policy election to not recognize lease assets and lease liabilities for leases with terms of 12 months or less.

Adoption of this ASU resulted in the Foundation recording a right-of-use ("ROU") asset and corresponding operating lease liability of approximately $528,000 on July 1, 2022 which represents the present value of future lease payments on the Foundation's lease further detailed in Note 6 at the date of adoption. Operating lease expense continues to be recorded on a straight-line basis throughout the lease term and the ROU asset and corresponding operating lease liability are reduced as lease payments are made.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassification

Certain items in the 2022 financial statements have been reclassified to conform to the 2023 financial statement presentation.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Risks and Uncertainties

The Foundation's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and investments. At times, cash and cash equivalent balances exceed federally insured amounts. The Foundation believes it reduces risks associated with balances in excess of federal insured amounts by maintaining its cash with major financial institutions with sound financial standing. Investment securities are exposed to various risks, such as interest rate risk, market risk, and credit risk.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Investments

The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the periods they occur. Investment income and realized and unrealized gains and losses are included in the change in net assets in the accompanying statements of activities net of external and direct internal investment expenses. The Foundation's investments are in pooled investment funds.

Property and Equipment

The Foundation capitalizes all expenditures in excess of $5,000 and with a useful life greater than one year. Property and equipment are stated at cost or estimated fair value at time of donation. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets, ranging from 3-10 years.

Fair Values Measured on Recurring Basis

FASB establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs in which little or no market data exists (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, assets or liabilities;

Level 2 - Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Values Measured on Recurring Basis (Continued)

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Fair values for investments are determined by reference to quote market prices and other relevant information generated by market transactions. The investments measured at net asset value practical expedient are composed of investments in private investment funds and are considered illiquid and designed for long-term growth.

The table below represents fair value measurement hierarchy of the assets at fair value as of June 30:

2023

	Level 1	Level 2	Level 3	NAV(*)	Total
Money Market	$ 2,742,474	$ -	$ -	$ -	$ 2,742,474
Mutual Funds	70,667,136	-	-	43,518,430	114,185,566
	$ 73,409,610	$ -	$ -	$ 43,518,430	$ 116,928,040

2022

	Level 1	Level 2	Level 3	NAV(*)	Total
Money Market	$ 2,194,375	$ -	$ -	$ -	$ 2,194,375
Mutual Funds	60,414,078	-	-	37,101,960	97,516,038
	$ 62,608,453	$ -	$ -	$ 37,101,960	$ 99,710,413

Investments Measured at Net Asset Value Per Share or Equivalent (*)

In accordance with GAAP, certain investments that are measured using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the carrying values disclosed in the accompanying statement of financial position. The following table discloses the nature and risks of the significant alternative investments at June 30:

	2023	2022	Redemption Notice Period
Canyon Balanced Fund (1)	$ 1,786,205	$ 1,801,301	90 Days
Conway Rief Onshore Access Fund (2)	1,697,245	1,650,709	10 Days
Ironwood Institutional Multi-Strategy Fund (3)	4,689,586	4,654,130	30 - 120 Days
State Street Global Advisors Trust (4)	35,345,394	28,995,820	N/A
	$ 43,518,430	$ 37,101,960	

There are no unfunded commitments associated with these investments.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments Measured at Net Asset Value Per Share or Equivalent (*) (Continued)

(1) Canyon Balanced Fund – The Balanced Fund's investment objective is to seek long-term capital appreciation and current income through investing in a combination of equity securities, fixed-income securities and derivatives.

(2) Conway Rief Onshore Access Fund – The Access Fund invests exclusively into one Private Investment Fund. This investment is subject to the terms of the respective agreements, private placement memoranda and other governing agreements of such Private Investment Fund.

(3) Ironwood Institutional Multi-Strategy Fund – The Multi-Strategy Fund's investment objective is to seek long-term capital appreciation and current income through investing in a combination of equity securities, fixed-income securities and derivatives. All funds can be redeemed on a quarterly basis.

(4) State Street Global Advisors Trust Fund – The Fund seeks an investment return that approximates, as closely as practicable, before expenses, the performance of the S&P 500® over the long term. The Fund implements a screen of certain social or environmental criteria.

Net Assets

Net assets, along with revenues, expenses, gains and losses, are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation 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. Included within this category are Board-designated net assets, which are funds not specifically restricted by outside donors, but designated by the Board of Directors for a specific purpose.

- 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 such resources be maintained in perpetuity.

Contributions

Contribution revenues are recorded as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. All restricted contributions are reported as an increase in net assets with donor restrictions. Contributions subject to temporary donor-imposed restrictions are recorded as support with donor restrictions and are reclassified to support without donor restrictions when the donor-imposed restriction has been fulfilled or the stipulated time period has elapsed.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Split-interest Agreements

The Foundation has entered into a number of charitable gift annuity ("CGA") agreements with its donors. Under the terms of these agreements, the donor contributes assets to the Foundation in exchange for the right to receive a fixed-dollar annual return during the life of the annuitant(s).

