

CATHOLIC COMMUNITY FOUNDATION
IN THE ARCHDIOCESE OF MIAMI, INC.

FINANCIAL STATEMENTS

JUNE 30, 2020

CATHOLIC COMMUNITY FOUNDATION IN THE ARCHDIOCESE OF MIAMI, INC.

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Catholic Community Foundation in the Archdiocese of Miami, Inc. (the "Foundation"), (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities 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 from 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 entity'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 entity'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 audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
Catholic Community Foundation in the Archdiocese of Miami, Inc.
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Other Matter

The financial statements of the Foundation for the year ended June 30, 2019, before the restatement described in Note 1, were audited by another auditor whose report dated August 16, 2019, expressed an unmodified opinion on those statements.

As part of our audit of the June 30, 2020 financial statements, we also audited the adjustments described in Note 1 that were applied to restate the 2019 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2019 financial statements of the entity other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2019 financial statements as a whole.

Emphasis of Matter – Coronavirus

As further discussed in Note 9, the Foundation is subject to the current economic and health conditions in the United States, including the coronavirus which was designated as a global pandemic by the World Health Organization on March 11, 2020. Management is currently assessing the impact of these conditions and continues to explore various options to minimize the financial impact, however the ultimate outcome is not known as of the date these financial statements were available to be issued. Our opinion is not modified with respect to this matter.



Miami, Florida
August 24, 2020

CATHOLIC COMMUNITY FOUNDATION IN THE ARCHDIOCESE OF MIAMI, INC.

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

ASSETS

Investments	\$ 22,372,732
Investments - funds held in trust	<u>221,939,542</u>
TOTAL ASSETS	<u>\$ 244,312,274</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Funds held in trust - participating entities	<u>\$ 221,939,542</u>
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NET ASSETS

Without donor restrictions	73,433
With donor restrictions	<u>22,299,299</u>

TOTAL NET ASSETS	<u>22,372,732</u>
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 244,312,274</u>
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The accompanying notes are an integral part of these financial statements.

CATHOLIC COMMUNITY FOUNDATION IN THE ARCHDIOCESE OF MIAMI, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Net assets without Donor Restrictions	Net assets with Donor Restrictions	Total
REVENUES			
Contributions	\$ -	\$ 565,868	\$ 565,868
Investment income, net	883	635,155	636,038
Net assets released from restrictions	<u>844,467</u>	<u>(844,467)</u>	<u>-</u>
TOTAL REVENUES	845,350	356,556	1,201,906
EXPENSES			
Program expenses- Payments to beneficiaries	<u>844,467</u>	<u>-</u>	<u>844,467</u>
TOTAL EXPENSES	<u>844,467</u>	<u>-</u>	<u>844,467</u>
CHANGE IN NET ASSETS	<u>883</u>	<u>356,556</u>	<u>357,439</u>
NET ASSETS - BEGINNING OF YEAR (PREVIOUSLY REPORTED)	-	29,573,802	29,573,802
PRIOR PERIOD ADJUSTMENT (NOTE 1)	<u>72,550</u>	<u>(7,631,059)</u>	<u>(7,558,509)</u>
NET ASSETS - BEGINNING OF YEAR (RESTATED)	<u>72,550</u>	<u>21,942,743</u>	<u>22,015,293</u>
NET ASSETS - END OF YEAR	<u>\$ 73,433</u>	<u>\$ 22,299,299</u>	<u>\$ 22,372,732</u>

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

CATHOLIC COMMUNITY FOUNDATION IN THE ARCHDIOCESE OF MIAMI, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 357,439
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Unrealized and realized investment gains, net	(4,006,657)
Increase in operating liability:	
Increase in Funds held in trust - participating entities (liability)	12,228,102
TOTAL ADJUSTMENTS	8,221,445
NET CASH PROVIDED BY OPERATING ACTIVITIES	8,578,884
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of investments, net of proceeds	(8,578,884)
NET CASH USED IN INVESTING ACTIVITIES	(8,578,884)
NET INCREASE (DECREASE) IN CASH	-
CASH - BEGINNING OF YEAR	-
CASH - END OF YEAR	\$ -

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

CATHOLIC COMMUNITY FOUNDATION IN THE ARCHDIOCESE OF MIAMI, INC.

