

**CATHOLIC FOUNDATION OF
SOUTHERN MINNESOTA
AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL
STATEMENTS WITH INDEPENDENT
AUDITORS' REPORT**

JUNE 30, 2023 AND 2022

**CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA
AND SUBSIDIARY**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Catholic Foundation of Southern Minnesota and Subsidiary
Winona, Minnesota

Opinion

We have audited the accompanying consolidated financial statements of Catholic Foundation of Southern Minnesota and Subsidiary (the "Foundation") (a nonprofit Foundation), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Catholic Foundation of Southern Minnesota and Subsidiary as of June 30, 2023 and 2022, and the changes in their net assets and their 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 Catholic Foundation of Southern Minnesota and Subsidiary 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 these 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 Catholic Foundation of Southern Minnesota and Subsidiary's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibility 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 Catholic Foundation of Southern Minnesota and Subsidiary'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 Catholic Foundation of Southern Minnesota and Subsidiary'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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information included on pages 22 through 27 is presented for additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
November 30, 2023

**CATHOLIC FOUNDATION OF SOUTHERN
MINNESOTA
AND SUBSIDIARY**

CONSOLIDATED FINANCIAL STATEMENTS

**CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA
AND SUBSIDIARY**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<u>ASSETS</u>	JUNE 30,	
	2023	2022
Cash and cash equivalents	\$ 22,210	\$ 361,129
Pledges receivables, net	71,623	126,891
Prepays	17,193	-
Accounts receivable	16,044	11,497
Property and equipment, net	9,329	11,598
Land contract receivable	191,963	200,692
Cash and cash equivalents - restricted	1,399,633	1,448,957
Investments	<u>33,589,813</u>	<u>28,331,051</u>
TOTAL ASSETS	<u>\$ 35,317,808</u>	<u>\$ 30,491,815</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 61,082	\$ 29,509
Funds held for others	21,000,526	16,786,043
TOTAL LIABILITIES	<u>21,061,608</u>	<u>16,815,552</u>
NET ASSETS		
Without donor restrictions	361,816	296,805
With donor restrictions	13,894,384	13,379,458
TOTAL NET ASSETS	<u>14,256,200</u>	<u>13,676,263</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 35,317,808</u>	<u>\$ 30,491,815</u>

The accompanying notes are an integral part of these statements.

**CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA
AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES**

YEAR ENDED
JUNE 30,

	2023			2022		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE AND OTHER SUPPORT						
Contributions	\$ 8,471	\$ 2,253,465	\$ 2,261,936	\$ 28,496	\$ 2,444,394	\$ 2,472,890
In-kind contributions	-	-	-	-	-	-
Service fee revenue	307,851	-	307,851	243,939	-	243,939
Interest Income	4,154	-	4,154	4,331	-	4,331
Investment return, net of fees	197,710	1,126,238	1,323,948	(77,115)	(1,816,412)	(1,893,527)
Net assets released from restrictions	2,864,777	(2,864,777)	-	2,733,894	(2,733,894)	-
TOTAL REVENUE AND OTHER SUPPORT	3,382,963	514,926	3,897,889	2,933,545	(2,105,912)	827,633
EXPENSES						
Program services	2,957,235	-	2,957,235	2,815,907	-	2,815,907
Management & general	360,717	-	360,717	300,455	-	300,455
TOTAL EXPENSES	3,317,952	-	3,317,952	3,116,362	-	3,116,362
CHANGE IN NET ASSETS	65,011	514,926	579,937	(182,817)	(2,105,912)	(2,288,729)
NET ASSETS, BEGINNING OF YEAR	296,805	13,379,458	13,676,263	479,622	15,485,370	15,964,992
NET ASSETS, END OF YEAR	\$ 361,816	\$ 13,894,384	\$ 14,256,200	\$ 296,805	\$ 13,379,458	\$ 13,676,263

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

**CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA
AND SUBSIDIARY**
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	TOTAL
Distributions to the Diocese	\$ 1,803,109	\$ -	\$ 1,803,109
Distributions to others	775,127	-	775,127
Distributions to parishes	269,095	-	269,095
Payroll	88,066	169,569	257,635
Payroll taxes	6,737	8,699	15,436
Health insurance	11,735	3,402	15,137
Retirement	3,366	7,527	10,893
Professional fees	-	73,653	73,653
Office supplies	-	28,507	28,507
Financial institution fees	-	5,233	5,233
Insurance	-	9,380	9,380
Postage	-	719	719
Travel	-	7,987	7,987
Website development and maintenance	-	1,986	1,986
Depreciation	-	4,538	4,538
Miscellaneous	-	39,517	39,517
TOTAL FUNCTIONAL EXPENSES	<u>\$ 2,957,235</u>	<u>\$ 360,717</u>	<u>\$ 3,317,952</u>

The accompanying notes are an integral part of these statements.

**CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA
AND SUBSIDIARY**
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>TOTAL</u>
Distributions to the Diocese	\$ 1,769,538	\$ -	\$ 1,769,538
Distributions to others	623,624	-	623,624
Distributions to parishes	322,467	-	322,467
Payroll	77,848	149,894	227,742
Payroll taxes	5,955	8,158	14,113
Health insurance	13,544	3,926	17,470
Retirement	2,931	6,555	9,486
Professional fees	-	60,817	60,817
Office supplies	-	23,871	23,871
Financial institution fees	-	2,689	2,689
Insurance	-	7,842	7,842
Postage	-	1,090	1,090
Travel	-	7,182	7,182
Website development and maintenance	-	540	540
Depreciation	-	3,782	3,782
Miscellaneous	-	24,109	24,109
TOTAL FUNCTIONAL EXPENSES	<u>\$ 2,815,907</u>	<u>\$ 300,455</u>	<u>\$ 3,116,362</u>

The accompanying notes are an integral part of these statements.

**CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA
AND SUBSIDIARY**

CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEAR ENDED	
	JUNE 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 579,937	\$ (2,288,729)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	4,538	3,782
Allowance for uncollectible pledges receivable	-	(1,700)
Net realized and unrealized (gains) losses on investments	(2,414,149)	6,258,647
Contributions restricted for investment in endowment	(2,825)	(850)
Change in assets and liabilities		
(Increase) decrease in assets		
Prepays	(17,193)	124,931
Pledges receivable	55,268	90,415
Accounts receivable	(3,647)	(5,703)
Land contract receivable	8,729	8,552
Increase (decrease) in liabilities		
Accounts payable and accrued liabilities	30,673	(8,269)
Funds held for others	4,214,483	(1,294,900)
Immaculate Heart of Mary Seminary - Phase 2 payable, net	-	(84,271)
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,455,814	2,801,905
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(6,818,580)	(7,240,231)
Purchase of fixed assets	(2,270)	-
Proceeds on sales of investments	3,973,968	4,568,091
NET CASH (USED IN) INVESTING ACTIVITIES	(2,846,882)	(2,672,140)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions restricted for endowment	2,825	850
NET (DECREASE) INCREASE IN CASH AND RESTRICTED CASH	(388,243)	130,615
CASH AND RESTRICTED CASH AT BEGINNING OF YEAR	1,810,086	1,679,471
CASH AND RESTRICTED CASH AT END OF YEAR	\$ 1,421,843	\$ 1,810,086
<u>RECONCILIATION OF CASH AND RESTRICTED CASH PER STATEMENT OF CASH FLOWS TO THE STATEMENTS OF FINANCIAL POSITION</u>		
Cash - operations	\$ 22,210	\$ 361,129
Restricted cash	1,399,633	1,448,957
TOTAL CASH AND RESTRICTED CASH SHOWN IN THE STATEMENTS OF CASH FLOWS	\$ 1,421,843	\$ 1,810,086

The accompanying notes are an integral part of these statements.

**CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA
AND SUBSIDIARY**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities:

The Catholic Foundation of Southern Minnesota (the "Foundation") is a nonprofit Foundation organized under Chapter 317A of the Minnesota Statutes. The Foundation is organized and shall be operated exclusively for religious, charitable, and educational purposes within the geographical boundaries of the Diocese of Winona - Rochester (the "Diocese") located in southern Minnesota. The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

CFSM Real Estate Holdings LLC, a consolidated subsidiary is operating in the State of Minnesota as a limited liability corporation and is solely owned by Catholic Foundation of Southern Minnesota. The purpose of the Company is to hold and manage real estate and other property to make distributions to the Stevermer St. Peter & Paul Catholic Church Fund. Any future real estate contributions that are received by Catholic Foundation of Southern Minnesota will be held within the CFSM Real State Holding LLC.

The fiscal year end for Catholic Foundation of Southern Minnesota and CFSM Real Estate Holdings LLC is June 30.

Summary of Significant Accounting Policies:

Consolidation - The consolidated financial statements include the accounts of the Foundation and the subsidiary, CFSM Real Estate Holdings, LLC, which was organized in 2020. Intercompany transactions have been eliminated.

Basis of Accounting - The consolidated financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation - The accompanying consolidated financial statements are prepared in accordance with the accounting principles generally accepted in the United States of America (U.S. GAAP) as codified by the Financial Accounting Standards Board.

The Foundation is required to report information regarding its net assets and activities based on the existence or absence of donor or grantor 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. The governing board has designated, from net assets and without donor restrictions, net assets for the education of priests and seminarians.
- *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. 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.

**CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA
AND SUBSIDIARY**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
JUNE 30, 2023 AND 2022

NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies - Continued

Cash and Cash Equivalents - The Foundation's cash and cash equivalents consist of cash on deposit with banks. For purposes of the statements of cash flows, the Foundation considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents. However, the Foundation does not consider cash, money market accounts, or certificates of deposits included as investments to be cash equivalents for the statements of cash flows. The Foundation does not have any cash equivalents as of June 30, 2023 and 2022.

Accounts Receivable - Receivables are stated at the amount the Foundation expects to collect from outstanding balances. Management provides for uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after the Foundation has used reasonable collection efforts are written off through a charge of the valuation allowance and a credit to accounts receivable. Management believes all receivables are collectible; accordingly, no allowance has been recorded.

Pledges Receivable - Unconditional pledges receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional pledges receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional pledges receivable are not included as support until the conditions are substantially met. Management provides for uncollectible amounts through an adjustment to a valuation allowance based on its assessment of the current status of individual pledges.

Restricted Cash and Cash Equivalents - Restricted cash and cash equivalents consist of deposits held in financial institutions that are donor designated or custodial funds.

Investments - Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position. The aggregate of (a) the unrealized appreciation (depreciation) in the fair value of investments during the year (b) the realized gains (losses) on sales of investments during the year (c) dividend income, and (d) interest income, net of fees, are reflected in investment return on the statements of activities. Purchases and sales of securities are recorded on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Dividends are recorded on the ex-dividend date.

Property and Equipment - All acquisitions of property and equipment in excess of \$5,000 with useful lives greater than one year are capitalized. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed on the straight-line method based on the following estimated useful lives:

<u>Asset</u>	<u>Life</u>
Furniture, fixtures and equipment	5 - 7 years
Vehicles	5 years

Funds Held for Others - The Foundation acts as an agent for other Catholic religious and charitable institutions within the geographic area of the Diocese by managing endowment funds and other assets for them. The Foundation is the custodian for several funds, subject to donor restrictions that are to exclusively benefit a named organization, and the Foundation serves as trustee of a number of charitable trusts. The investment income from funds held for others is distributed to various charities and individuals in accordance with the depositors' directions or donor restrictions as applicable.

**CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA
AND SUBSIDIARY**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
JUNE 30, 2023 AND 2022

NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies - Continued

Catholic Ministries Appeal - The Foundation's primary source of activity is from the Catholic Ministries Appeal (the "CMA"). The Foundation solicits donations for the Appeal beginning in the first quarter each year. Each parish within the Diocese has a fundraising goal. In the event a parish exceeds its goal, the Foundation distributes 100 percent of the excess to the parish in the form of a rebate. After July 1 of the Appeal year, the Board of Directors may approve grants to the Diocese of Winona - Rochester to reimburse the Diocese for expenditures that are consistent with the restricted purposes specifically designated in the Appeal solicitation materials. Appeal funds are recorded as net assets with donor restrictions on the accompanying statements of financial position.

Campaign Pledges Payable - Diocesan organizations contract with the Foundation to raise and track funds on their behalf. These are agency transactions. Pledges are recorded for these campaigns with a corresponding pledge payable until amounts are paid to the entity.

Revenue Recognition - The Foundation records the following exchange transaction revenue in its statements of activities and changes in net assets:

Administrative fees assessed to funds are based on an analysis of the fee structures used by 34 Catholic Foundations. Fees range from 1.00 to 1.25 percent as of June 30, 2023 and 2022, depending on the level of the involvement of Foundation staff to manage the funds.

Service fee revenue provides fundraising support for Diocesan entities for a set fee plus out-of-pocket expenses. Revenue is recognized as billed.

Contribution Recognition - Contributions are recognized when received or unconditionally pledged. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions.

Grant Recognition - Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award:

Grant awards that are contributions - Grant awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

Grant awards that are exchange transactions - Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the Foundation expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability.

In-Kind Contributions - The Foundation records the value of donated goods when there is an objective basis to measure the value. Donated goods are reflected as in-kind contributions in the accompanying consolidated statements of activities. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. The Foundation did not receive any in-kind donations for the years ended June 30, 2023 and 2022, respectively.

**CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA
AND SUBSIDIARY**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
JUNE 30, 2023 AND 2022

NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies - Continued

Functional Expenses - The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. Those expenses include salaries and wages, benefits, payroll taxes, professional services and certain office expenses, which are allocated based on estimates of time and usage as determined by a time and cost study.

Advertising Costs - Advertising costs are expensed as incurred and totaled \$6,257 and \$2,800 for the years ended June 30, 2023 and 2022, respectively.

Tax Status - The Foundation is a not-for-profit Foundation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as a Foundation other than a private foundation by Section 509(a)(2). The Foundation is also exempt from state taxation.

The Subsidiary is a 501(c)(3) and is a disregarded entity.

Accounting for Uncertainty in Income Taxes - U.S. GAAP requires management to evaluate tax positions taken by the Foundation and recognize a tax liability (or asset) if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by a taxing authority. Management has analyzed the tax positions taken by the Foundation and has concluded that as of June 30, 2023 and 2022, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements. The Foundation is subject to routine audits by taxing jurisdictions, however, there are currently no audits in progress for any tax period. The Foundation will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred.

Use of Estimates - The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications - Certain accounts in the prior year financial statements have been reclassified for comparative purpose to conform to the presentation of the current year's financial statements.

Subsequent Events - The Foundation evaluated subsequent events through November 30, 2023, the date which the consolidated financial statements were available to be issued.

NOTE 2 - Concentration of Cash and Credit Risk

The Foundation may have deposits with a financial institution at times during the year that exceed the Federal Deposit Insurance Corporation (FDIC) insurance threshold of \$250,000. The amount of the accounting loss that the Foundation would have incurred had the financial institution not been able to return monies in excess of \$250,000 amounted to \$1,097,599 and \$1,716,455 as of June 30, 2023 and 2022, respectively. The Foundation does not require collateral or other security to support deposits subject to this credit risk.

**CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA
AND SUBSIDIARY**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
JUNE 30, 2023 AND 2022

NOTE 3 - Liquidity and Availability

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

	JUNE 30,	
	2023	2022
Cash and cash equivalents	\$ 22,210	\$ 361,129
Accounts receivable	16,044	11,497
Cash and cash equivalents - restricted	1,399,633	1,448,957
Investments	33,589,813	28,331,051
Total financial assets available within one year	35,027,700	30,152,634
Less amounts not available for general expenditure within one year:		
Net assets with donor restrictions	(13,702,421)	(13,178,766)
Funds held for others	(20,997,973)	(16,623,869)
Board designated net assets	(53,953)	(42,575)
TOTAL FINANCIAL ASSETS AVAILABLE TO MANAGEMENT FOR GENERAL EXPENDITURE WITHIN ONE YEAR	\$ 273,353	\$ 307,424

Liquidity Management

The Foundation maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Foundation's board-designated funds of \$53,953 and \$42,575 for years ended June 30, 2023 and 2022, respectively, are described in Note 11. Although the Foundation does not intend to spend from these board-designated funds (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

NOTE 4 - Investments and Endowment Funds

The following is a summary of investments:

	JUNE 30, 2023		
	COST	FAIR VALUE	UNREALIZED APPRECIATION
Money Market	\$ 275,919	\$ 275,919	\$ -
Common and Collective Funds	30,806,375	33,313,894	2,507,519
TOTAL INVESTMENTS	\$ 31,082,294	\$ 33,589,813	\$ 2,507,519
	JUNE 30, 2022		
	COST	FAIR VALUE	UNREALIZED (DEPRECIATION)
Money Market	\$ 65,498	\$ 65,498	\$ -
Common and Collective Funds	28,818,152	28,265,553	(552,599)
TOTAL INVESTMENTS	\$ 28,883,650	\$ 28,331,051	\$ (552,599)

**CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA
AND SUBSIDIARY**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
JUNE 30, 2023 AND 2022

NOTE 4 - Investments and Endowment Funds - Continued

The following schedule summarizes the investment return and its classification in the statements of activities.