At the inception of the CGA agreement, the excess of the fair value of assets received over the present value of annuity payments to be made to annuitant(s) is recognized as a contribution at the date of gift. The annuity liability is reported at the estimated present value of future cash outflows, based on discount rates and mortality tables. The annuity liabilities are revalued annually. Actuarial changes are included in investment income (loss), net on the statement of activities and changes in net assets.

The contributed funds and the related liabilities immediately become part of the general assets and liabilities of the Foundation. The Foundation maintains adequate reserve funds to meet future payments under its charitable gift annuity contracts as required by state law. The cash and investments related to the charitable gift annuities and state reserve requirements totaled $440,909 and $474,215 at June 30, 2023 and 2022, respectively.

Custodian Funds Payable

The Foundation manages a fund for the Archdiocese, who acts as the Trustee. The fund is invested and managed in the Foundation's name and the Foundation receives a fee for managing the fund. Distributions from the fund are made at the beneficiary's request and in accordance with the Foundation's policies and procedures.

Beneficiary Endowments

Beneficiary endowments represent funds that have been legally and permanently transferred to the Foundation for long-term investment purposes in which the transferring organization named itself, as the beneficiary of the investment income earned on the funds. Distributions are made to the beneficiary organization based on the terms of an endowment agreement between the Foundation and the transferring organization. These funds are reported as a liability in the statement of financial position.

Allocation of Functional Expenses

The costs of providing the various programs and other activities are summarized on a functional basis in the accompanying statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include conference and meeting costs, advertising, and rent as well as salaries, benefits, payroll taxes, contract labor, professional fees, office expenses, and other, which are allocated on the basis of estimates of time and effort.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, as amended, and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision or liability for federal and state income taxes has been recorded in the accompanying financial statements.

The Foundation annually evaluates all federal and state income tax positions. This process includes an analysis of whether these income tax positions the Foundation takes meet the definition of an uncertain tax position under the Income Taxes Topic of the Financial Accounting Standards Codification. In the normal course of business, the Foundation is subject to examination by the federal and state taxing authorities. In general, the Foundation is no longer subject to tax examinations for tax years ending before June 30, 2020.

Subsequent Events

Management has evaluated subsequent events through the date of this report, which is the date the financial statements were available to be issued.

NOTE 3 – ENDOWMENT FUNDS

GAAP requires the following financial statement disclosures for the Foundation:

- Classification of net assets

  Endowment funds are used to account for investments in which the principal is donor-restricted or Board-designated for a specific purpose.

- Interpretation of Relevant Law

  The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”), enacted in the state of Georgia, 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 restriction as the original value of gifts donated to the donor restricted endowment, and the original value of subsequent gifts to the donor restricted endowment. Investment income from the donor restricted endowment is classified as net assets with donor restrictions (a purpose restriction) until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the donor stipulated purpose within the standard produce prescribed by UPMIFA.

NOTE 3 – ENDOWMENT FUNDS (Continued)

- Interpretation of Relevant Law (Continued)

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

  (1) The duration and preservation of the fund
  (2) The purposes of the Foundation and the donor-restricted endowment fund
  (3) General economic conditions
  (4) The possible effect of inflation and deflation
  (5) The expected total return from income and the appreciation of investments
  (6) Other resources of the Foundation
  (7) The investment policies of the Foundation

- 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 its endowment 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 or for a donor-specified period(s) as well as board-designated funds.

- Spending Policy and Strategies Employed for Achieving Objectives

  The Foundation's spending policy reflects the fundamental objective of preserving and enhancing the resources of the Foundation, both at present and in the future. Current spending and the long-term objectives of preserving and enhancing the assets are balanced by considerations given to reasonable expectations of investment returns, contributions, operating expenses, and inflation. The Foundation has a policy of appropriating for distribution each year amounts that are required to be distributed under the terms of donor-restricted endowment agreements and amounts needed to fund grants and other distributions. 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 a rate that will maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

- Underwater 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 complied with UPMIFA to permit spending from an underwater endowment.

NOTE 3 – ENDOWMENT FUNDS (Continued)

- Underwater Endowment Funds (Continued)

  At June 30, 2023, deficiencies of this nature exist in 37 donors' restricted endowments, which has an original gift value of $13,492,301, a current fair value of $13,302,633, and a deficiency of $186,668, and is reported in net assets with donor restrictions. At June 30, 2022, deficiencies of this nature exist in 49 donors' restricted endowments, which has an original gift value of $2,451,675, a current fair value of $2,175,949, and a deficiency of $275,726, and is reported in net assets with donor restrictions.

