

**CATHOLIC COMMUNITY
FOUNDATION IN THE
ARCHDIOCESE OF MIAMI, INC.**
Financial Statements
June 30, 2008 and 2007

CATHOLIC COMMUNITY FOUNDATION IN THE ARCHDIOCESE OF MIAMI, INC.

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KABAT · SCHERTZER
DE LA TORRE · TARABOULOS
&
C O M P A N Y

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

9400 South Dadeland Boulevard, Suite 601, Miami, Florida 33156

Telephone (305) 670-3370 Fax (305) 670-3390

Report of Independent Certified Public Accountants

To the Board of Directors of the
Catholic Community Foundation in the Archdiocese of Miami, Inc.
Miami Shores, Florida

We have audited the accompanying statements of financial position of the Catholic Community Foundation in the Archdiocese of Miami, Inc. (the "Foundation") as of June 30, 2008 and 2007 and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits 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 includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Catholic Community Foundation in the Archdiocese of Miami, Inc. at June 30, 2008 and 2007, and the results of its activities and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

KABAT, SCHERTZER, DE LA TORRE, TARABOULOS & Co.

August 13, 2008
Miami, Florida

PARTNERS:

JORGE N. DE LA TORRE, CPA • LAWRENCE KABAT, CPA • ERIC J. LEVENTHAL, CPA
MICHAEL SCHERTZER, CPA • JEFFREY TARABOULOS, CPA, CFE • ROBERT TARABOULOS, CPA

CATHOLIC COMMUNITY FOUNDATION IN THE ARCHDIOCESE OF MIAMI, INC.

Statements of Financial Position

June 30, 2008 and 2007

Assets	<u>2008</u>	<u>2007</u>
Investments, at fair value	\$ 3,379,205	\$ 2,244,531
Funds held in trust - Participating Entities	93,025,425	103,025,658
Funds held in trust - Supporting Organizations	<u>2,814,411</u>	<u>3,043,380</u>
Total investments and funds held in trust	<u>99,219,041</u>	<u>108,313,569</u>
Total Assets	<u>\$ 99,219,041</u>	<u>\$ 108,313,569</u>
 Liabilities and Net Assets		
Funds held in trust - Participating Entities	\$ 93,025,425	\$ 103,025,658
Funds held in trust - Supporting Organizations	<u>2,814,411</u>	<u>3,043,380</u>
Total liabilities	<u>\$ 95,839,836</u>	<u>\$ 106,069,038</u>
 Net Assets		
Unrestricted	\$ -	\$ -
Temporarily restricted	997,276	474,838
Permanently restricted	<u>2,381,929</u>	<u>1,769,693</u>
Total net assets	<u>3,379,205</u>	<u>2,244,531</u>
Total Liabilities and Net Assets	<u>\$ 99,219,041</u>	<u>\$ 108,313,569</u>

Read accompanying notes to financial statements.

CATHOLIC COMMUNITY FOUNDATION IN THE ARCHDIOCESE OF MIAMI, INC.

Statements of Activities and Changes in Net Assets

For the Years Ended June 30, 2008 and 2007

	2008				2007			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:								
Contributions	\$ -	\$ 758,720	\$ 933,638	\$ 1,692,358	\$ -	\$ 230,225	\$ 22,921	\$ 253,146
Investment income	-	14,209	65,286	79,495	-	8,962	39,142	48,104
Investment management fees	-	(4,583)	(12,922)	(17,505)	-	(5,064)	(1,116)	(6,180)
Net realized and unrealized gain/(loss) on investments	-	(46,063)	(224,082)	(270,145)	-	42,627	194,950	237,577
Total support and revenue	-	722,283	761,920	1,484,203	-	276,750	255,897	532,647
Net assets released from restrictions:								
Net assets released from restrictions	349,529	(199,845)	(149,684)	-	(192,349)	203,553	(11,204)	-
Total support and revenue and reclassifications	349,529	522,438	612,236	1,484,203	(192,349)	480,303	244,693	532,647
Expenses:								
General and administrative	3,875	-	-	3,875	2,213	-	-	2,213
Total expenses	3,875	-	-	3,875	2,213	-	-	2,213
Changes in net assets before withdrawals by participants	345,654	522,438	612,236	1,480,328	(194,562)	480,303	244,693	530,434
Withdrawals by participants	(345,654)	-	-	(345,654)	(115,225)	-	-	(115,225)
Changes in net assets	-	522,438	612,236	1,134,674	(309,787)	480,303	244,693	415,209
Net assets:								
Beginning	-	474,838	1,769,693	2,244,531	309,787	(5,465)	1,525,000	1,829,322
Ending	\$ -	\$ 997,276	\$ 2,381,929	\$ 3,379,205	\$ -	\$ 474,838	\$ 1,769,693	\$ 2,244,531

Read accompanying notes to financial statements.