NOTES TO FINANCIAL STATEMENTS June 30, 2020

1. 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 administer and invest endowed gifts for any and all of the individual parishes, schools and other agencies 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 serve the Archdiocese of Miami, the benefitting ministries, and the donors in their efforts to fulfill the two Great Commandments - that we are to love God with our whole being and to love our neighbor as ourselves for the love of God.

Prior Period Adjustment

During the 2020 audit, the Foundation discovered that various participant accounts were incorrectly recorded as contributions/net assets of the Foundation instead of as funds held in trust. As a result, the beginning net assets were restated by (\$7,558,509). The prior period adjustment affected the following account balances:

	<u>As Previously Reported</u>	<u>Restatement</u>	<u>As Restated</u>
Assets			
Investments	\$ 29,573,802	\$ (7,558,509)	\$ 22,015,293
Investments - Funds held in trust	202,152,931	7,558,509	209,711,440
Total Assets	<u>231,726,733</u>	<u>-</u>	<u>231,726,733</u>
Liabilities			
Funds held in trust – participating entities	(202,152,931)	(7,558,509)	(209,711,440)
Total Liabilities	<u>(202,152,931)</u>	<u>(7,558,509)</u>	<u>(209,711,440)</u>
Net Assets	<u>\$ 29,573,802</u>	<u>\$ (7,558,509)</u>	<u>\$ 22,015,293</u>

The Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-605 established standards for transactions in which a foundation accepts assets from a not-for-profit organization and agrees to transfer those assets, the return on investment of those assets or both back to the not-for-profit organization. ASC 958-605 specifically requires that, if a not-for-profit organization establishes a fund at a foundation with its own assets and specifies itself as the beneficiary of that fund, that foundation must account for the transfer of such assets as a liability rather than as a contribution. The Foundation refers to such funds as agency transactions, the liability of which is shown on the Statement of Financial Position as Funds held in trust-participating entities. Agency activities are not reflected on the Statement of Activities.

The Foundation's interpretation of this guidance resulted in the restatement of various participant accounts that were incorrectly recorded as net assets, instead of a liability.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

CATHOLIC COMMUNITY FOUNDATION IN THE ARCHDIOCESE OF MIAMI, INC.

NOTES TO FINANCIAL STATEMENTS
June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation

Net assets and revenues, gains and losses are classified into two classes of net assets based on the existence or absence of donor-imposed restrictions. The two classes of net asset categories are as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statement of Activities.

Use of Estimates

The preparation of financial statements in conformity 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 amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

Investments in cash securities have been included as a component of investments in the accompanying Statement of Financial Position.

Investments

The Foundation reports its investments at fair value in the Statement of Financial Position. Investment income, net (including realized and unrealized gains and losses on investments) is included in the accompanying Statement of Activities as increases in net assets without donor restrictions unless income is restricted by donor or law.

Fair Value of Financial Instruments

The fair value of the Foundation's investments is estimated based on bid prices published by financial institutions, or quotations received from securities dealers, and is reflective of the interest rate environment that existed as of the close of business on June 30, 2020. Various market factors subsequent to June 30, 2020 may affect the subsequent fair value of the Foundation's investments.

Concentration of Credit and Market Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash deposits in excess of the Federal Deposit Insurance Corporation ("FDIC") insured limits. The Foundation limits its exposure by placing its deposits with quality financial institutions. At times, such balances may be in excess of the insurance limits of the FDIC. The Foundation has not experienced losses in such accounts.

Investments are subject to both credit and market risks. Credit risk is the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Market risk is the possibility that fluctuations in the investment market will impact the value of the portfolio. The Foundation's investments in equity and fixed income securities are considered a concentration of market risk as they are approximately 58% and 41%, respectively, of total investments at June 30, 2020. The Foundation has an investment policy, utilizes management oversight, third party consultants and regularly reviews its investment portfolio to monitor these risks.

