

***CATHOLIC FOUNDATION
OF
WESTERN KENTUCKY, INC.
FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION
Years Ended June 30, 2023 and 2022***

(With Independent Auditor's Report Thereon)

CONTENTS

	<u>Pages</u>
Independent Auditor's Report	1-2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-17
Supplementary Information:	
Schedule of Assets Held for Others	18



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Catholic Foundation of Western Kentucky, Inc.

Opinion

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Catholic Foundation of Western Kentucky, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements, Continued

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of assets held for others on page 18 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates 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.

Owensboro, Kentucky
January 17, 2024

Riney Hancock CPAs PSC

CATHOLIC FOUNDATION OF WESTERN KENTUCKY, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,104	\$ 2,932
Due from related party	<u>4,000,000</u>	<u>-</u>
Total current assets	<u>4,003,104</u>	<u>2,932</u>
Investments	<u>11,374,870</u>	<u>10,632,887</u>
Assets held for others:		
Investments	<u>21,275,298</u>	<u>19,556,533</u>
Total assets	<u><u>\$ 36,653,272</u></u>	<u><u>\$ 30,192,352</u></u>
LIABILITIES AND NET ASSETS		
Due to related party	\$ -	\$ 43,715
Annuity obligations	329,823	319,764
Assets held for others	<u>25,275,298</u>	<u>19,512,818</u>
Total liabilities	<u>25,605,121</u>	<u>19,876,297</u>
Net assets:		
Endowment:		
Without donor restrictions	487,336	441,651
With donor restrictions	<u>10,560,815</u>	<u>9,874,404</u>
Total net assets	<u>11,048,151</u>	<u>10,316,055</u>
Total liabilities and net assets	<u><u>\$ 36,653,272</u></u>	<u><u>\$ 30,192,352</u></u>

See Notes to Financial Statements

CATHOLIC FOUNDATION OF WESTERN KENTUCKY, INC.

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Net assets without donor restrictions:		
Revenues:		
Investment return	\$ 92,981	\$ (115,426)
Net assets released from restrictions	<u>492,695</u>	<u>473,828</u>
Total unrestricted revenues	<u>585,676</u>	<u>358,402</u>
Expenses:		
Program services:		
Seminarians	407,556	392,927
Religious education	30,483	29,673
Outreach	15,065	14,664
Catholic charities	12,897	12,554
Other programs	44,756	27,728
Supporting services:		
Management and general	<u>29,234</u>	<u>37,572</u>
Total expenses	<u>539,991</u>	<u>515,118</u>
Increase (decrease) in net assets without donor restriction	<u>45,685</u>	<u>(156,716)</u>
Net assets with donor restrictions:		
Contributions and bequests	107,304	50,011
Investment return	1,095,100	(1,348,294)
Change in value of annuity net assets	(23,298)	(33,649)
Net assets released from restrictions	<u>(492,695)</u>	<u>(473,828)</u>
Increase (decrease) in net assets with donor restrictions	<u>686,411</u>	<u>(1,805,760)</u>
Change in net assets	732,096	(1,962,476)
Net assets, beginning of year	<u>10,316,055</u>	<u>12,278,531</u>
Net assets, end of year	<u>\$ 11,048,151</u>	<u>\$ 10,316,055</u>

See Notes to Financial Statements

CATHOLIC FOUNDATION OF WESTERN KENTUCKY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended June 30, 2023 and 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
	<u>2023</u>		
Management fees	\$ -	\$ 29,234	\$ 29,234
Disbursed to the Diocese to expend for program services	<u>510,757</u>	<u>-</u>	<u>510,757</u>
	<u>\$ 510,757</u>	<u>\$ 29,234</u>	<u>\$ 539,991</u>
	<u>2022</u>		
Professional and technical fees	\$ -	\$ 11,289	\$ 11,289
Management fees	-	26,283	26,283
Disbursed to the Diocese to expend for program services	<u>477,546</u>	<u>-</u>	<u>477,546</u>
	<u>\$ 477,546</u>	<u>\$ 37,572</u>	<u>\$ 515,118</u>

Note: The Foundation incurred no fundraising expenses.

