THE FOUNDATION OF THE ROMAN CATHOLIC DIOCESE OF RALEIGH, INC.

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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Bernard Robinson & Company, L.L.P.

Independent Auditor's Report

To the Board of Directors
The Foundation of the Roman Catholic Diocese of Raleigh, Inc.
Raleigh, North Carolina

We have audited the accompanying financial statements of The Foundation of the Roman Catholic Diocese of Raleigh, Inc. (the "Foundation"), which comprise the statement of financial position as of June 30, 2021, and the related statement of activities and changes in net assets, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Foundation of the Roman Catholic Diocese of Raleigh, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Bernard Robinson & Company, L.L.P.

Raleigh, North Carolina
February 10, 2022

THE FOUNDATION OF THE ROMAN CATHOLIC DIOCESE OF RALEIGH, INC.
Statement of Financial Position
June 30, 2021

Assets

Cash and cash equivalents	$ 279,443
Accounts receivable	7,208
Prepaid expenses	3,162
Promises to give	95,463
Charitable gift annuity receivable	246,411
Investments, endowments	74,718,967
Investments, charitable gift annuities	1,014,671
Property and equipment, net	19,725
Total assets	$ 76,385,050

Liabilities and Net Assets

Accounts payable	$ 66,357
Accrued expenses	12,959
Charitable gift annuity obligations	674,062
Total liabilities	753,378
Net Assets:	
Without donor restrictions:	
Designated for endowments	33,641,939
Designated for charitable gift annuities	872,580
Invested in property and equipment	19,725
Undesignated	187,886
Total without donor restrictions	34,722,130
With donor restrictions:	
Restricted in perpetuity - endowments	15,688,622
Restricted subject to the Foundation's spending policy - endowments	25,411,017
Charitable gift annuities	(285,560)
Seminarian partnership program	95,463
Total with donor restrictions	40,909,542
Total net assets	75,631,672
Total liabilities and net assets	$ 76,385,050

THE FOUNDATION OF THE ROMAN CATHOLIC DIOCESE OF RALEIGH, INC.
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support:			
Gifts and bequests	$ 307,643	$ 1,036,409	$ 1,344,052
Investment income, net	7,663,157	8,940,369	16,603,526
Net assets released from restrictions	1,765,323	(1,765,323)	-
Total revenue, gains and other support	9,736,123	8,211,455	17,947,578
Expenses:			
Program Areas:			
Grant disbursements	3,028,879	-	3,028,879
Other program expenses	95,005	-	95,005
Total program areas	3,123,884	-	3,123,884
Support Services:			
Management and general	286,136	-	286,136
Fundraising and development	162,570	-	162,570
Total support services	448,706	-	448,706
Total expenses	3,572,590	-	3,572,590
Change in net assets from operations	6,163,533	8,211,455	14,374,988
Contribution of assets by the Catholic Diocese of Raleigh			
Pledges receivable	-	95,463	95,463
Charitable gift annuities, net	777,903	(158,455)	619,448
	777,903	(62,992)	714,911
Change in value of charitable gift annuity obligations	(116,328)	(117,195)	(233,523)
Change in net assets	6,825,108	8,031,268	14,856,376
Net assets, beginning	27,897,022	32,878,274	60,775,296
Net assets, ending	$ 34,722,130	$ 40,909,542	$ 75,631,672

THE FOUNDATION OF THE ROMAN CATHOLIC DIOCESE OF RALEIGH, INC.
Statement of Functional Expenses
Year Ended June 30, 2021