	JUNE 30,	
	2023	2022
Interest and dividends, net of fees	\$ 317,184	\$ 812,630
Realized (loss) gain	(247,893)	117,593
Unrealized gain (loss)	1,254,657	(2,823,750)
TOTAL INVESTMENT RETURN	<u>\$ 1,323,948</u>	<u>\$ (1,893,527)</u>

For the years ended June 30, 2023 and 2022, realized and unrealized gains (losses) of \$1,407,798 and (\$3,552,490), respectively, and interest income of \$486,161 and \$1,032,207, respectively, related to funds held for others, are not included in the statements of activities. Investment income (loss) is \$3,217,907 and (\$4,413,811) for all investments, including those that are held for others for the years ended June 30, 2023 and 2022, respectively.

NOTE 5 - Unconditional Promises to Give

The Foundation's pledges receivable consist of pledges to support the Catholic Ministries Appeal, Seminarian Education Fund, St. Joachim Plainview Rectory, and Caledonia Building of Faith. The aggregate collection of pledges receivable is as follows:

	JUNE 30,	
	2023	2022
Receivable in less than one year	\$ 71,623	\$ 126,001
Receivable in one to two years	-	890
Total pledges receivable	71,623	126,891
Less: Allowance for uncollectible pledges	-	-
NET PLEDGE RECEIVABLES	<u>\$ 71,623</u>	<u>\$ 126,891</u>

Amounts due in less than one year are reported at net realizable value. Amounts receivable in one to two years are discounted at 0.225 percent as of June 30, 2023 and 2022, and approximate their fair value.

Discounts on receivables were not material to financials for the years ended June 30, 2023 and 2022, and are not shown in the footnote.

The individual campaign balances are as follows:

	JUNE 30,	
	2023	2022
Seminarian Education Fund	\$ 150	\$ 900
Catholic Ministries Appeal	68,983	99,169
St. Joachim Plainview Rectory	-	4,240
Caledonia Building of Faith	2,490	22,582
	<u>\$ 71,623</u>	<u>\$ 126,891</u>

**CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA
AND SUBSIDIARY**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
JUNE 30, 2023 AND 2022

NOTE 6 - Land Contract Revenue

During the year ended June 30, 2021, property in Faribault County, MN that the Catholic Foundation of Southern Minnesota Real Estate Holding LLC received as a bequest was transferred from the decedent's estate. As a condition of the will, a beneficiary has exercised intent to purchase the property. As a result, a land contract receivable of \$209,244, has been recorded by the Subsidiary for a term of 10 years and an interest rate determined by the applicable IRS long-term rate for January of the preceding year provided that it is never greater than 8 percent annum. The balance of the land contract receivable was \$191,163 and \$200,692 as of June 30, 2023 and 2022, respectively. Payments of \$12,883 were due annually beginning October 1, 2022. Interest is fixed at 2.07 percent. Per the terms of the gift, payments on the land contract are to be used to pay expenses of the subsidiary and any funds remaining after paying administrative expenses are to be contributed to St. Peter & Paul Parish of Blue Earth. \$12,383 and \$6,942 were contributed to the fund for the years ended June 30, 2023 and 2022, respectively.

NOTE 7 - Property and Equipment

A summary of property and equipment is as follows:

	JUNE 30,	
	2023	2022
Vehicles	\$ 21,228	\$ 21,228
Equipment	7,515	5,245
TOTAL PROPERTY AND EQUIPMENT	28,743	26,473
Accumulated Depreciation	(19,414)	(14,875)
NET PROPERTY AND EQUIPMENTS	\$ 9,329	\$ 11,598

NOTE 8 - Fair Value Measurements

The Foundation has determined the fair value of certain assets in accordance with the provisions of U.S. GAAP, which provides a framework for measuring fair value under generally accepted accounting principles.

U.S. GAAP defines fair value as the exchange price that would be received for an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. U.S. GAAP requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. U.S. GAAP also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

Level 1 inputs consist of quoted prices in active markets for identical assets that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset. Level 3 inputs are unobservable inputs related to the asset.

The asset's fair value measurement within the fair value hierarchy is based on the lowest of any input that is significant to the fair value measurement. There have been no changes in the methodology used at June 30, 2023 and 2022.

Common/Collective Trust Funds: Valued at net asset value (NAV) of shares held by the Foundation at year end.

The method described above may produce a fair value calculation that may be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation method is appropriate and consistent with other market participants, the use of the methodology or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA
AND SUBSIDIARY**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
JUNE 30, 2023 AND 2022

NOTE 8 - Fair Value Measurements - Continued

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value on a receiving basis as of June 30, 2023 and 2022.

	FAIR VALUE MEASUREMENTS AT REPORTING DATE USING			
	JUNE 30, 2023	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Money Market	\$ 275,919	\$ 275,919	\$ -	\$ -
Common and Collective Funds	33,313,894	-	33,313,894	-
	<u>\$ 33,589,813</u>	<u>\$ 275,919</u>	<u>\$ 33,313,894</u>	<u>\$ -</u>

	FAIR VALUE MEASUREMENTS AT REPORTING DATE USING			
	JUNE 30, 2022	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Money Market	\$ 65,498	\$ 65,498	\$ -	\$ -
Common and Collective Funds	28,265,553	-	28,265,553	-
	<u>\$ 28,331,051</u>	<u>\$ 65,499</u>	<u>\$ 28,265,553</u>	<u>\$ -</u>

NOTE 9 - Funds Held for Others

Funds held for others consist of the following:

	JUNE 30,	
	2023	2022
Parish endowment funds	\$ 8,885,318	\$ 7,211,449
Cemetery endowment funds	2,145,268	1,688,158
Individual charitable trust funds	251,082	244,616
School endowment funds	1,698,856	1,422,698
Immaculate Heart Seminary funds	7,358,258	5,699,387
Other	661,744	519,735
	<u>\$ 21,000,526</u>	<u>\$ 16,786,043</u>

Parish and school endowment funds belong to the respective parish or school and are held and managed by the Foundation on their behalf. The Foundation is the custodian for the cemetery endowments subject to the restriction that the annual proceeds be used exclusively for the designated cemetery. Title to assets in the charitable trusts rests with the applicable trust and the Foundation merely serves as trustee. In accordance with GAAP, the Foundation must account for the fair market value of all these funds as both assets and liabilities on the statements of financial position.

**CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA
AND SUBSIDIARY**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
JUNE 30, 2023 AND 2022

NOTE 10 - Grants and Catholic Ministries Appeal Distributions Expense

The Foundation made the following grants to other Catholic religious and charitable institutions within the geographic area of the Diocese:

	YEAR ENDED	
	JUNE 30,	
	<u>2023</u>	<u>2022</u>
CMA distributions to Diocese of Winona-Rochester	\$ 1,803,109	\$ 1,769,538
CMA rebate distributions to Parishes	256,712	315,526
Grants to Diocese of Winona-Rochester	482,618	434,495
Grants to other Catholic religious and charitable institutions within the The geographic area of the Diocese	<u>304,892</u>	<u>196,070</u>
	<u>\$ 2,847,331</u>	<u>\$ 2,715,629</u>

NOTE 11 - Net Assets

Included in net assets without donor restrictions are amounts designated by the board for the following purposes:

	JUNE 30,	
	<u>2023</u>	<u>2022</u>
Education of Priests and Seminarians	<u>\$ 53,953</u>	<u>\$ 42,575</u>

Net assets with donor restrictions are restricted for the following purposes or periods:

	JUNE 30,	
	<u>2023</u>	<u>2022</u>
Subject to time restriction:		
Subject to expenditure for specified purpose:		
Catholic Ministries Appeal		
To support specific diocesan ministries	\$ 2,171,525	\$ 2,217,377
Seminarian Education Fund		
To be used to support the education of seminarians	711,888	744,735
Education of Priests and Seminarians		
To be used for the education of priests and seminarians	220,706	212,274
Scholarship fund for Catholic teachers to be used for higher education	-	17,885
Children and Aging in India		
To be used to educate the poor of India by providing tuition, school supplies, uniforms, and other essential needs	145,963	130,480
Seminarian Assistance		
To be used for miscellaneous unexpected expenses	571	1,499
Funds designated for St. Peter and Paul Parish of Blue Earth, MN	<u>191,963</u>	<u>200,692</u>
	<u>3,442,616</u>	<u>3,524,942</u>
Endowments		
Amounts required to be held in perpetuity		
Charitable Endowment		
Income to be used for the purpose of promoting, assisting, and furthering charitable causes	\$ 1,500,000	\$ 1,500,000
Income to be used for the benefit of Catholic parishes, schools, and institutions	21,713	21,713
Vocational or Trade Scholarships		
Income to be used to provide vocational or trade school scholarships to students from the Church of St. Felix in Wabasha, Minnesota - cluster	664,315	664,315

**CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA
AND SUBSIDIARY**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
JUNE 30, 2023 AND 2022

NOTE 11 - Net Assets - Continued

	JUNE 30,	
	2023	2022
Endowments - Continued		
Amounts required to be held in perpetuity		
Tuition Assistance		
Income to be used to provide tuition assistance for children attending Catholic Schools	\$ 1,992,325	\$ 1,992,325
Faith Formation		
Income to be used for faith formation needs	958,163	958,163
Education of Clergy		
Income to be used for the purposes of education of candidates to the priesthood, continuing education of priests and deacons, and formation of deacons	1,140,448	1,140,448
Income to be used for the purpose of paying tuition for Hispanic students in K-12 schools in the Diocese of Winona - Rochester	200,000	200,000
Income to be used for the purpose to support Co-Cathedral of St. John the Evangelist Organ Fund	223,860	221,635
Income to be used for the purpose to support Totus Tuus program of the Diocese of Winona - Rochester and its funding of scholarships for the needy and eligible youth in the program	64,240	63,640
Income to be used as perpetual care fund for Hart Cemetery	50,000	50,000
Income to be used for St. Casimir Parish maintenance	10,000	10,000
Income to be used for St. Casimir School - Wells	39,501	39,501
	6,864,565	6,861,740
Earnings subject to appropriation and expenditure for specified purposes:		
Charitable Endowment		
To be used for the purpose of promoting, assisting, and furthering charitable causes	898,801	747,970
To be used for the benefit of Catholic parishes, schools, and institutions	31,903	26,649
To be used to provide vocational or trade scholarships to students from the Church of St. Felix in Wabasha, Minnesota - cluster	304,802	249,412
Tuition Assistance		
To be used to provide tuition assistance for children attending Catholic schools	716,107	600,020
Faith Formation		
To be used for faith formation needs	611,661	479,369
Education of Clergy		
To be used for the purposes of education of candidates to the priesthood, continuing education of priests and deacons, and formation of deacons	598,665	525,684
To be used as a perpetual care fund for Hart Cemetery	11,123	4,258
To be used for St. Casimir Parish - Winona maintenance	2,398	1,183
To be for used for paying tuition for Hispanic students in K-12 schools in the Diocese of Winona - Rochester	147,740	131,273
To be used to support designated Catholic organizations within the Diocese of Winona - Rochester	150,093	135,489
To be used to further purposes of Catholic Charities of the Diocese of Winona - Rochester	119,310	121,732
To be used for the purpose to support Co-Cathedral of St. John the Evangelist Organ Fund	(1,473)	(23,118)
To be used for St. Casimir School - Wells	(3,927)	(7,145)
	3,587,203	2,992,776
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	\$ 13,894,384	\$ 13,379,458

**CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA
AND SUBSIDIARY**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
JUNE 30, 2023 AND 2022

NOTE 11 - Net Assets - Continued

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows:

	JUNE 30,	
	2023	2022
Expiration of time restrictions	\$ 8,729	\$ 28,897
Satisfaction of purpose restrictions:		
Catholic Ministry Appeal	2,059,821	2,081,373
Educational programs	259,160	254,900
Other	537,067	368,724
TOTAL RESTRICTIONS RELEASED	<u>\$ 2,864,777</u>	<u>\$ 2,733,894</u>

NOTE 12 - Endowment Funds

The Foundation's endowment fund consists of both donor-restricted endowment funds and donor restricted term endowment funds. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence of or absence of donor-imposed restrictions.