CATHOLIC FOUNDATION OF WESTERN KENTUCKY, INC.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ 732,096	\$ (1,962,476)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Unrealized (gain) loss on investments	(905,503)	1,759,830
Realized (gain) loss on investments	99,755	(141,562)
Actuarial change in value of annuity obligations	(11,342)	17,125
Decrease (increase) in assets:		
Due from related party	(4,000,000)	156,756
Increase (decrease) in liabilities:		
Due to related party	(43,715)	43,715
Assets held for others	4,043,715	(43,715)
	<u> </u>	<u> </u>
Net cash provided by (used in) operating activities	<u>(84,994)</u>	<u>(170,327)</u>
Cash flows from investing activities:		
Proceeds from sale and maturities of investments	1,564,781	471,216
Purchases of investments	(2,161,084)	(929,687)
Withdrawals from investment accounts	660,068	647,845
	<u> </u>	<u> </u>
Net cash provided by (used in) investing activities	<u>63,765</u>	<u>189,374</u>
Cash flows from financing activities:		
Additions to annuity obligations	77,320	30,000
Payments on annuity obligations	(55,919)	(47,311)
	<u> </u>	<u> </u>
Net cash provided by (used in) financing activities	<u>21,401</u>	<u>(17,311)</u>
Net increase (decrease) in cash and cash equivalents	172	1,736
Cash and cash equivalents, beginning of year	<u>2,932</u>	<u>1,196</u>
Cash and cash equivalents, end of year	<u>\$ 3,104</u>	<u>\$ 2,932</u>

See Notes to Financial Statements

CATHOLIC FOUNDATION OF WESTERN KENTUCKY, INC.

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2023 and 2022

1. Organization and Summary of Significant Accounting Policies

Nature of Organization

The Catholic Foundation of Western Kentucky, Inc. (Foundation), an independent nonprofit corporation founded in 1986, was formed to provide financial support for the spiritual, educational, and social needs of the Catholic community. This mission is fulfilled by seeking endowment funds to support program objectives, helping donors achieve their charitable and financial goals, and helping parishes, schools, and Catholic organizations meet their long-term financial needs. The Foundation financial statements report an Endowment Fund, as well as assets held for others.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

Basis of Presentation

The financial statements of the Foundation have been prepared in accordance with U.S. generally accepted accounting principles, which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

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 organization. These net assets may be used at the discretion of the Foundation's management and 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, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash, Cash Equivalents, and Restricted Cash

The Foundation considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors to be cash and cash equivalents. Cash and highly liquid financial instruments that have donor-imposed restrictions limiting its use is reported as restricted cash in the financial statements. The Foundation had no restricted cash at June 30, 2023 and 2022.

CATHOLIC FOUNDATION OF WESTERN KENTUCKY, INC.

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2023 and 2022

1. Organization and Summary of Significant Accounting Policies, Continued

Investments

Investments are stated at fair value. Investments acquired by gift are recorded at the fair value on the date the gift was received. Investment income that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statement of activities as with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions. Investment return includes unrealized gains and losses and is reported net of investment expenses.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted revenue, depending on the existence and nature of any donor restrictions.

Contributions that are restricted by donors are reported as increases in net asset without donor restrictions if the restrictions expire in the same reporting period. All other restricted contributions are reported as increases in net assets with donor restrictions. When restrictions expire (that is, when a stipulated time restriction ends or a 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.

Functional Expenses

Expenses are charged directly to program or supporting services categories based on specific identification, as summarized in the statement of functional expenses.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CATHOLIC FOUNDATION OF WESTERN KENTUCKY, INC.

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2023 and 2022

2. Liquidity and Availability of Funds

The Foundation's 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, are as follows:

	2023	2022
Cash	\$ 3,104	\$ 2,932
Investments	326,719	316,832
Total financial assets as of year end	329,823	319,764
Board appropriation from endowment for general expenditure in subsequent year	46,086	44,756
Total financial assets available to meet general expenditure within the next 12 months	\$ 375,909	\$ 364,520

As part of 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 come due. The Foundation has board-designated endowment funds of \$487,336 and \$441,651 at June 30, 2023 and 2022, respectively. As disclosed in Note 6, the Foundation's spending policy permits an annual appropriation from these board-designated funds for general expenditure in an amount not to exceed 5% of the average fair value of the unrestricted investments at the prior three fiscal year ends. Although the Foundation does not intend to spend from these board-designated endowment funds, other than amounts appropriated for general expenditure under the spending policy described, amounts from its board-designated endowment funds could be made available, if necessary.

3. Investments

Investments in the Endowment Fund consist of the following at June 30:

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	\$ 310,197	\$ 311,267	\$ 146,655	\$ 146,758
Mutual funds	8,026,093	11,063,603	8,355,366	10,486,129
	\$ 8,336,290	\$ 11,374,870	\$ 8,502,021	\$ 10,632,887

CATHOLIC FOUNDATION OF WESTERN KENTUCKY, INC.