	Program Areas		Support Services			
	Grants	Other	Management and General	Fundraising and Development	Total	Total
Grants Disbursed:						
Assistance for the needy	$ 188,500	$ -	$ -	$ -	$ -	$ 188,500
Catholic schools and education initiatives	52,828	-	-	-	-	52,828
Cemetery maintenance	2,800	-	-	-	-	2,800
Child and family programs	98,700	-	-	-	-	98,700
Church expansion	1,124,410	-	-	-	-	1,124,410
Diocesan support and assistance	131,100	-	-	-	-	131,100
Lay formation and education	89,240	-	-	-	-	89,240
Parish support and assistance	23,098	-	-	-	-	23,098
Seminarian education and welfare	440,200	-	-	-	-	440,200
Seminarian Partnership Program	325,562	-	-	-	-	325,562
Special ministries	106,343	-	-	-	-	106,343
Tuition assistance and scholarships	249,577	-	-	-	-	249,577
Other	196,521	-	-	-	-	196,521
Salaries and fringe benefits	-	60,063	95,469	132,620	228,089	288,152
Supplies and office expenses	-	697	5,575	7,666	13,241	13,938
Travel and training	-	855	6,843	9,409	16,252	17,107
Purchased services	-	16,623	149,607	-	149,607	166,230
Occupancy expenses	-	15,932	26,554	10,622	37,176	53,108
Depreciation	-	835	2,088	1,253	3,341	4,176
Other expenses	-	-	-	1,000	1,000	1,000
	$ 3,028,879	$ 95,005	$ 286,136	$ 162,570	$ 448,706	$ 3,572,590
Nonoperating Expenses:						
Change in value of charitable gift annuity obligations						233,523
Total functional expenses						$ 3,806,113

See Notes to Financial Statements

THE FOUNDATION OF THE ROMAN CATHOLIC DIOCESE OF RALEIGH, INC.
Statement of Cash Flows
Year Ended June 30, 2021

Cash flows from operating activities:	
Cash received from contributions, net of amounts restricted for endowment	$ 471,527
Cash payments to employees and vendors	(482,914)
Grants disbursed	(3,028,879)
Charitable gift annuity payments	(102,932)
Net cash used in operating activities	(3,143,198)
Cash flows from investing activities:	
Proceeds from the sale of investments	3,278,024
Purchase of investments	(948,053)
Net cash provided by investing activities	2,329,971
Cash flows from financing activities:	
Contribution of assets by the Catholic Diocese of Raleigh	68,876
Contributions restricted for investment in endowment	878,478
Net cash provided by financing activities	947,354
Net increase in cash and cash equivalents	134,127
Cash and cash equivalents, beginning	145,316
Cash and cash equivalents, ending	$ 279,443
Noncash investing and financing activities:	
Investment income - unrealized gains and losses	$ 15,351,327
Transfers from the Catholic Diocese of Raleigh	
Pledge receivables	$ 95,463
Charitable gift annuities, net	$ 550,572

See Notes to Financial Statements

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Foundation of the Roman Catholic Diocese of Raleigh, Inc. (the "Foundation") was established on August 14, 2018 as a North Carolina nonprofit corporation. The Foundation, headquartered in Raleigh, North Carolina, was formed to cultivate endowed and major gifts for the long-term benefit of the administrative offices, parishes, schools, programs, and ministries of the Catholic Diocese of Raleigh while providing effective and efficient management and distribution of invested funds. Because the Catholic Diocese of Raleigh (the "Diocese") effectively controls the Foundation and the entities are financially interrelated, the Diocese consolidates these separately issued financial statements with those of the Diocese.

A summary of the Foundation's significant accounting policies is as follows:

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board ("FASB") has established the Accounting Standards Codification ("ASC") as the source of authoritative accounting principles to be applied in the preparation of financial statements in accordance with U.S. GAAP.

Cash and Cash Equivalents

The Foundation considers short-term investments with original maturities of three months or less to be cash equivalents, except for those short-term investments managed as part of investment management strategies.

Property and Equipment, Net

Property and equipment acquisitions are capitalized at cost when purchased, or if received as a gift, acquisitions are capitalized at fair value on the date of donation, with a capitalization threshold of $1,000. Expenditures for maintenance and repairs are charged against operations. Renewals and betterments that materially extend the life of the assets are capitalized. In accordance with Foundation policy, property and equipment, and proceeds from the sale of property and equipment, are categorized within net assets based on the presence or absence of donor restrictions. Depreciation on buildings and equipment is determined under the straight-line method based on the following estimated useful lives:

Furniture and fixtures	8 years
Computer equipment	3 years

Long-lived assets held and used by the Foundation are reviewed for impairment whenever changes in circumstances indicate the carrying value of an asset may not be recoverable.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

The Foundation reports information regarding its financial position and activities according to two net asset categories as follows:

- *Net assets without donor restrictions* - includes unrestricted resources which represent the portion of funds that are available for the operating objectives of the Foundation.
- *Net assets with donor restrictions* - consist of donor restricted contributions. Amounts restricted by donors for a specific purpose are deemed to be earned and reported as donor restricted revenue when received, and such unexpended amounts are reported as donor restricted net assets at year-end. When the donor restriction expires, that is, when a stipulated time or purpose restriction is accomplished, donor-restricted net assets are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as "net assets released from restrictions."

Revenue Recognition

Contributions are recognized when the donor makes an unconditional promise to transfer assets. Contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor stipulations. Amounts received that are designated for future periods or restricted by the donor for a specific purpose are reported as support with donor restrictions and as an increase to the related net asset class. If a restriction is fulfilled in the same period in which the contribution is received, the Foundation reports the support as unrestricted. In the event that monies both with and without donor restrictions are available for use for activities that comply with donor restrictions, the Foundation will use funds having donor restrictions first.

Promises to give that are expected to be collected within one year are recorded at net realizable value. Promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The Foundation reviews pledge and other receivables for collectability on a recurring basis and, based on an assessment of creditworthiness, estimates the portion, if any, of the balance that will not be collected. Such amounts are recorded as an allowance, if necessary.

Conditional promises to give, which are defined as those promises to give that contain a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. If a condition related to a donor-restricted contribution is fulfilled in the same period in which the contribution is received, the Foundation reports the support as unrestricted. The Foundation is named as a beneficiary in numerous wills and testaments. These intentions to give are considered conditional as they may be changed during the lifetime of the donors and, as such, they are not recorded as revenue in the financial statements. The amounts of these intentions to give are indeterminable.

Compensated Absences

Employees are permitted to carry over up to five days of vacation time earned. As of June 30, 2021, the Foundation had $5,700 accrued for compensated absences.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

The Foundation records contributed services if the services received create or enhance long-lived assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A number of unpaid volunteers, who serve primarily in the capacity of board members, have made significant contributions of their time in the furtherance of the Foundation's programs. The value of this contributed time is not reflected in these financial statements because it does not meet the above recognition criteria.

Charitable Gift Annuities

The Foundation is the beneficiary of several irrevocable remainder interests of one-life and two-life charitable gift annuities. These interests are measured at fair value. The Foundation has a charitable gift annuity receivable for underwater annuities, which is also measured at fair value. Annuity obligations arising from these split-interest gifts are reported as charitable gift annuity obligations in the accompanying Statement of Financial Position. The change in fair value of the annuity liabilities is reported as a change in value of charitable gift annuity obligations in the accompanying Statement of Activities and Changes in Net Assets.

Income Tax Status

The Foundation is a nonprofit organization exempt from income taxes under Internal Revenue Code Section 501(c)(3). The Foundation does not have any material unrecognized tax benefits or obligations as of June 30, 2021.

It is the Foundation's policy to evaluate all tax positions to identify any that may be considered uncertain. No material uncertain tax positions were identified for 2021 that would require recognition or disclosure in the financial statements.

Expense Recognition and Functional Allocation

The cost of providing the Foundation's programs and other activities is summarized on a functional basis in the statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefitted. These expenses, excluding depreciation and grant disbursements, are allocated on the basis of estimates of time and effort except for supplies and office expenses, which are allocated based on the percentage of usage.