Interpretation of the Law - The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the amount of each endowment fund that is prudent for the uses, benefits, purposes, and duration which the endowment fund is established. In these consolidated financial statements, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by 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 purpose 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

Investing Policy - The Foundation has adopted an investment policy for endowment assets that attempts to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the principal and 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. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that proposes to preserve capital, provide growth in principal combined with sufficient return on investment that will generate continued income and interest in such a manner to satisfy anticipated liquidity requirements. All investments shall be made consistent with the Socially Responsible Investment Guidelines established by the United States Conference of Catholic Bishops. The Foundation expects its endowment funds, over time to provide an average rate of return of approximately 5 percent annually. Returns in any given year may vary from this amount.

**CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
JUNE 30, 2023 AND 2022

NOTE 12 - Endowment Funds - Continued

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 (dividends and interest). The Foundation targets a diversified asset allocation across a broad spectrum of investment strategies so as to provide a balance that will meet the total return objectives and avoid undue risk concentration in a single asset class or investment category.

Spending Policy - The Foundation has a policy of appropriating for distribution at the end of the fiscal year, absent any donor-imposed restrictions, based on the total investment earning earned for each endowment. Accordingly, the Foundation expects that this spending policy will allow the endowments to grow at an average rate of 5 percent, less any investment costs and/or fees over a rolling 12 quarters. This allows the Foundation to meet its goal to maintain the principal and purchasing power of the assets held in perpetuity or for a specified term, as well as allows additional real growth through investment return and new gifts.

Endowment Net Asset Composition by Type of Fund as of June 30, 2023:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Donor-restricted endowment funds:			
Original donor-restricted gift and amounts required to be maintained in perpetuity by donors	\$ -	\$ 6,864,565	\$ 6,864,565
Term endowment	-	229,835	229,835
Accumulated investment gains	-	3,357,368	3,357,368
TOTAL	<u>\$ -</u>	<u>\$ 10,451,768</u>	<u>\$ 10,451,768</u>

Endowment Net Asset Composition by Type of Fund as of June 30, 2022:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Donor-restricted endowment funds:			
Original donor-restricted gift and amounts required to be maintained in perpetuity by donors	\$ -	\$ 6,861,740	\$ 6,861,740
Term endowment	-	229,835	229,835
Accumulated investment gains	-	2,762,941	2,762,941
TOTAL	<u>\$ -</u>	<u>\$ 9,854,516</u>	<u>\$ 9,854,516</u>

Funds with Deficiencies - From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as fund of perpetual duration (underwater endowments). In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. The deficiencies may result from unfavorable market fluctuations that have occurred. The Foundation did not have any material deficiency as of June 30, 2023 and 2022.

**CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA
AND SUBSIDIARY**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
JUNE 30, 2023 AND 2022

NOTE 12 - Endowment Funds - Continued

Changes in Endowment Net Assets for the Year Ended June 30, 2023:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 9,854,516	\$ 9,854,516
Investment return, net	-	1,019,621	1,019,621
Contributions	-	2,825	2,825
Appropriation of endowment assets pursuant to spending-rate policy	-	(425,194)	(425,194)
Endowment net assets, end of year	<u><u>\$ -</u></u>	<u><u>\$ 10,451,768</u></u>	<u><u>\$ 10,451,768</u></u>

Changes in Endowment Net Assets for the Year Ended June 30, 2022:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 11,744,651	\$ 11,744,651
Investment return, net	-	(1,648,847)	(1,648,847)
Contributions	-	90,336	90,336
Appropriation of endowment assets pursuant to spending-rate policy	-	(331,624)	(331,624)
Endowment net assets, end of year	<u><u>\$ -</u></u>	<u><u>\$ 9,854,516</u></u>	<u><u>\$ 9,854,516</u></u>

NOTE 13 - Risks and Uncertainties

The Foundation's investments are exposed to various risks, such as interest rate, and market and credit risks. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the values of investments, it is reasonably possible that changes in risks in the near term could materially affect the amounts reported in the statements of financial position and the statements of activities.

**CATHOLIC FOUNDATION OF SOUTHERN
MINNESOTA
AND SUBSIDIARY**

SUPPLEMENTARY INFORMATION

**CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA
AND SUBSIDIARY**
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

<u>ASSETS</u>	<u>CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA</u>	<u>CFSM REAL ESTATE HOLDINGS LLC</u>	<u>ELIMINATING JOURNAL ENTRIES</u>	<u>TOTAL</u>
Cash and cash equivalents	\$ 22,210	\$ -	\$ -	\$ 22,210
Pledges receivables, net	71,623	-	-	71,623
Prepays	17,193	-	-	17,193
Accounts receivable	17,444	-	(1,400)	16,044
Property and equipment, net	9,329	-	-	9,329
Land contract receivable	-	191,963	-	191,963
Cash and cash equivalents - restricted	1,399,633	-	-	1,399,633
Investments	33,589,713	-	-	33,589,713
Investment in CFSM Real Estate Holdings LLC	100	-	-	100
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 35,127,245</u>	<u>\$ 191,963</u>	<u>\$ (1,400)</u>	<u>\$ 35,317,808</u>
 <u>LIABILITIES AND NET ASSETS</u>				
<u>LIABILITIES</u>				
Accounts payable and accrued liabilities	\$ 61,082	1,400	\$ (1,400)	\$ 61,082
Funds held for others	21,000,526	-	-	21,000,526
TOTAL LIABILITIES	<u>21,061,608</u>	<u>1,400</u>	<u>(1,400)</u>	<u>21,061,608</u>
 <u>NET ASSETS</u>				
Without donor restrictions	363,216	(1,400)	-	361,816
With donor restrictions	13,702,421	191,963	-	13,894,384
TOTAL NET ASSETS	<u>14,065,637</u>	<u>190,563</u>	<u>-</u>	<u>14,256,200</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 35,127,245</u>	<u>\$ 191,963</u>	<u>\$ (1,400)</u>	<u>\$ 35,317,808</u>

**CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA
AND SUBSIDIARY**
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

<u>ASSETS</u>	<u>CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA</u>	<u>CFSM REAL ESTATE HOLDINGS LLC</u>	<u>ELIMINATING JOURNAL ENTRIES</u>	<u>TOTAL</u>
Cash and cash equivalents	\$ 361,129	\$ -	\$ -	\$ 361,129
Pledges receivables, net	126,891	-	-	126,891
Prepays	-	-	-	-
Accounts receivable	12,397	-	(900)	11,497
Property and equipment, net	11,598	-	-	11,598
Land contract receivable	-	200,692	-	200,692
Cash and cash equivalents - restricted	1,448,957	-	-	1,448,957
Investments	28,330,951	-	-	28,330,951
Investment in CFSM Real Estate Holdings LLC	100	-	-	100
	<u>100</u>	<u>-</u>	<u>-</u>	<u>100</u>
TOTAL ASSETS	<u>\$ 30,292,023</u>	<u>\$ 200,692</u>	<u>\$ (900)</u>	<u>\$ 30,491,815</u>
 <u>LIABILITIES AND NET ASSETS</u>				
LIABILITIES				
Accounts payable and accrued liabilities	\$ 29,509	900	\$ (900)	\$ 29,509
Funds held for others	16,786,043	-	-	16,786,043
TOTAL LIABILITIES	<u>16,815,552</u>	<u>900</u>	<u>(900)</u>	<u>16,815,552</u>
 NET ASSETS				
Without donor restrictions	297,705	(900)	-	296,805
With donor restrictions	13,178,766	200,692	-	13,379,458
TOTAL NET ASSETS	<u>13,476,471</u>	<u>199,792</u>	<u>-</u>	<u>13,676,263</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 30,292,023</u>	<u>\$ 200,692</u>	<u>\$ (900)</u>	<u>\$ 30,491,815</u>

**CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA
AND SUBSIDIARY**
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	WITHOUT DONOR RESTRICTIONS		WITH DONOR RESTRICTIONS		ELIMINATING JOURNAL ENTRIES	TOTAL
	CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA	CFSM REAL ESTATE HOLDINGS LLC	CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA	CFSM REAL ESTATE HOLDINGS LLC		
REVENUE AND OTHER SUPPORT						
Contributions	\$ 8,471	\$ -	\$ 2,253,465	\$ -	\$ -	\$ 2,261,936
Interest Income	-	4,154	-	-	-	4,154
Service fee revenue	308,851	-	-	-	(1,000)	307,851
Investment return, net of fees	197,710	-	1,126,238	-	-	1,323,948
Net assets released from restrictions	<u>2,856,048</u>	<u>8,729</u>	<u>(2,856,048)</u>	<u>(8,729)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUE AND OTHER SUPPORT	<u>3,371,080</u>	<u>12,883</u>	<u>523,655</u>	<u>(8,729)</u>	<u>(1,000)</u>	<u>3,897,889</u>
EXPENSES						
Program services	2,944,852	12,383	-	-	-	2,957,235
Management & general	<u>360,717</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>(1,000)</u>	<u>360,717</u>
TOTAL EXPENSES	<u>3,305,569</u>	<u>13,383</u>	<u>-</u>	<u>-</u>	<u>(1,000)</u>	<u>3,317,952</u>
CHANGE IN NET ASSETS	65,511	(500)	523,655	(8,729)	-	579,937
NET ASSETS, BEGINNING OF YEAR	<u>297,705</u>	<u>(900)</u>	<u>13,178,766</u>	<u>200,692</u>	<u>-</u>	<u>13,676,263</u>
NET ASSETS, END OF YEAR	<u>\$ 363,216</u>	<u>\$ (1,400)</u>	<u>\$ 13,702,421</u>	<u>\$ 191,963</u>	<u>\$ -</u>	<u>\$ 14,256,200</u>

**CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA
AND SUBSIDIARY**
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	WITHOUT DONOR RESTRICTIONS		WITH DONOR RESTRICTIONS		ELIMINATING JOURNAL ENTRIES	TOTAL
	CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA	CFSM REAL ESTATE HOLDINGS LLC	CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA	CFSM REAL ESTATE HOLDINGS LLC		
REVENUE AND OTHER SUPPORT						
Contributions	\$ 28,496	\$ -	\$ 2,444,394	\$ -	\$ -	\$ 2,472,890
Interest income	-	4,331	-	-	-	4,331
Service fee revenue	244,939	-	-	-	(1,000)	243,939
Investment return, net of fees	(77,115)	-	(1,816,412)	-	-	(1,893,527)
Net assets released from restrictions	<u>2,725,342</u>	<u>8,552</u>	<u>(2,725,342)</u>	<u>(8,552)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUE AND OTHER SUPPORT	<u>2,921,662</u>	<u>12,883</u>	<u>(2,097,360)</u>	<u>(8,552)</u>	<u>(1,000)</u>	<u>827,633</u>
EXPENSES						
Program services	2,808,966	6,941	-	-	-	2,815,907
Management & general	<u>300,407</u>	<u>1,048</u>	<u>-</u>	<u>-</u>	<u>(1,000)</u>	<u>300,455</u>
TOTAL EXPENSES	<u>3,109,373</u>	<u>7,989</u>	<u>-</u>	<u>-</u>	<u>(1,000)</u>	<u>3,116,362</u>
CHANGE IN NET ASSETS	(187,711)	4,894	(2,097,360)	(8,552)	-	(2,288,729)
NET ASSETS, BEGINNING OF YEAR	<u>485,416</u>	<u>(5,794)</u>	<u>15,276,126</u>	<u>209,244</u>	<u>-</u>	<u>15,964,992</u>
NET ASSETS, END OF YEAR	<u>\$ 297,705</u>	<u>\$ (900)</u>	<u>\$ 13,178,766</u>	<u>\$ 200,692</u>	<u>\$ -</u>	<u>\$ 13,676,263</u>

**CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA
AND SUBSIDIARY**

**CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023**

	CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA	CFSM REAL ESTATE HOLDINGS LLC	ELIMINATING JOURNAL ENTRIES	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in net assets	\$ 589,166	\$ (9,229)	\$ -	\$ 579,937
Adjustments to reconcile change in net assets to net cash provided by operating activities				
Depreciation	4,538	-	-	4,538
Allowance for uncollectible pledges receivable	-	-	-	-
Net realized and unrealized losses on investments	(2,414,149)	-	-	(2,414,149)
Contributions restricted for investment in endowment	(2,825)	-	-	(2,825)
Change in assets and liabilities				
Decrease (increase) in assets				
Pledges receivable	55,268	-	-	55,268
Accounts receivable	(5,047)	-	1,400	(3,647)
Prepays	(17,193)	-	-	(17,193)
Land contract receivable	-	8,729	-	8,729
Increase (decrease) in liabilities				
Accounts payable and accrued liabilities	31,573	500	(1,400)	30,673
Funds held for others	4,214,483	-	-	4,214,483
Immaculate Heart of Mary Seminary - Phase 2 payable, net	-	-	-	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,455,814	-	-	2,455,814
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(6,818,580)	-	-	(6,818,580)
Purchase of fixed assets	(2,270)	-	-	(2,270)
Proceeds on sales of investments	3,973,968	-	-	3,973,968
NET CASH (USED IN) INVESTING ACTIVITIES	(2,846,882)	-	-	(2,846,882)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from contributions restricted for endowment	2,825	-	-	2,825
NET (DECREASE) INCREASE IN CASH AND RESTRICTED CASH	(388,243)	-	-	(388,243)
CASH AND RESTRICTED CASH AT BEGINNING OF YEAR	1,810,086	-	-	1,810,086
CASH AND RESTRICTED CASH AT END OF YEAR	\$ 1,421,843	\$ -	\$ -	\$ 1,421,843
 <u>RECONCILIATION OF CASH AND RESTRICTED CASH PER STATEMENT OF CASH FLOWS TO THE STATEMENTS OF FINANCIAL POSITION</u>				
Cash - operations	\$ 22,210	\$ -	\$ -	\$ 22,210
Restricted cash	1,399,633	-	-	1,399,633
TOTAL CASH AND RESTRICTED CASH SHOWN IN THE STATEMENTS OF CASH FLOWS	\$ 1,421,843	\$ -	\$ -	\$ 1,421,843

**CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA
AND SUBSIDIARY**

**CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022**

	CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA	CFSM REAL ESTATE HOLDINGS LLC	ELIMINATING JOURNAL ENTRIES	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in net assets	\$ (2,285,071)	\$ (3,658)	\$ -	\$ (2,288,729)
Adjustments to reconcile change in net assets to net cash provided by operating activities				
Depreciation	3,782	-	-	3,782
Allowance for uncollectible pledges receivable	(1,700)	-	-	(1,700)
Net realized and unrealized (gains) on investments	6,258,647	-	-	6,258,647
Contributions restricted for investment in endowment	(850)	-	-	(850)
Change in assets and liabilities				
Decrease (increase) in assets				
Pledges receivable	90,415	-	-	90,415
Accounts receivable	(6,603)	-	900	(5,703)
Prepays	124,931	-	-	124,931
Land contract receivable	-	8,552	-	8,552
(Decrease) increase in liabilities				
Accounts payable and accrued liabilities	(2,475)	(4,894)	(900)	(8,269)
Funds held for others	(1,294,900)	-	-	(1,294,900)
Immaculate Heart of Mary Seminary - Phase 2 payable, net	(84,271)	-	-	(84,271)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>2,801,905</u>	<u>-</u>	<u>-</u>	<u>2,801,905</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(7,240,231)	-	-	(7,240,231)
Proceeds on sales of investments	4,568,091	-	-	4,568,091
NET CASH (USED IN) INVESTING ACTIVITIES	<u>(2,672,140)</u>	<u>-</u>	<u>-</u>	<u>(2,672,140)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from contributions restricted for endowment	850	-	-	850
NET INCREASE IN CASH AND RESTRICTED CASH	130,615	-	-	130,615
CASH AND RESTRICTED CASH AT BEGINNING OF YEAR	<u>1,679,471</u>	<u>-</u>	<u>-</u>	<u>1,679,471</u>
CASH AND RESTRICTED CASH AT END OF YEAR	<u>\$ 1,810,086</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,810,086</u>
<u>RECONCILIATION OF CASH AND RESTRICTED CASH PER STATEMENT OF CASH FLOWS TO THE STATEMENTS OF FINANCIAL POSITION</u>				
Cash - operations	\$ 361,129	\$ -	\$ -	\$ 361,129
Restricted cash	1,448,957	-	-	1,448,957
TOTAL CASH AND RESTRICTED CASH SHOWN IN THE STATEMENTS OF CASH FLOWS	<u>\$ 1,810,086</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,810,086</u>