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2023 and 2022

3. Investments, Continued

The following schedules summarize the Endowment Fund investment return and its classification for the years ended June 30:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 17,681	\$ 202,614	\$ 220,295
Unrealized gains (losses)	71,227	834,276	905,503
Realized gains (losses)	7,063	92,692	99,755
Investment fees	(2,990)	(34,482)	(37,472)
	\$ 92,981	\$ 1,095,100	\$ 1,188,081
	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 15,417	\$ 175,525	\$ 190,942
Unrealized gains	(147,211)	(1,612,619)	(1,759,830)
Realized gains	19,280	122,282	141,562
Investment fees	(2,912)	(33,482)	(36,394)
	\$ (115,426)	\$ (1,348,294)	\$ (1,463,720)

4. Split Interest Agreements

Charitable Gift Annuities

The Foundation administers a charitable gift annuity program which provides for the investment of contributions made by individuals from which a periodic contractual annuity payment is made to the annuitant. The assets received are held as investments of the Foundation at fair value, and a liability is recorded for the estimated present value of the estimated future payments to be made to the donors and/or other beneficiaries. At the date of gift, the difference between the fair value of the assets received and the present value of the liability is recognized as contribution revenue. The liability is valued on a recurring basis using generally accepted fair value measurement methods. As required distributions are made to the annuitants, or upon death of annuitants, the related reductions in the liability are reported as changes in the value of annuity net assets. In addition, if annuitants designate in the annuity agreements a beneficiary other than the Foundation, upon death, the remaining investment balance for that annuity is distributed to that beneficiary. The annuity obligation balance at June 30, 2023 and 2022, totaled \$329,823 and \$319,764, respectively.

CATHOLIC FOUNDATION OF WESTERN KENTUCKY, INC.

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2023 and 2022

5. Assets Held for Others

Assets held for others represent funds managed by the Foundation on behalf of other Catholic organizations. The assets are stated at fair value, with a corresponding liability reflected in the statements of financial position. Additional investments by these organizations, as well as investment return, investment fees, and withdrawals, are reflected as adjustments to the liability account, and are not reflected in the statement of activities. Assets held for others consist of the following at June 30:

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	\$ 523,885	\$ 525,848	\$ 758,706	\$ 759,332
Mutual funds	15,389,124	20,749,450	15,147,524	18,797,201
	\$ 15,913,009	\$ 21,275,298	\$ 15,906,230	\$ 19,556,533

Activity in assets held for others was as follows for the years ended June 30:

	2023	2022
Balance, beginning of year	\$ 19,556,533	\$ 22,481,977
Deposits	392,142	395,446
Withdrawals	(828,713)	(692,507)
Investment return:		
Interest and dividends	406,528	344,612
Unrealized gains	1,707,825	(3,311,881)
Realized gains	167,867	455,269
Investment fees	(69,972)	(66,613)
Management fees	(56,912)	(49,770)
	2,155,336	(2,628,383)
Due from related party	4,000,000	-
Balance, end of year	\$ 25,275,298	\$ 19,556,533

6. Endowment Fund

The Foundation's Endowment includes funds established for various purposes, and includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. Assets held for others are not a part of the Endowment Fund. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The state of Kentucky has enacted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) legislation. The Board of Directors has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-

CATHOLIC FOUNDATION OF WESTERN KENTUCKY, INC.

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2023 and 2022

6. Endowment Fund, Continued

restricted endowment funds, absent explicit donor stipulation or implicit donor intention to the contrary. The Foundation classifies as permanently restricted net assets the original value of contributions to the permanent endowment and the original value of any such subsequent contributions. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide funding to programs supported by its endowment, while seeking to maintain purchasing power of the endowment assets. For donor-restricted funds, the Foundation's spending policy permits annual appropriations of temporarily restricted net assets in amounts not to exceed 5% of the average fair value of the investments at the prior three fiscal year ends. Unrestricted funds that are board-designated may be expended as deemed prudent; however, the Foundation has historically followed the practice of appropriating in the same manner as for the donor-restricted funds described above. The principal balances of original gifts, whether donor-restricted or unrestricted, are never invaded.