Use of Estimates

The preparation of the financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

NOTE B - 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:

Cash and cash equivalents	$	279,443
Accounts receivable		7,208
	$	286,651

Endowment funds consist of donor-restricted endowments and board-designated endowments. Income from donor-restricted endowments that are restricted for specific purposes and board-designated endowments held on behalf of others are not available for general expenditure.

As part the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. To meet this objective, the Foundation has obtained the commitment of the Diocese to provide short-term cash flow assistance to address cash shortages in the event that they occur. The Foundation invests cash in excess of daily requirements in short-term investments and money market funds.

NOTE C - FINANCIAL INSTRUMENTS AND OTHER CONCENTRATIONS

The Foundation places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers $250,000 for substantially all depository accounts. During the year ended June 30, 2021, the Foundation, from time to time, may have had amounts on deposit in excess of the insured limits. The cash balances are maintained at financial institutions with high credit quality ratings and the Foundation believes no significant risk of loss exists with respect to those balances.

A substantial amount of the Foundation's support is generated through contributions and pledges from other organizations or individuals, primarily in eastern North Carolina and the surrounding area. Changes in economic conditions can directly affect a donor's ability and willingness to make future contributions to the Foundation. Also, the limited geographic area in which the Foundation's contributors reside, increases the Foundation's exposure to certain business concentrations.

NOTE D - INVESTMENTS

The Foundation maintains investments in equity, debt securities, and private equity funds. Net investment income, which consists of interest and dividends, realized gains and losses, and unrealized gains and losses, from these securities are allocated to the various funds with and without donor restrictions based on each fund's percentage ownership of total invested assets. Net investment income is reported net of investment fees on a separate line in the statement of activities and changes in net assets. Net investment income is recorded as with or without donor restrictions, depending on the existence and/or nature of any donor stipulations. Amounts received designated for future periods or restricted by the donor for a specific purpose are reported as net investment income with donor restrictions and as an increase to the related net asset class. If a restriction is fulfilled in the same period in which the net investment income is received, the Foundation reports the net investment income as without donor restriction.

NOTE D - INVESTMENTS (Continued)

Investments are carried at fair value with the following underlying asset concentration at June 30:

	Cost	Market Value	Unrealized Gain (Loss)
Mutual funds - domestic			
Equities - ETFs	$ 42,044,434	$ 57,276,518	$ 15,232,084
Equities - Real Estate ETF	1,501,703	1,763,308	261,605
Bond funds	15,631,272	16,052,036	420,764
Cash equivalents	641,776	641,776	-
	$ 59,819,185	$ 75,733,638	$ 15,914,453

NOTE E - FAIR VALUE MEASUREMENTS

U.S. GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. U.S. GAAP also establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels of inputs that may be used to measure fair value is as follows:

These tiers include:

Level 1: Inputs to the valuation methodology are quoted prices available in active markets for identical assets and are given the highest priority.

Level 2: Inputs consist of observable inputs other than quoted prices for identical assets.

Level 3: Inputs consist of unobservable inputs and are given the lowest priority.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize use of observable inputs and minimize the use of unobservable inputs.

The following descriptions of the valuation methodologies used for assets measured at fair value:

Mutual Funds - These investments are public investment vehicles valued using the net asset value ("NAV") provided by the administrator of the fund. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market.

Bond Funds - These investments are investment vehicles valued using the net asset value ("NAV') provided by the administrator of the fund. The NAV is based on the value of the underlying bonds owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market.

Cash Equivalents - These investments are generally short-term money market funds valued using $1 for the unit value. The custodian establishes the market and quotes the price, on a daily basis, that is available to market participants. This valuation method is a market approach. As such, these money market funds are classified within Level 2 of the valuation hierarchy.

NOTE E - FAIR VALUE MEASUREMENTS (Continued)

Below are the Foundation's financial instruments carried at fair value on a recurring basis by the fair value hierarchy levels:

	Total Fair Value	Level 1	Level 2	Level 3
Assets:				
Mutual funds - domestic	$ 59,039,826	$ 59,039,826	$ -	$ -
Bond funds	16,052,036	16,052,036	-	-
Charitable gift annuity receivable	246,411	-	-	246,411
Total assets	$ 75,338,273	$ 75,091,862	$ -	$ 246,411
Liabilities:				
Charitable gift annuity obligations	$ 674,062	$ -	$ -	$ 674,062
Total liabilities	$ 674,062	$ -	$ -	$ 674,062

The investment balance reported on the statement of financial position includes money market funds of $641,776 at June 30, 2021, which are not included in the above fair value hierarchy table.

The following reconciles the beginning and ending balances of financial assets measured at fair value on a recurring basis using significant unobservable (Level 3) inputs during the year ended June 30, 2021:

Charitable gift annuity receivable:	
Beginning balance	$ -
Receipts	(68,875)
Estimate of commitment to fund underwater CGA by the Diocese of Raleigh	315,286
Ending balance	$ 246,411

The following reconciles the beginning and ending balances of financial liabilities measured at fair value on a recurring basis using significant unobservable inputs during the year ended June 30, 2021:

Charitable gift annuity obligations:	
Beginning balance	$ -
Transferred balance	(543,471)
Distributions	102,932
Change in value	(233,523)
Ending balance	$ (674,062)

The Foundation uses appropriate valuation techniques based on the available inputs. When available, the Foundation measures fair value using Level 1 inputs as they generally provide the most reliable evidence of fair value. Level 2 and Level 3 inputs were only used when Level 1 inputs were not available. The market approach was used for assets and liabilities classified as Level 1 and Level 2. The Foundation relies on fair value measurement calculations performed by third party pricing services for the majority of instruments reported in Level 2. Inputs, even if determined by the Foundation, include the credit risk of the issuer, maturity, current yield, and other terms and conditions of each instrument.

NOTE F - ENDOWMENTS

The Foundation's endowments consist of approximately 124 individual funds established for a variety of purposes. The endowments include donor-restricted endowment funds and funds designated by the Diocesan Finance Council and the Board of Directors of the Foundation to function as endowments and all net assets are classified and reported based on the existence or absence of donor-imposed restrictions in the accompanying statements of financial position and activities and changes in net assets.

The Board of Directors of the Foundation has implemented policies requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of these policies, the Foundation classifies the following as net assets with donor restrictions in perpetuity:

a) the original value of gifts donated to the permanent endowment;
b) the original value of subsequent gifts to the permanent endowment; and
c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditures by the Foundation in a manner consistent with the standard of prudence prescribed by the North Carolina Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). The Foundation considers the following factors in making decisions related to appropriations for expenditures or accumulations of donor-restricted endowment funds:

a) the duration and preservation of the various funds;
b) the purposes of the donor-restricted endowment funds;
c) general economic conditions;
d) the possible effect of inflation and deflation;
e) the expected total return from income and the appreciation of investments;
f) other resources of the Foundation; and
g) the investment policies of the organization.

Investment Return Objectives, Risk Parameters, and Strategies - The Foundation has adopted investment policies, approved by the Board of Directors of the Foundation, that attempt to emphasize total return. While shorter-term investment results are monitored, adherence to the sound long-term investment policy balancing short-term spending needs with the preservation of the real inflation-adjusted value of assets is of primary importance. The Foundation expects to attain an inflation-adjusted minimum average annual return, net of fees, over a rolling ten-year period. This real return is defined as the sum of capital appreciation (loss) and current income (interest and dividends) adjusted for inflation as measured by the Consumer Price Index. Investment policies are based on principles of responsible financial stewardship, as well as ethical and social stewardship. The Foundation is committed to a diversified asset allocation strategy, consisting primarily of domestic equities, international equities, domestic fixed income, international fixed income, and alternative investments.

Spending Policy - The Foundation's policy is that the annual income distribution available from endowment funds is a maximum of 4% of the twelve-quarter average fair value of the endowment, measured as of the calendar quarter end dates for the previous 12 quarters.