The following is a reconciliation of the beginning and ending balances of the Foundation's endowment net assets for the years ended June 30, 2023 and 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2021	$ 15,380,024	$ 63,991,346	$ 79,371,370
Contributions, net	1,820,962	5,283,350	7,104,312
Investment return, net	(2,486,867)	(8,773,825)	(11,260,692)
Appropriation of assets for expenditure	(707,400)	(2,116,664)	(2,824,064)
Endowment net assets, June 30, 2022	14,006,719	58,384,207	72,390,926
Contributions, net	4,146,220	2,838,193	6,984,413
Investment return, net	1,402,183	4,800,923	6,203,106
Appropriation of assets for expenditure	(1,122,399)	(1,611,064)	(2,733,463)
Endowment net assets, June 30, 2023	$ 18,432,723	$ 64,412,259	$ 82,844,982

NOTE 4 – NET ASSETS

Net assets with donor restrictions consists of the following at June 30:

	2023	2022
Subject to expenditure for specified purpose:		
Roman Catholic Archdiocese of Atlanta	$ 4,715,848	$ 4,273,178
Campus ministry	104,104	74,437
Cemeteries	2,770,248	2,439,270
Community service	4,387,429	3,829,266
Education	1,494,542	1,014,644
Operations	1,848,238	1,490,660
Parishes	3,432,264	2,147,301
Seminary	4,929,277	4,493,545
	23,681,950	19,762,301
Subject to spending policy and appropriation:		
Roman Catholic Archdiocese of Atlanta	1,899,060	1,899,060
Campus ministry	306,953	296,968
Cemeteries	294,158	294,158
Community service	6,224,037	4,797,391
Education	13,568,557	13,406,138
Operations	6,249,494	6,188,477
Parishes	7,604,131	7,161,296
Seminary	4,583,919	4,578,418
	40,730,309	38,621,906
Total net assets with donor restrictions	$ 64,412,259	$ 58,384,207

The Board of Directors has designated net assets without donor restrictions at June 30 for the following purposes:

	2023	2022
Charitable gift annuities	$ 440,909	$ 474,215
Donor advised funds	13,962,923	9,845,077
Operations	3,971,624	3,633,917
Parish and organizational support	57,267	53,510
	$ 18,432,723	$ 14,006,719

NOTE 5 – EMPLOYEE BENEFIT PLAN

The Foundation participates in a defined contribution plan (the "Plan"), which covers substantially all employees who are over the age of twenty-one and have completed one year of service. Contributions to the Plan are determined based on a percentage of the employees' salaries, not in excess of amounts allowable under the Internal Revenue Code. The Foundation's contributions to the Plan on behalf of the employees were $33,984 and $32,008, for the years ended June 30, 2023 and 2022, respectively.

NOTE 6 – OPERATING LEASE

On September 1, 2021, the Foundation entered in a lease agreement for office space. The lease requires monthly payments which are subject to annual increases and terminates in March 2028. As detailed in Note 2, the Foundation adopted ASU 2016-02, *Leases*, on July 1, 2022 and has recorded a ROU asset and operating lease liability which represents the present value of future lease payments using a discount rate of 2.88%, based on treasury rates effective July 2022 applied to the lease in accordance with its remaining lease term.

Gross operating lease liability	$ 527,083
Less: imputed interest	(36,374)
Present value of operating lease liability	$ 490,709

At June 30, 2023, the Foundation's operating lease liability was comprised of the following:

2024	$ 97,923
2025	109,829
2026	113,111
2027	116,508
2028	89,712
	527,083
Less imputed interest	(36,374)
	$ 490,709

NOTE 7 – LIQUIDITY AND AVAILABILITY OF RESOURCES

For purposes of analyzing resources available to meet general expenditures for subsequent years, the Foundation considers financial assets that will be collected and available for programs that are ongoing to the Foundation. Financial assets available within one year are as follows:

	2023	2022
Cash and cash equivalents	$ 1,770,164	$ 1,966,323
Investments	116,928,040	99,710,413
Other	728	2,403
Financial assets, at year end	118,698,932	101,679,139
Less amounts not available for general expenditures within one year:		
Board designated funds	(18,432,723)	(14,006,719)
Donor restricted funds	(64,412,259)	(58,384,207)
Beneficiary endowments	(34,710,314)	(28,186,954)
	(117,555,296)	(100,577,880)
Add back portion appropriated for expenditures within one year:	4,028,890	3,763,241
Financial assets available to meet cash needs for general expenditures within one year	$ 5,172,526	$ 4,864,500

The Foundation receives contributions with donor restrictions to be used in accordance with the purpose or time requirement made by the donor. A portion of these donor restricted funds can be used for operations within the next year, if needed (see Note 4). Additionally, $4,469,800 of board designated funds may be made available for operational purposes, if needed, with approval from the board. Other contributions received are to be held in perpetuity, however, the income generated from these endowments may be used to fund programs. The Foundation also receives certain support without donor restrictions which may be used by the Foundation to fund operations.