The composition of net assets of the Endowment Fund at June 30 was as follows:

	2023	2022
Net assets without donor restrictions:		
Board-designated unrestricted:	\$ 487,336	\$ 441,651
Net assets with donor restrictions:		
Temporarily restricted:		
Seminarians	4,954,602	4,513,952
Religious education	438,122	407,367
Outreach	221,890	206,691
Catholic charities	58,081	45,069
Annuities	656,533	499,722
	6,329,228	5,672,801
Permanently restricted:		
Seminarians	3,365,104	3,335,120
Religious education	171,897	171,897
Outreach	79,579	79,579
Catholic charities	200,000	200,000
Diocese general	415,007	415,007
	4,231,587	4,201,603
Total net assets with donor restrictions	10,560,815	9,874,404
	\$ 11,048,151	\$ 10,316,055

CATHOLIC FOUNDATION OF WESTERN KENTUCKY, INC.

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2023 and 2022

7. Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors as follows for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Satisfaction of purpose restrictions:		
Seminarians	\$ 430,946	\$ 413,957
Religious education	32,206	31,227
Outreach	15,917	15,433
Catholic charities	<u>13,626</u>	<u>13,211</u>
	<u>\$ 492,695</u>	<u>\$ 473,828</u>

8. Fair Value Measurements

The Foundation has adopted the provisions of FASB ASC 820, Fair Value Measurements. FASB ASC 820 establishes a framework for measuring fair value and establishes a three-tier hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, as follows:

Level 1: Quoted prices for identical assets or liabilities in active markets.

Level 2: Observable inputs, such as quoted prices for similar assets or liabilities in active markets or quoted prices for identical or similar assets or liabilities in inactive markets, or unobservable inputs that are derived principally from or corroborated by observable market data.

Level 3: Unobservable inputs that are based on the Foundation's own assumptions as to how knowledgeable parties would price assets or liabilities that are not corroborated by market data. The Foundation had no Level 3 investments as of June 30, 2023 or 2022.

CATHOLIC FOUNDATION OF WESTERN KENTUCKY, INC.

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2023 and 2022

8. Fair Value Measurements, Continued

Fair values of assets and liabilities measured on a recurring basis at June 30 were as follows:

	2023		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Foundation investments:			
Cash and cash equivalents	\$ 311,267	\$ 311,267	\$ -
Mutual funds:			
Fixed income	2,922,352	2,922,352	-
Large cap	5,505,475	5,505,475	-
Mid cap	948,575	948,575	-
Small cap	553,542	553,542	-
International	1,133,659	1,133,659	-
	\$ 11,374,870	\$ 11,374,870	\$ -
Assets held for others:			
Cash and cash equivalents	\$ 525,848	\$ 525,848	\$ -
Mutual funds:			
Fixed income	5,599,858	5,599,858	-
Large cap	10,166,775	10,166,775	-
Mid cap	1,787,785	1,787,785	-
Small cap	1,040,139	1,040,139	-
International	2,154,893	2,154,893	-
	\$ 21,275,298	\$ 21,275,298	\$ -
Annuity obligations	\$ (329,823)	\$ -	\$ (329,823)

CATHOLIC FOUNDATION OF WESTERN KENTUCKY, INC.

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2023 and 2022

8. Fair Value Measurements, Continued

	2022		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Foundation investments:			
Cash and cash equivalents	\$ 146,758	\$ 146,758	\$ -
Mutual funds:			
Fixed income	3,216,611	3,216,611	-
Large cap	5,146,784	5,146,784	-
Mid cap	718,072	718,072	-
Small cap	407,908	407,908	-
International	996,754	996,754	-
	<u>\$ 10,632,887</u>	<u>\$ 10,632,887</u>	<u>\$ -</u>
Assets held for others:			
Cash and cash equivalents	\$ 759,332	\$ 759,332	\$ -
Mutual funds:			
Fixed income	5,822,604	5,822,604	-
Large cap	9,164,661	9,164,661	-
Mid cap	1,283,189	1,283,189	-
Small cap	704,071	704,071	-
International	1,822,676	1,822,676	-
	<u>19,556,533</u>	<u>19,556,533</u>	<u>-</u>
Annuity obligations	<u>\$ (319,764)</u>	<u>\$ -</u>	<u>\$ (319,764)</u>

The following is a description of the valuation methodologies used for Level 2 assets measured at fair value.

Annuity obligations: Valued at the present value of the future distributions, using published life expectancy tables and interest rates imputed at the inception date of the obligation.

There were no transfers between levels for the years ended June 30, 2023 and 2022.

9. Income Taxes

The Foundation is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Foundation believes that it has support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. As a religious organization, the Foundation is not required to file annual federal or state information returns.

CATHOLIC FOUNDATION OF WESTERN KENTUCKY, INC.

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2023 and 2022

10. Concentration of Credit Risk

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

11. