

**CATHOLIC FOUNDATION OF
SOUTHERN MINNESOTA
AND SUBSIDIARY**

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

JUNE 30, 2021 AND 2020

**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

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, 2021 and 2020, 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.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the consolidated financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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 its Subsidiary as of June 30, 2021 and 2020, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position, consolidating statement of activities, and consolidating statement of cash flows on pages 24 through 26 is presented for additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 financial statements as a whole.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
March 30, 2022

**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,	
	2021	2020
Cash and cash equivalents	\$ 279,065	\$ 41,272
Pledges receivables, net	215,606	234,867
Accounts receivable	-	37,203
Property and equipment, net	15,380	19,162
Land contract receivable	209,244	-
Cash and cash equivalents - restricted	1,400,406	1,356,012
Investments	31,917,558	24,274,268
TOTAL ASSETS	\$ 34,037,259	\$ 25,962,784
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 31,984	\$ 53,711
Funds held for others	18,070,054	13,124,274
Refundable advance (PPP Loan)	-	41,500
Pledge payable to Immaculate Heart of Mary Seminary - Phase 2, net	84,271	83,531
TOTAL LIABILITIES	18,186,309	13,303,016
NET ASSETS		
Without donor restrictions	365,580	289,708
With donor restrictions	15,485,370	12,370,060
TOTAL NET ASSETS	15,850,950	12,659,768
TOTAL LIABILITIES AND NET ASSETS	\$ 34,037,259	\$ 25,962,784

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,

	2021			2020		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE AND OTHER SUPPORT						
Contributions	\$ 127,441	\$ 2,700,659	\$ 2,828,100	\$ 30,005	\$ 2,220,405	\$ 2,250,410
In-kind contributions	13,756	209,244	223,000	-	-	-
Service fee revenue	324,204	-	324,204	367,020	-	367,020
PPP loan forgiveness	41,500	-	41,500	-	-	-
Investment income, net of fees	736,271	2,218,942	2,955,213	35,401	107,051	142,452
Net assets released from restrictions	<u>2,013,535</u>	<u>(2,013,535)</u>	<u>-</u>	<u>2,804,665</u>	<u>(2,804,665)</u>	<u>-</u>
TOTAL REVENUE AND OTHER SUPPORT	<u>3,256,707</u>	<u>3,115,310</u>	<u>6,372,017</u>	<u>3,237,091</u>	<u>(477,209)</u>	<u>2,759,882</u>
EXPENSES						
Program Services	2,865,249	-	2,865,249	2,985,714	-	2,985,714
Management & general	<u>315,586</u>	<u>-</u>	<u>315,586</u>	<u>224,239</u>	<u>-</u>	<u>224,239</u>
TOTAL EXPENSES	<u>3,180,835</u>	<u>-</u>	<u>3,180,835</u>	<u>3,209,953</u>	<u>-</u>	<u>3,209,953</u>
CHANGE IN NET ASSETS	75,872	3,115,310	3,191,182	27,138	(477,209)	(450,071)
NET ASSETS, BEGINNING OF YEAR	<u>289,708</u>	<u>12,370,060</u>	<u>12,659,768</u>	<u>262,570</u>	<u>12,847,269</u>	<u>13,109,839</u>
NET ASSETS, END OF YEAR	<u>\$ 365,580</u>	<u>\$ 15,485,370</u>	<u>\$ 15,850,950</u>	<u>\$ 289,708</u>	<u>\$ 12,370,060</u>	<u>\$ 12,659,768</u>

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, 2021

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	TOTAL
Distributions to the Diocese	\$ 2,242,110	\$ -	\$ 2,242,110
Distributions to others	265,367	-	265,367
Distributions to parishes	160,754	-	160,754
Payroll	76,600	147,491	224,091
Payroll taxes	4,248	9,849	14,097
Health insurance	15,850	4,594	20,444
Retirement	3,292	7,362	10,654
Professional fees	-	92,823	92,823
Supplies	-	20,142	20,142
Financial institution fees	-	3,554	3,554
Insurance	-	7,457	7,457
Postage	-	2,076	2,076
Travel	-	1,221	1,221
Website development and maintenance	-	1,847	1,847
Depreciation	-	3,782	3,782
Reimbursable campaign expenses	97,028	-	97,028
Miscellaneous	-	13,388	13,388
TOTAL FUNCTIONAL EXPENSES	<u>\$ 2,865,249</u>	<u>\$ 315,586</u>	<u>\$ 3,180,835</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, 2020

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	TOTAL
Distributions to the Diocese	\$ 2,260,402	\$ -	\$ 2,260,402
Distributions to others	282,600	-	282,600
Distributions to parishes	186,810	-	186,810
Payroll	65,949	51,273	117,222
Payroll taxes	4,811	3,609	8,420
Health insurance	-	4,298	4,298
Retirement	3,648	3,011	6,659
Professional fees	3,688	74,647	78,335
Supplies	27,550	2,710	30,260
Financial institution fees	-	10,336	10,336
Insurance	4,298	8,464	12,762
Postage	103	1,615	1,718
Travel	-	7,184	7,184
Website development and maintenance	-	2,850	2,850
Depreciation	-	3,782	3,782
Reimbursable campaign expenses	145,217	-	145,217
Miscellaneous	638	50,460	51,098
TOTAL FUNCTIONAL EXPENSES	<u>\$ 2,985,714</u>	<u>\$ 224,239</u>	<u>\$ 3,209,953</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,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,191,182	\$ (450,071)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	3,782	3,782
Allowance for uncollectible pledges receivable	(600)	(441,000)
Discount on pledges receivable	(140)	(2,060)
Net realized and unrealized (gains) losses on investments	(6,297,522)	96,305
Contributions restricted for investment in endowment	(224,035)	(1,200)
Change in assets and liabilities		
Decrease (increase) in assets		
Pledges receivable	20,001	612,549
Accounts receivable	37,203	357,773
Land contract receivable	(209,244)	-
(Decrease) increase in liabilities		
Refundable advance (PPP Loan)	(41,500)	41,500
Accounts payable and accrued liabilities	(21,727)	(352,471)
Funds held for others	4,945,780	406,838
Immaculate Heart of Mary Seminary - Phase 2 payable, net	740	801
Pledges payable to other Catholic religious and charitable institutions within the geographic area of the Diocese - Rooted in Faith		
Campaign, net	-	(16,443)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,403,920	256,303
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(19,073,027)	(1,688,611)
Proceeds on sales of investments	17,727,259	1,413,040
NET CASH (USED IN) INVESTING ACTIVITIES	(1,345,768)	(275,571)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions restricted for endowment	224,035	1,200
NET INCREASE (DECREASE) IN CASH AND RESTRICTED CASH	282,187	(18,068)
CASH AND RESTRICTED CASH AT BEGINNING OF YEAR	1,397,284	1,415,352
CASH AND RESTRICTED CASH AT END OF YEAR	\$ 1,679,471	\$ 1,397,284
<u>RECONCILIATION OF CASH AND RESTRICTED CASH PER STATEMENT OF CASH FLOWS TO THE STATEMENTS OF FINANCIAL POSITION</u>		
Cash - operations	\$ 279,065	\$ 41,272
Restricted cash	1,400,406	1,356,012
TOTAL CASH AND RESTRICTED CASH SHOWN IN THE STATEMENTS OF CASH FLOWS	\$ 1,679,471	\$ 1,397,284
<u>SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES</u>		
Land acquired from in-kind contribution and sold on land contract	\$ 223,000	\$ -

The accompanying notes are an integral part of these statements.

**CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA
AND SUBSIDIARY**
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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 owed 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.

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 FINANCIAL STATEMENTS - Continued
JUNE 30, 2021 AND 2020

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

Recent Accounting Pronouncements - In September 2020, the FASB issued Accounting Standards Update 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958) effective for annual reporting periods beginning after June 15, 2021. Under the new guidance, gifts-in-kind will be required to be presented as a separate line item on the statements of activities and additional disclosures will be required. The Foundation is currently evaluating the impact this guidance will have on the financial statements.

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, 2021 and 2020.

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. The discounts on those amounts are computed using bond interest rates applicable to the years in which the pledges are received. The discount is offset by a corresponding decrease of the related pledges payable to other Catholic religious and charitable institutions within the geographic area of the Diocese as described in Note 10. 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. This allowance is offset by a corresponding decrease of the related pledges payable to Foundation as described in Note 10.

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.

**CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA
AND SUBSIDIARY**

NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2021 AND 2020

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

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	7 - 10 years
Vehicles	5 - 7 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 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, 2021 and 2020, 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.

**CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA
AND SUBSIDIARY**

NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2021 AND 2020

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

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 received donated land of \$223,000 and \$-0- for the years ended June 30, 2021 and 2020, respectively.

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 \$1,643 and \$2,157 for the years ended June 30, 2021 and 2020, 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, 2021 and 2020, 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.

**CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA
AND SUBSIDIARY**

NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2021 AND 2020

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

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 March 30, 2022, 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 \$1,572,122 and \$1,350,522 as of June 30, 2021 and 2020, respectively. The Foundation does not require collateral or other security to support deposits subject to this credit risk.

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,	
	2021	2020
Cash and cash equivalents	\$ 279,065	\$ 41,272
Accounts receivable	-	37,203
Cash and cash equivalents - restricted	1,400,406	1,356,012
Investments	<u>31,917,558</u>	<u>24,274,268</u>
Total financial assets available within one year	33,597,029	25,708,755
Less amounts not available for general expenditure within one year:		
Net assets with donor restrictions	(15,485,370)	(12,370,060)
Funds held for others	(17,984,230)	(13,051,873)
Board designated net assets	<u>(21,763)</u>	<u>(21,763)</u>
TOTAL FINANCIAL ASSETS AVAILABLE TO MANAGEMENT FOR GENERAL EXPENDITURE WITHIN ONE YEAR	<u>\$ 105,666</u>	<u>\$ 265,059</u>

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 \$21,763 are described in Note 13. 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.

**CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA
AND SUBSIDIARY**

NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2021 AND 2020

NOTE 4 - Investments and Endowment Funds

The following is a summary of investments:

	JUNE 30, 2021		
	COST	FAIR VALUE	UNREALIZED APPRECIATION
Money Market	\$ -	\$ -	\$ -
Common and Collective Funds	25,928,460	31,917,558	5,989,098
TOTAL INVESTMENTS	<u>\$ 25,928,460</u>	<u>\$ 31,917,558</u>	<u>\$ 5,989,098</u>
	JUNE 30, 2020		
	COST	FAIR VALUE	UNREALIZED (DEPRECIATION)
Money Market	\$ 44,378	\$ 44,378	\$ -
Common and Collective Funds	24,266,733	24,229,890	(36,843)
TOTAL INVESTMENTS	<u>\$ 24,311,111</u>	<u>\$ 24,274,268</u>	<u>\$ (36,843)</u>

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

	JUNE 30,	
	2021	2020
Interest and dividends, net of fees	\$ 228,853	\$ 172,273
Realized gain (loss)	121,536	(53,151)
Unrealized gain	2,604,824	23,330
TOTAL INVESTMENT RETURN	<u>\$ 2,955,213</u>	<u>\$ 142,452</u>

For the years ended June 30, 2021 and 2020, realized and unrealized gains (losses) of \$3,571,162 and (\$66,484), respectively, and interest income of \$297,635 and \$167,707, respectively, related to funds held for others, are not included in the statements of activities. Investment income is \$6,824,010 and \$243,675 for all investments, including those that are held for others for the years ended June 30, 2021 and 2020, respectively.

NOTE 5 - Unconditional Promises to Give

The Foundation's pledges receivable consist of pledges to support the IHM Phase 2, Hearts on Fire, Gifts from the Heart, Catholic Ministries Appeal, St. Joachim Plainview Rectory, and Caledonia Building of Faith. The aggregate collection of pledges receivable is as follows:

	JUNE 30,	
	2021	2020
Receivable in less than one year	\$ 194,206	\$ 197,007
Receivable in one to two years	23,100	40,300
Total pledges receivable	217,306	237,307
Less: Allowance for uncollectible pledges	(1,700)	(2,300)
Less: Discount to net present value	-	(140)
NET PLEDGE RECEIVABLES	<u>\$ 215,606</u>	<u>\$ 234,867</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, 2021 and 2020, and approximate their fair value.

**CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA
AND SUBSIDIARY**

NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2021 AND 2020

NOTE 5 - Unconditional Promises to Give - Continued

The individual campaign balances are as follows:

	JUNE 30,	
	2021	2020
Seminarian Education Fund	\$ -	\$ 1,050
IHM Phase 2, net	31,400	42,960
Catholic Ministries Appeal	95,157	109,904
Sacred Heart - Gifts from the Heart	-	8,052
Other IHM	3,090	500
St. Joachim Plainview Rectory	25,147	72,401
Caledonia Building of Faith	60,677	-
Other	135	-
	\$ 215,606	\$ 234,867

NOTE 6 - Land Contract Revenue

During the year ended June 30, 2021, property in Fairbault 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 as of June 30, 2021, 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. Payments are due annually beginning October 1, 2022. Interest at October 1, 2022, was 2.07 percent.

NOTE 7 - Property and Equipment

A summary of property and equipment is as follows:

	JUNE 30,	
	2021	2020
Vehicles	\$ 21,228	\$ 21,228
Equipment	5,245	5,245
TOTAL PROPERTY AND EQUIPMENT	26,473	26,473
Accumulated Depreciation	(11,093)	(7,311)
NET PROPERTY AND EQUIPMENT	\$ 15,380	\$ 19,162

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.

**CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA
AND SUBSIDIARY**

NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2021 AND 2020

NOTE 8 - Fair Value Measurements - Continued

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, 2021 and 2020.

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.

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, 2021 and 2020.

	JUNE 30, 2021	FAIR VALUE MEASUREMENTS AT REPORTING DATE USING		
		QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Money Market	\$ -	\$ -	\$ -	\$ -
Common and Collective Funds	31,917,558	-	31,917,558	-
	<u>\$ 31,917,558</u>	<u>\$ -</u>	<u>\$ 31,917,558</u>	<u>\$ -</u>

	JUNE 30, 2020	FAIR VALUE MEASUREMENTS AT REPORTING DATE USING		
		QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Money Market	\$ 44,378	\$ 44,378	\$ -	\$ -
Common and Collective Funds	24,229,890	-	24,229,890	-
	<u>\$ 24,274,268</u>	<u>\$ 44,378</u>	<u>\$ 24,229,890</u>	<u>\$ -</u>

NOTE 9 - Funds Held for Others

Funds held for others consist of the following:

	JUNE 30,	
	2021	2020
Parish endowment funds	\$ 7,294,133	\$ 5,328,535
Cemetery endowment funds	1,709,758	927,450
Individual charitable trust funds	594,370	488,629
School endowment funds	1,658,246	1,291,551
Immaculate Heart Seminary funds	6,203,909	4,677,608
Other	609,638	410,501
	<u>\$18,070,054</u>	<u>\$13,124,274</u>

**CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA
AND SUBSIDIARY**

NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2021 AND 2020

NOTE 9 - Funds Held for Others - Continued

Some parish and school endowments are to be held in perpetuity for which the contributing Catholic organization is also the sole beneficiary. For these funds, the Foundation retains legal ownership. Other 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 of these funds as both assets and liabilities on the statements of financial position.

NOTE 10 - Pledges Payable to Diocesan Organizations

Pledges payable to other Catholic religious and charitable institutions consist of the following:

	JUNE 30, 2021			
GROSS PAYABLE	LESS: NET PRESENT VALUE DISCOUNT	LESS: ALLOWANCE FOR UNCOLLECTIBLE PLEDGES	NET PAYABLE	
Immaculate Heart of Mary Seminary - Phase 2	<u>\$ 85,971</u>	<u>\$ -</u>	<u>\$ 1,700</u>	<u>\$ 84,271</u>
	JUNE 30, 2020			
GROSS PAYABLE	LESS: NET PRESENT VALUE DISCOUNT	LESS: ALLOWANCE FOR UNCOLLECTIBLE PLEDGES	NET PAYABLE	
Immaculate Heart of Mary Seminary - Phase 2	<u>\$ 85,971</u>	<u>\$ 140</u>	<u>\$ 2,300</u>	<u>\$ 83,531</u>

The net present value discount and allowance for uncollectible pledges related to pledges receivable are offset against pledges payable as described in Note 1.

The aggregate payment of pledges payable is as follows:

	JUNE 30,	
	2021	2020
Payable in less than one year	\$ 85,971	\$ 45,671
Payable in one to two years	-	40,300
Total pledges payable	85,971	85,971
Less: Discount to net present value	-	(140)
Less: Allowance for uncollectible pledges	(1,700)	(2,300)
NET PLEDGES PAYABLE	\$ 84,271	\$ 83,531

NOTE 11 - Paycheck Protection Program (PPP) Loan

The Foundation was granted a loan under the Payroll Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner in April 2020. The loan was uncollateralized and fully guaranteed by the Federal government. The Foundation initially recorded the loan as a refunded advance and subsequently recognized grant revenue in accordance with guidance for conditional contributions, that is, once the measurable performance or other barrier and right of return of the PPP no longer existed. The Foundation has recognized \$41,500 as grant revenue for the year ended June 30, 2021.

**CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA
AND SUBSIDIARY**

NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2021 AND 2020

NOTE 12 - 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:

	YEARS ENDED	
	JUNE 30	
	2021	2020
CMA distributions to Diocese of Winona-Rochester	\$ 1,476,113	\$ 1,818,252
CMA rebate distributions to Parishes	160,754	186,810
Grants to Diocese of Winona-Rochester	415,997	442,150
Grants to other Catholic religious and charitable institutions within the geographic area of the Diocese	615,367	282,600
	<u>\$ 2,668,231</u>	<u>\$ 2,729,812</u>

NOTE 13 - Net Assets

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

	JUNE 30	
	2021	2020
Education of Priests and Seminarians	<u>\$ 21,763</u>	<u>\$ 21,763</u>

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

	JUNE 30	
	2021	2020
Subject to time restriction:		
Charitable Gift Annuity		
To be used by the Catholic Foundation of Southern Minnesota when annuity payments are complete	\$ 20,345	\$ 31,941
Subject to expenditure for specified purpose:		
Catholic Ministries Appeal		
To support specific diocesan ministries	2,280,349	2,071,399
Seminarian Burse		
To be used to support the education of seminarians	842,789	635,081
Education of Priests and Seminarians		
To be used for the education of priests and seminarians	211,883	203,703
Scholarship fund for Catholic teachers and/or professors to be used for higher education	16,300	-
Children and Aging in India		
To be used to educate the poor of India by providing tuition, school supplies, uniforms, and other essential needs	158,116	100,401
Seminarian Assistance		
To be used for miscellaneous unexpected expenses	1,693	1,807
Funds designated for St. Peter and Paul Parish of Blue Earth, MN	209,244	-
	<u>3,740,719</u>	<u>3,044,332</u>

**CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA
AND SUBSIDIARY**

NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2021 AND 2020

NOTE 13 - Net Assets - Continued

	<u>JUNE 30</u>	
	<u>2021</u>	<u>2020</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
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 and other low-income students in elementary and secondary schools in the Diocese of Winona - Rochester	200,000	200,000
Income to be used for the purpose to support St. John the Evangelist Organ Fund	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	62,790	60,390
Income to be used as perpetual care fund for Hart Cemetery	50,000	50,000
Income to be used for St. Casimir Parish maintenance	<u>10,000</u>	<u>10,000</u>
	<u>6,821,389</u>	<u>6,597,354</u>
Earnings subject to appropriation and expenditure for specified purposes:		
Charitable Endowment		
To be used for the purpose of promoting, assisting, and furthering charitable causes	1,120,153	576,929
To be used for the benefit of Catholic parishes, schools, and institutions	34,656	22,382
To be used to provide vocational or trade scholarships to students from the Church of St. Felix in Wabasha, Minnesota - cluster	426,156	232,815
Tuition Assistance		
To be used to provide tuition assistance for children attending Catholic schools	1,176,268	626,234
Faith Formation		
To be used for faith formation needs	802,355	435,800

**CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA
AND SUBSIDIARY**

NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2021 AND 2020

NOTE 13 - Net Assets - Continued

	JUNE 30	
	2021	2020
Charitable Endowment - Continued		
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	\$ 901,775	\$ 529,336
To be used as a perpetual care fund for Hart Cemetery	13,241	(680)
To be used for St. Casimir Parish maintenance	3,035	(224)
To be used for paying tuition for Hispanic and other low-income students in elementary and secondary schools in the Diocese of Winona - Rochester	185,692	118,504
To be used to further tax-exempt purposes of Catholic Foundation of Southern Minnesota	108,295	84,428
To be used to further tax-exempt purposes of Catholic Charities of the Diocese of Winona - Rochester	141,887	102,850
To be used for the purpose to support St. John the Evangelist Organ Fund	9,749	-
	<u>4,923,262</u>	<u>2,728,374</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$15,485,370</u>	<u>\$12,370,060</u>

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	
	2021	2020
Expiration of time restrictions	\$ 2,001,825	\$ 2,340,019
Satisfaction of purpose restrictions:		
Educational programs	-	122,388
Other	11,710	342,258
TOTAL RESTRICTIONS RELEASED	<u>\$ 2,013,535</u>	<u>\$ 2,804,665</u>

NOTE 14 - 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.

**CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA
AND SUBSIDIARY**

NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2021 AND 2020

NOTE 14 - Endowment Funds - Continued

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.

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 3 percent, less any investment costs and/or fees. 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, 2021:

	<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	\$ -	\$ 6,821,389	\$ 6,821,389
Term endowment	-	179,850	179,850
Accumulated investment gains	-	<u>4,743,412</u>	<u>4,743,412</u>
TOTAL	<u>\$ -</u>	<u>\$ 11,744,651</u>	<u>\$ 11,744,651</u>

**CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA
AND SUBSIDIARY**

NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2021 AND 2020

NOTE 14 - Endowment Funds - Continued

Endowment Net Asset Composition by Type of Fund as of June 30, 2020:

	<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	\$ -	\$ 6,597,354	\$ 6,597,354
Term endowment	-	169,724	169,724
Accumulated investment gains	-	<u>2,558,650</u>	<u>2,558,650</u>
TOTAL	<u>\$ -</u>	<u>\$ 9,325,728</u>	<u>\$ 9,325,728</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 such deficiency as of June 30, 2021 and 2020.

Changes in Endowment Net Assets for the Year Ended June 30, 2021:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 9,325,728	\$ 9,352,728
Investment return, net	-	2,523,729	2,523,729
Contributions	-	234,161	234,161
Appropriation of endowment assets pursuant to spending-rate policy	-	(338,967)	(338,967)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 11,744,651</u>	<u>\$ 11,744,651</u>

Changes in Endowment Net Assets for the Year Ended June 30, 2020:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 9,668,433	\$ 9,668,433
Investment return, net	-	100,299	100,299
Contributions	-	21,639	21,639
Appropriation of endowment assets pursuant to spending-rate policy	-	(464,643)	(464,643)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 9,325,728</u>	<u>\$ 9,325,728</u>

**CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA
AND SUBSIDIARY**

NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2021 AND 2020

NOTE 15 - Risks and Uncertainties

Investments - The Organization'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.

COVID-19 Pandemic - During 2020 and 2021, the world-wide Coronavirus Pandemic impacted national and global economies. The Organization is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these consolidated financial statements, the current and future full impact to the Organization is not known.

**CATHOLIC FOUNDATION OF SOUTHERN
MINNESOTA AND SUBSIDIARY**

SUPPLEMENTARY INFORMATION

**CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA
AND SUBSIDIARY**
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30,2021

<u>ASSETS</u>	CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA	CFSM REAL ESTATE HOLDINGS LLC	ELIMINATING JOURNAL ENTRIES	TOTAL
Cash and cash equivalents	\$ 279,065	\$ -	\$ -	\$ 279,065
Pledges receivables, net	215,606	-	-	215,606
Accounts receivable	5,794	-	(5,794)	-
Property and equipment, net	15,380	-	-	15,380
Land contract receivable	-	209,244	-	209,244
Cash and cash equivalents - restricted	1,400,406	-	-	1,400,406
Investments	31,917,458	-	-	31,917,458
Investment in CFSM Real Estate Holdings LLC	100	-	-	100
TOTAL ASSETS	\$ 33,833,809	\$ 209,244	\$ (5,794)	\$ 34,037,259
 <u>LIABILITIES AND NET ASSETS</u>				
LIABILITIES				
Accounts payable and accrued liabilities	\$ 31,984	5,794	\$ (5,794)	\$ 31,984
Funds held for others	18,070,054	-	-	18,070,054
Pledge payable to Immaculate Heart of Mary Seminary - Phase 2, net	84,271	-	-	84,271
TOTAL LIABILITIES	18,186,309	5,794	(5,794)	18,186,309
NET ASSETS				
Without donor restrictions	371,374	(5,794)	-	365,580
With donor restrictions	15,276,126	209,244	-	15,485,370
TOTAL NET ASSETS	15,647,500	203,450	-	15,850,950
TOTAL LIABILITIES AND NET ASSETS	\$ 33,833,809	\$ 209,244	\$ -	\$ 34,037,259

**CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA
AND SUBSIDIARY**

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	WITHOUT DONOR RESTRICTIONS		WITH DONOR RESTRICTIONS		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	\$ 127,341	\$ 100	\$ 2,700,659	\$ -	\$ 2,828,100
In-kind contribution	-	13,756	-	209,244	223,000
Service fee revenue	365,704	-	-	-	365,704
Investment income, net of fees	736,271	-	2,218,942	-	2,955,213
Net assets released from restrictions	<u>2,013,535</u>	<u>-</u>	<u>(2,013,535)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUE AND OTHER SUPPORT	<u>3,242,851</u>	<u>13,856</u>	<u>2,906,066</u>	<u>209,244</u>	<u>6,372,017</u>
EXPENSES					
Program Services	2,865,249	-	-	-	2,865,249
Management & general	<u>295,936</u>	<u>19,650</u>	<u>-</u>	<u>-</u>	<u>315,586</u>
TOTAL EXPENSES	<u>3,161,185</u>	<u>19,650</u>	<u>-</u>	<u>-</u>	<u>3,180,835</u>
CHANGE IN NET ASSETS	81,666	(5,794)	2,906,066	209,244	3,191,182
NET ASSETS, BEGINNING OF YEAR	<u>289,708</u>	<u>-</u>	<u>12,370,060</u>	<u>-</u>	<u>12,659,768</u>
NET ASSETS, END OF YEAR	<u>\$ 371,374</u>	<u>\$ (5,794)</u>	<u>\$ 15,276,126</u>	<u>\$ 209,244</u>	<u>\$ 15,850,950</u>

**CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA
AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF CASH FLOWS
YEAR ENDED JUNE 30, 2021**

	CATHOLIC FOUNDATION OF SOUTHERN MINNESOTA	CFSM REAL ESTATE HOLDINGS LLC	ELIMINATING JOURNAL ENTRIES	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in net assets	\$ 2,987,732	\$ 203,450	\$ -	\$ 3,191,182
Adjustments to reconcile change in net assets to net cash provided by operating activities				
Depreciation	3,782	-	-	3,782
Allowance for uncollectible pledges receivable	(600)	-	-	(600)
Discount on pledges receivable	(140)	-	-	(140)
Net realized and unrealized (gains) on investments	(6,297,522)	-	-	(6,297,522)
Contributions restricted for investment in endowment	(224,035)	-	-	(224,035)
Change in assets and liabilities				
Decrease (increase) in assets				
Pledges receivable	20,001	-	-	20,001
Accounts receivable	31,409	-	5,794	37,203
Land contract receivable	-	(209,244)	-	(209,244)
(Decrease) increase in liabilities				
Refundable advance (PPP Loan)	(41,500)	-	-	(41,500)
Accounts payable and accrued liabilities	(21,727)	5,794	(5,794)	(21,727)
Funds held for others	4,945,780	-	-	4,945,780
Immaculate Heart of Mary Seminary - Phase 2 payable, net	740	-	-	740
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,403,920	-	-	1,403,920
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(19,073,027)	-	-	(19,073,027)
Proceeds on sales of investments	17,727,259	-	-	17,727,259
NET CASH (USED IN) INVESTING ACTIVITIES	(1,345,768)	-	-	(1,345,768)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from contributions restricted for endowment	224,035	-	-	224,035
NET INCREASE IN CASH AND RESTRICTED CASH	282,187	-	-	282,187
CASH AND RESTRICTED CASH AT BEGINNING OF YEAR	1,397,284	-	-	1,397,284
CASH AND RESTRICTED CASH AT END OF YEAR	\$ 1,679,471	\$ -	\$ -	\$ 1,679,471
<u>RECONCILIATION OF CASH AND RESTRICTED CASH PER STATEMENT OF CASH FLOWS TO THE STATEMENTS OF FINANCIAL POSITION</u>				
Cash - operations	\$ 279,065	\$ -	\$ -	\$ 279,065
Restricted cash	1,400,406	-	-	1,400,406
TOTAL CASH AND RESTRICTED CASH SHOWN IN THE STATEMENTS OF CASH FLOWS	\$ 1,679,471	\$ -	\$ -	\$ 1,679,471
<u>SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES</u>				
Land acquired from in-kind contribution and sold on land contract	\$ -	\$ 223,000	\$ -	\$ 223,000