NOTE F - ENDOWMENTS (Continued)

Additionally, the Foundation has a policy whereby an additional distribution is taken from each endowment to support the operations and administration of the Foundation. This distribution is calculated annually, and is assessed on a quarterly basis, based on a percentage of the average three-year fair value of the assets of each endowment fund. Administrative distributions totaled $589,697 for the year ended June 30, 2021.

Endowment composition by type of fund is as follows as of June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds with donor restrictions:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ -	$ 10,527,920	$ 10,527,920
Accumulated investment gains	-	5,160,702	5,160,702
Amounts held in term endowments	-	25,411,017	25,411,017
Board-designated endowment and other funds	33,641,939	-	33,641,939
Total	$ 33,641,939	$ 41,099,639	$ 74,741,578

Changes in endowment for the period of asset transfer through June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment, beginning of year	$ 27,736,332	$ 32,876,119	$ 60,612,451
Transfers	-	17,453	17,453
Contributions	271,681	606,797	878,478
Net investment income	7,185,146	8,609,616	15,794,762
Amounts expended	(1,551,220)	(1,010,346)	(2,561,566)
Total	$ 33,641,939	$ 41,099,639	$ 74,741,578

Funds with Deficiencies - From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. The Foundation had no endowments that were underwater as of June 30, 2021.

NOTE G - PROPERTY AND EQUIPMENT, NET

The following is a summary of property and equipment as of June 30, 2021:

Furniture and fixtures	$ 23,516
Computer equipment	3,709
	27,225
Less accumulated depreciation	(7,500)
	$ 19,725

Depreciation expense for the year ended June 30, 2021 totaled $4,176.

NOTE H - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors as follows for the year ended June 30, 2021:

Release of appropriated endowment amounts:	
Disbursements	$ 1,011,252
Management fee retained by Foundation	322,375
	1,333,627
Seminarian Partnership Program	325,562
Other	106,134
	$ 1,765,323

NOTE I - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as of June 30, 2021:

Subject to appropriation and expenditure for a specific purpose:	
Restricted by donors for:	
Assistance for the needy	$ 649,882
Capital investment and property acquisition	3,580,025
Catholic schools and education initiatives	125,647
Child and family programs	1,496,407
Lay formation and education	3,710,460
Parish support and assistance	1,357,885
Seminarian education	6,465,327
Tuition assistance and scholarships	3,549,050
Other ministries and programs	4,476,334
	$ 25,411,017

Perpetual in nature, earnings from which are subject to endowment spending policy and appropriation:	
Assistance for the needy	$ 275,554
Capital investment and property acquisition	180,785
Catholic charities of the Diocese of Raleigh	58,667
Catholic schools and education initiatives	498,499
Parish support and assistance	186,334
Seminarian education	4,633,122
Tuition assistance and scholarships	7,647,203
Child and family programs	49,677
Other ministries and programs	2,158,781
	$ 15,688,622

NOTE I - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Subject to the passage of time and for a specified purpose	
Charitable gift annuities	$ (285,560)
Subject to expenditure for a specified purpose	
Seminarian partnership program	$ 95,463

NOTE J - NET ASSETS WITH BOARD DESIGNATIONS

The following net assets without donor restrictions have been designated by the Board of Directors of the Foundation for the following purposes or periods as of June 30, 2021:

Subject to appropriation and expenditure for a specific purpose:	
For the benefit of:	
Assistance for the needy	$ 5,543,750
Seminarian education	2,676,462
Capital investment and property acquisition	2,183,271
Catholic Charities of the Diocese of Raleigh	2,140,200
Catholic schools and education initiatives	7,167,656
Cemetery maintenance	1,320,700
Diocesan support and assistance	3,750,847
Cathedral operations	708,092
Clergy and religious welfare	5,982,189
Tuition assistance and scholarships	725,955
Parish support and assistance	834,006
Other ministries and programs	608,811
	$ 33,641,939
Charitable gift annuities	$ 872,580