CATHOLIC COMMUNITY FOUNDATION IN THE ARCHDIOCESE OF MIAMI, INC.

NOTES TO FINANCIAL STATEMENTS
June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Funds Held in Trust – Participating Entities

The Foundation accepts funds from participating Archdiocesan entities who desire to have the Foundation provide efficient investment management. A liability is recorded at the estimated fair value of the assets deposited with the Foundation. The participating entity may request a partial or total distribution at any time. Assets are invested in investment pools offered by the Foundation. U.S. GAAP requires that a recipient organization recognize the fair value of the assets as a liability.

Revenue Recognition – Contributions

Transfers of cash or other assets or settlement of liabilities that are both voluntary and nonreciprocal are recognized as contributions. Contributions may either be conditional or unconditional. A contribution is considered conditional when the donor imposes both a barrier and a right of return. Conditional contributions are recognized as revenue on the date all donor-imposed barriers are overcome or explicitly waived by the donor. Barriers may include specific and measurable outcomes, limitations on the performance of an activity and other stipulations related to the contribution. A donor has a right of return of any assets transferred or a right of release of its obligation to transfer any assets in the event the Foundation fails to overcome one or more barriers. Assets received before the barrier is overcome are accounted for as refundable advances.

Unconditional contributions may or may not be subject to donor-imposed restrictions. Donor-imposed restrictions limit the use of the donated assets but are less specific than donor-imposed conditions. Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations about the use of the donated assets, or if they are designated as support for future periods.

When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as “Net assets released from restrictions.” Donor-restricted contributions whose restrictions are met in the same reporting period in which received are reported as net assets without donor restrictions. The Foundation receives donations from donors and other Archdiocesan entities. Donations are evaluated as to whether they qualify as exchange transactions or contributions as defined by U.S. GAAP.

Revenue Recognition – Exchange Transactions

Reciprocal transfers in which each party receives and sacrifices goods or services with approximate commensurate value are recognized as exchange transactions. The Foundation adopted ASC Topic 606, Revenue from Contracts with Customers (“Topic 606”) on January 1, 2019 using the modified retrospective method applied to all contracts not completed as of the date of the adoption. The core principle is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract and (v) recognize revenue when (or as) the entity satisfies a performance obligation. The Foundation has determined that none of its revenue qualifies as an exchange transaction.

Functional Allocation of Expenses

Functional expenses are those expenses incurred by the Foundation in the accomplishment of their mission. Expenses that can be directly identified with the program or supporting service are reported as expenses of those functional areas. Other expenses are allocated among program and supporting services based on a reasonable basis that is consistently applied. Other than investment management fees (which are recorded net of investment income) and payments to beneficiaries, no expenses were incurred by the Foundation during the year ended June 30, 2020.

CATHOLIC COMMUNITY FOUNDATION IN THE ARCHDIOCESE OF MIAMI, INC.

NOTES TO FINANCIAL STATEMENTS
June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Foundation is a not-for-profit corporation whose revenue is not subject to federal or state income taxes. The Foundation is exempt from Federal income taxes under section 501(c)(3) of the Internal Revenue Code.

The Foundation recognizes and measures tax positions based on their technical merit and assesses the likelihood that the positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. Interest and penalties on tax liabilities, if any, would be recorded in interest expense and other non-interest expense, respectively.

The U.S. federal jurisdiction and the State of Florida are the major tax jurisdictions where the Foundation files income tax returns. The Foundation is generally no longer subject to U.S. Federal or State examinations by tax authorities for fiscal years before 2017.

Adopted Accounting Pronouncements

Revenue From Contracts With Customers

The Foundation adopted Topic 606 beginning July 1, 2019, using the modified retrospective approach. Refer to the paragraph "Revenue Recognition – Exchange Transactions" in Note 2 for more information. The adoption of this update had no effect on the Foundation's financial position and changes in net assets.