CATHOLIC COMMUNITY FOUNDATION IN THE ARCHDIOCESE OF MIAMI, INC.

Statements of Cash Flows

For the Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,134,674	\$ 415,209
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Investment income	79,495	48,104
Contributions by participants	(1,692,358)	(253,146)
Withdrawals by participants	345,654	115,225
Realized and unrealized (gain)/loss on investments	270,145	(237,577)
Changes in operating assets and liabilities:		
Decrease in accounts payable	-	-
Increase in funds held in trust assets	9,094,528	(17,740,911)
Increase in funds held in trust liabilities	(9,094,528)	17,740,911
Net cash provided by operating activities	<u>137,610</u>	87,815
Cash flows from investing activities:		
Purchase of investments, net	<u>(1,484,314)</u>	<u>(535,523)</u>
Net cash used in investing activities	<u>(1,484,314)</u>	<u>(535,523)</u>
Cash flows from financing activities:		
Contributions by participants	1,692,358	253,146
Withdrawals by participants	<u>(345,654)</u>	<u>(115,225)</u>
Net cash provided by financing activities	<u>1,346,704</u>	137,921
Decrease in cash and cash equivalents	-	(309,787)
Cash and cash equivalents at beginning of year	<u>-</u>	<u>309,787</u>
Cash and cash equivalents at end of year	<u>\$ -</u>	<u>\$ -</u>

Read accompanying notes to financial statements.

CATHOLIC COMMUNITY FOUNDATION IN THE ARCHDIOCESE OF MIAMI, INC.

Notes to the Financial Statements

June 30, 2008 and 2007

**1. Nature of
Organization and
Significant
Accounting Policies**

Nature of organization

Catholic Community Foundation in the Archdiocese of Miami Inc. (the "Foundation") was formed in March 1998 as a not-for-profit Florida corporation whose primary purpose is to provide a single, unified means for individuals, families, corporations, private foundations and other organizations to make planned gifts for the benefit of any of the institutions of the Catholic Church, particularly those located in South Florida. With full regard for the interests of the donors and reflecting the Church's extensive and diverse efforts to carry out the work of Our Lord, the Foundation shall foster, secure, administer and invest gifts, especially endowed gifts, for any and all of the individual parishes, schools and other agencies of the Catholic Church.

In a prior year, the Archdiocese of Miami Endowment Fund, Inc. (the "Fund") deposited substantially all of its assets with the Foundation in order to alleviate a portion of the general and administrative fees associated with operating the Fund.

The financial statements of the Foundation have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles for nonprofit organizations.

Financial statement presentation

The financial statements are prepared in accordance with Statement of Financial Accounting Standards ("SFAS") No. 117, Financial Statements of Not-for-Profit Organizations and SFAS No. 136, Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others.

SFAS No. 117 requires net assets and revenues, gains and losses be classified into three categories of net assets based on the existence or the absence of donor-imposed restrictions. The three net asset categories are as follows:

- Unrestricted – Net assets which are free of donor-imposed restrictions; all revenues, gains and losses that are not changes in permanently or temporarily restricted net assets.
- Temporarily Restricted – Net assets whose use by the Foundation is limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled or removed by actions of the Foundation pursuant to those stipulations.

CATHOLIC COMMUNITY FOUNDATION IN THE ARCHDIOCESE OF MIAMI, INC.

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- Permanently Restricted – Net assets whose use by the Foundation is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Foundation.

SFAS No. 136 establishes standards for transactions in which a donor makes a contribution to a recipient not-for-profit organization on behalf of another entity that is specified by the donor. This statement requires a recipient not-for-profit organization that accepts cash or other financial assets from a donor and agrees to use those assets on behalf of or transfer those assets, the return on investment of those assets, or both to a specified affiliated beneficiary to recognize the fair value of those assets it receives as a contribution received.

Investments

The Foundation accounts for its investments under SFAS No. 124, Accounting for Certain Investments Held by Not-for-Profit Organizations. Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Realized and unrealized gains (losses) on investments are recognized in the statement of activities and changes in net assets.

Contributions by participants

Contributions made by participants in forms other than cash are recorded at their fair value at the date of the contribution.