NOTE K - INVESTMENT SAVINGS PLAN

Through December 2020, the Foundation offered its employees a pretax IRC Section 403(b) Plan ("403(b) Plan") that was administered through the Diocese. Under the provisions of the 403(b) Plan, substantially all employees of the Foundation, Diocese, parishes, schools, and other related entities as well as Diocesan priests are covered. For the year ended June 30, 2021, the Foundation contributed \$0.50 for each \$1 invested by employees on the first 5% of qualified compensation, plus a non-contributory deferral of 4% of qualified compensation into accounts of all eligible employees, up to a maximum of 6.5% of qualified compensation per employee. Participants in the 403(b) Plan are immediately vested in their employee contributions and in the basic matching contribution provided by the Foundation. Employees are vested in the Foundation's non-contributory deferral contribution after five years of service. Contributions to the 403(b) Plan for the year ended June 30, 2021 totaled \$4,260.

NOTE K - INVESTMENT SAVINGS PLAN (Continued)

In May 2021, the Foundation adopted a new agreement to offer its employees a pretax IRC Section 403(b) Plan ("403(b) Plan"), which will be effective July 1, 2021. Under the provisions of the Foundation's 403(b) Plan, employees of the Foundation that are regularly scheduled to work at least 30 hours per week are eligible. The Foundation will contribute $1 for each $1 invested by employees on the first 5% of qualified compensation. In addition, the Foundation may make a non-contributory deferral of an annually determine percentage of qualified compensation into accounts of all eligible employees. Participants in the 403(b) Plan are immediately vested in their employee contributions and in the basic matching contribution provided by the Foundation.

NOTE L - FUNDRAISING

The Foundation conducts certain fundraising activities to generate revenues to assist in supporting its programs and activities. For the year ended June 30, 2021, fundraising expense totaled $162,570.

NOTE M - LEASES

The Foundation entered into a two-year noncancelable operating lease for office space beginning on July 1, 2019. On April 1, 2021, the Foundation extended the lease for a three year term beginning July 1, 2021 through June 30, 2024.

Future minimum rental commitments under the lease is as follows:

Year ending June 30,	
2022	$ 37,940
2023	39,079
2024	40,251
	$ 117,270

Rent expense recorded for the year ended June 30, 2021 totaled $45,193.

NOTE N - CHARITABLE GIFT ANNUITIES

Effective July 1, 2021, the Diocese transferred its interest in several irrevocable one-life and two-life charitable gift annuities to the Foundation and granted variance power on the charitable gift annuity net assets to the Foundation, which allows the Foundation to modify any condition or restriction, on the related net assets, for any specified charitable purpose, if, in the sole judgment of the Foundation's Board of Directors, such restrictions or conditions become unnecessary, incapable of fulfillment, or inconsistent with the charitable purposes for which the Foundation was established. During the year ended June 30, 2021, the net charitable gift annuities transferred totaled $619,448, as shown on the accompanying Statement of Activities and Changes in Net Assets.

NOTE N - CHARITABLE GIFT ANNUITIES (Continued)

At July 1, 2020, the investments and charitable gift annuity obligations were valued at $847,633 and $543,471, respectively. As per the amended assignment and assumption agreement, the Diocese of Raleigh agrees to reimburse the Foundation for payments made to the charitable gift annuity donor when the annuity obligation is greater than its allocated investment (the annuity is underwater). The Diocese has agreed to pay the underwater payment amounts at the time when the donor passes way and the annuity account is closed. During the year ended June 30, 2021, the estimated commitment to fund underwater charitable gift annuities totaled $315,286, of which the Diocese paid $68,876. As of June 30, 2021, the underwater amount is $246,411 and is included in the accompanying Statement of Financial Position as Charitable gift annuity receivable.