Accounting Guidance for Contributions Received and Contributions Made

During the year ended June 30, 2020, the Foundation adopted Accounting Standards Update 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The update provides guidance in evaluating whether transactions should be accounted for as contributions or as an exchange transaction and determining whether a contribution is conditional or not. The adoption of this update had no effect on the Foundation's financial position and changes in net assets.

Subsequent Events

The Foundation has evaluated subsequent events through August 24, 2020, which is the date the financial statements were available to be issued.

3. LIQUIDITY MANAGEMENT AND AVAILABILITY OF RESOURCES

The Foundation maintains a policy of structuring its financial assets to be available as general expenditures, liabilities and other obligations come due. The Foundation's financial assets available within one year of the Statement of Financial Position date for general expenditures as of June 30, 2020 are as follows:

Investments	\$ 22,372,732
Investments - funds held in trust	221,939,542
Total financial assets	<u>244,312,274</u>
Less those unavailable for general expenditures within one year due to:	
Funds held in trust - participating entities	(221,939,542)
Net assets with donor restrictions	<u>(22,299,299)</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 73,433</u>

CATHOLIC COMMUNITY FOUNDATION IN THE ARCHDIOCESE OF MIAMI, INC.

NOTES TO FINANCIAL STATEMENTS
June 30, 2020

4. INVESTMENTS

Investments are presented in the financial statements at fair market value and consist of the following at June 30, 2020:

	<u>Cost basis</u>	<u>Fair Value</u>
Cash securities	\$ 1,646,716	\$ 1,646,716
Fixed income securities	97,033,588	100,925,322
Mutual funds:		
Domestic equity	77,699,057	96,131,934
International equity	49,026,547	45,608,302
	<u>\$ 225,405,908</u>	<u>\$ 244,312,274</u>

The following schedule summarizes investment income, net, for both investments of the Foundation and Investments – funds held in trust for the year ended June 30, 2020:

	<u>Investments</u>	<u>Investments- Funds held in trust</u>
Realized gains	\$ 285,198	\$ 2,767,507
Unrealized gains	88,373	865,580
Interest and dividend income	324,427	3,142,880
Investment fees	(61,960)	(601,500)
	<u>\$ 636,038</u>	<u>\$ 6,174,467</u>

Investment income, net of investments - funds held in trust are not reflected in the Statement of Activities, in accordance with agency transactions.

5. FUNDS HELD IN TRUST – PARTICIPATING ENTITIES

The Foundation has entered into agreements with various participating entities 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. The transfers to Funds held in Trust, related investment income (loss), investment fees, and distributions back to the entities are recorded as an increase or decrease to the corresponding assets and liabilities and are not included in the net assets of the Foundation.

Funds Held in Trust are stated at fair value and are comprised of the following for the year ended June 30, 2020:

The Archdiocese of Miami Millennium Appeal, Inc. d/b/a Vision 2000	\$ 41,563,522
The Archdiocese of Miami Endowment Fund, Inc.	178,583,047
Other	1,792,973
Total funds held in trust	<u>\$ 221,939,542</u>

Transactions during the year ended June 30, 2020 were as follows:

Funds held in trust - participating entities, beginning of year (restated)	\$ 209,711,440
Investment income, net of fees	6,174,467
Transfers received	10,602,112
Distributions to entities	(4,548,477)
Funds held in trust - participating entities, end of year	<u>\$ 221,939,542</u>

6. FAIR VALUE MEASUREMENTS

The Financial Accounting Standards Board Accounting Standards Codification 820 *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
- Level 2 Inputs to the valuation methodology include:
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets or liabilities in inactive markets;
 - inputs other than quoted prices that are observable for the asset or liability;
 - inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Level 3 assets and liabilities measured at fair value are based on one or more of three valuation techniques:
 - Market approach - Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
 - Cost approach - Amount that would be required to replace the service capacity of an asset (i.e., replacement cost);
 - Income approach – Techniques that convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing models, and lattice models).

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 the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Cash securities are carried at cost, which approximates fair value.