The Foundation has also adopted the provisions of SFAS No. 116, Accounting for Contributions Received and Contributions Made. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Distributions to endowment fund participants

The Foundation's by-laws give the Board of Directors the authority to determine the total annual net earnings to be proportionately distributed to each endowment fund participant. Effective January 1, 2006, the Foundation will make available for distribution to each beneficiary the full amount of net positive income earned by each endowment fund participant account in a fiscal period. This distributable amount will be limited to the extent that such amount is in excess of the account's

CATHOLIC COMMUNITY FOUNDATION IN THE ARCHDIOCESE OF MIAMI, INC.

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June 30, 2008 and 2007

cumulative deposits. In years where there is no net positive income, no distributable income will be made available to the endowment fund participant.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of 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.

Income taxes

The Foundation is exempt from all federal and state income taxes under Internal Revenue Code Section 501(c)(3) as a qualified nonprofit organization, except for income unrelated to the purpose of the Foundation. For the years ended June 30, 2008 and 2007, no provision for income taxes is required.

Risks and uncertainties

The Foundation provides for various investment options in any combination of stocks, bonds, fixed income securities, mutual funds, and other investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is reasonably possible that changes in risks in the near term would materially affect participants' account balances and the amounts reported in the accompanying financial statements.

Reclassifications

Certain amounts in the 2007 financial statements have been reclassified to conform to the 2008 presentation.

CATHOLIC COMMUNITY FOUNDATION IN THE ARCHDIOCESE OF MIAMI, INC.

Notes to the Financial Statements

June 30, 2008 and 2007

2. Investments

Investments are stated at fair value and are comprised of the following at June 30, 2008:

	Cost	Percentage	Fair Value	Percentage
Cash and cash equivalents	\$ 1,377,311	1.4%	\$ 1,377,311	1.4%
Equity investments	61,196,056	61.3%	61,912,203	62.4%
Fixed income investments	37,292,707	37.3%	35,929,527	36.2%
	\$ 99,866,074	100.0%	\$ 99,219,041	100.0%

Investments are stated at fair value and are comprised of the following at June 30, 2007:

	Cost	Percentage	Fair Value	Percentage
Cash and cash equivalents	\$ 3,298,080	3.4%	\$ 3,298,080	3.0%
Equity investments	60,291,817	61.4%	70,900,891	65.5%
Fixed income investments	34,561,021	35.2%	34,114,598	31.5%
	\$ 98,150,918	100.0%	\$ 108,313,569	100.0%

Investment income consisted of the following for the years ended June 30, 2008 and 2007:

	2008		2007	
	Foundation	Funds Held In Trust	Foundation	Funds Held In Trust
Investment income	\$ 79,495	3,114,905	\$ 48,104	2,326,034
Net realized and unrealized gains/(loss) on investments	(270,145)	(9,912,961)	237,577	11,545,238
	\$ (190,650)	(6,798,056)	\$ 285,681	13,871,272

Read accompanying Report of Independent Certified Public Accountants.

CATHOLIC COMMUNITY FOUNDATION IN THE ARCHDIOCESE OF MIAMI, INC.

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- 3. Funds Held in Trust** The Foundation has entered into agreements with St. Mary’s Cathedral Trust, St. John Vianney College Seminary Trust, Church of the Epiphany Parish Trusts, the Archdiocese of Miami Millennium Appeal, Inc. d/b/a Vision 2000, the Archdiocese of Miami Endowment Fund, Inc. (collectively, the “Participating Entities”), the Dianne and Michael Bienes Charitable Foundation, Inc. (the “Supporting Organization”), to invest certain assets on their behalf. These assets, and the related investment earnings and expenses, are recorded as funds held in trust in the accompanying financial statements.

Funds Held in Trust are stated at fair value and are comprised of the following for the years ended June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
The Archdiocese of Miami Millennium Appeal, Inc. d/b/a Vision 2000	\$ 29,039,671	\$ 33,248,623
The Archdiocese of Miami Endowment Fund, Inc.	32,782,891	35,412,553
Other Participating Entities	31,202,863	34,364,482
	<u>\$ 93,025,425</u>	<u>\$ 103,025,658</u>

- 4. Net Assets** Unrestricted and temporarily restricted net assets, upon availability, are used to support qualified not-for-profit entities sponsored by the Archdiocese.
- Permanently restricted net assets are restricted to investment in perpetuity, the income of which is expendable for support.
- 5. Related Party Transactions** The Foundation is sponsored by the Archdiocese of Miami (the “Archdiocese”) and its offices are located at the headquarters of the Archdiocese. The Foundation is not charged rent, labor costs or other administrative expenses by the Archdiocese for the use of its offices, employees or other resources, respectively.
- 6. Disclosure of Certain Concentrations** The Foundation maintains its cash balances in one financial institution. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. The Foundation believes it is not exposed to any significant credit risk on such accounts.