The Foundation is the beneficiary of one-life and two-life annuities for which it is the trustee. Under terms of these split-interest agreements, the Foundation is required to pay the various donors an annuity until the donors' death at which time the remaining assets are to be distributed to the Foundation for use in accordance with the donor agreements. During the year ended June 30, 2021, the Foundation received no new contribution revenue related to these annuities.

Actuarial assumptions published by the Department of Health and Human Services and a discount rate of 5.5% were used in calculating the present value of the amounts to be received on termination of the individual annuities.

	Assets Held in Trusts	Underwater Receivable	Liability to Donors	Net Asset (Liability)
Life annuities	$ 1,014,671	$ 246,411	$ (674,062)	$ 587,020

NOTE O - PROMISES TO GIVE

Effective July 1, 2020, the Diocese transferred its interest in promises to give totaling $95,463 and granted variance power to the Foundation, which allows the Foundation to modify any condition or restriction on its use for any specified charitable purpose, if, in the sole judgment of the Foundation's Board of Directors, such restrictions or conditions become unnecessary, incapable of fulfillment, or inconsistent with the charitable purposes for which the Foundation was established.

As of June 30, 2021, the Foundation had promises to give totaling $95,463, as shown on the Statement of Financial Position. Promises to give due within one year totaled $18,893 and the remaining amount of $76,570 is due within five years.

NOTE P - RELATED PARTY TRANSACTIONS

Effective July 1, 2020, the Diocese transferred its interest in pledge receivables totaling $95,463 and net charitable gift annuities totaling $619,448, as shown on the accompanying Statement of Activities and Changes in Net Assets. As noted in Note N, the transferred charitable gift annuities included the related investments and obligations totaling $847,633 and $543,471, respectively. The Diocese has agreed to pay the underwater payment amounts at the time when the donor passes way and the annuity account is closed. During the year ended June 30, 2021, the estimated commitment to fund underwater charitable gift annuities totaled $315,286, of which the Diocese paid $68,876.

NOTE P - RELATED PARTY TRANSACTIONS (Continued)

As of June 30, 2021, the charitable gift annuity receivable, owed by the Diocese to the Foundation, was valued at $246,411.

Additionally, the Foundation received contributions to endowments from the Diocese, parishes, schools, and other-related organizations during the year ended June 30, 2021 totaling $878,478. As of June 30, 2021, the Diocese owed the Foundation $6,815, which is included in accounts receivable on the Statement of Financial Position.

For the year ended June 30, 2021, the Foundation made grant distributions of $3,028,879, of which $2,554,179 was distributed to the Diocese and $474,700 was distributed to parishes, schools, and other-related organizations of the Foundation.

The Diocese performs certain administrative tasks such as payroll processing and accounting services for the Foundation. For the year ended June 30, 2021, the Diocese charged the Foundation $26,387 for these services.

As of June 30, 2021, the Foundation owed the Diocese $66,357, which is included in accounts payable on the Statement of Financial Position.

NOTE Q - CONTINGENCIES AND UNCERTAINTIES

On January 30, 2020, the World Health Organization declared the coronavirus "COVID-19" outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, quarantines, or "stay-at-home" restrictions in certain areas and forced closures for certain types of public places and businesses. COVID-19 and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets globally, including the geographical areas in which the Foundation operates. While the Foundation's office was initially closed to all staff and volunteers temporarily for the safety of employees, families, and the community, they were able to open a short time later after implementing effective procedures to allow them to resume operations. While it is unknown how long these conditions will last and what the complete financial impact will be, the Foundation is closely monitoring the impact of the COVID-19 pandemic on all aspects of the business and are unable at this time to predict the continued impact that COVID-19 will have on their business, financial position, and operating results in future periods due to numerous uncertainties.

The Foundation did not apply for or obtain a Paycheck Protection Program ("PPP") loan from the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), nor any other government assistance programs available during the pandemic.

NOTE R - SUBSEQUENT EVENTS

The Foundation evaluated the effect of subsequent events through February 10, 2022, which is the date the financial statements were available to be issued. No events were identified that would require recognition or disclosure in the financial statements.