Fixed income securities are carried at fair value as of the financial statement date. Fair values are based on quoted market prices on the last day of the fiscal year.

A portion of the Foundation's equity securities are valued at quoted active market prices, which represent the net asset value of shares held by the Foundation. The majority of the Foundation's investment in equity securities are measured at fair value using the net asset value per unit practical expedient and, accordingly, have not been classified in the fair value hierarchy.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The values assigned to certain investments are based upon currently available information and do not necessarily represent amounts that may ultimately be realized.

CATHOLIC COMMUNITY FOUNDATION IN THE ARCHDIOCESE OF MIAMI, INC.

NOTES TO FINANCIAL STATEMENTS
June 30, 2020

6. FAIR VALUE MEASUREMENTS (CONTINUED)

The following table represents the Foundation's assets measured at fair value on a recurring basis at for each of the fair value hierarchy levels as of June 30, 2020:

<u>Description</u>	<u>Fair Value</u> <u>6/30/2020</u>	<u>Fair Value Measurements at Reporting Date Using:</u>		
		<u>Quoted Prices</u> <u>In Active</u> <u>Markets for</u> <u>Identical Assets</u> <u>(Level 1)</u>	<u>Significant</u> <u>Other</u> <u>Observable</u> <u>Inputs</u> <u>(Level 2)</u>	<u>Significant</u> <u>Other</u> <u>Unobservable</u> <u>Inputs</u> <u>(Level 3)</u>
Assets:				
Cash securities	\$ 1,646,716	\$ 1,646,716	-	-
Fixed income securities	100,925,322	100,925,322	-	-
Equity securities	39,159,830	39,159,830	-	-
Total assets in the fair value hierarchy	<u>141,731,868</u>	<u>141,731,868</u>	-	-
Assets measured at NAV	102,580,406	-	-	-
Total assets at fair value	\$ 244,312,274	\$ 141,731,868	-	-

The equity securities valued at net asset value consist of two State Street mutual funds (State Street MSCI ACWI Ex US IMI, \$45,608,302 and State Street Russell 3000 Index, \$56,972,104) for which the strategy is managed using an indexing investment approach which attempts to approximate, before expenses, the performance of the index over the long term. There are no unfunded commitments or redemption restrictions.

7. NET ASSETS

Net assets of the Foundation are comprised of both net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions were \$73,433 as of June 30, 2020. The Foundation has the authority to direct the use of these funds in a manner which it deems appropriate.

Net assets with donor restrictions include contributions made by donors or Archdiocesan entities with a specific purpose restriction, the majority of which are to create an endowment for the benefit of a specified beneficiary. A participant account is established for each contribution received and the corpus cannot be invaded. In accordance with the Foundation's investment policy and the participant agreement, the beneficiary of these participant accounts may receive payments of allowable distributable income. As of June 30, 2020, net assets with donor restrictions were \$22,299,299. During the year ended June 30, 2020, releases from net assets with donor restrictions include distributable income that was paid to beneficiaries.

8. RELATED PARTY TRANSACTIONS

The Foundation is sponsored by the Archdiocese of Miami, Inc. (the "Archdiocese") and its offices are located at the headquarters of the Archdiocese. Except for a \$50,000 annual subsidy for its Executive Director, 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. The annual subsidy is recorded as an investment management fee. The fee was paid by the Foundation and not allocated to participant accounts during the year ended June 30, 2020.

9. COVID-19

Since January 2020, the coronavirus (COVID-19) outbreak has caused substantial disruption in international and U.S. economies and markets. The coronavirus and fear of further spread of the coronavirus has caused quarantines, cancellation of events, and overall reduction in business and economic activity. On March 11, 2020, the World Health Organization designated the coronavirus outbreak a pandemic. Management and the Board of Directors are evaluating the potential adverse effect this will have on their financial position, operations, and cash flows. Additionally, the coronavirus has caused volatility in global financial markets. Due to the current volatility in the market, the Foundation may experience future losses on its investment portfolio.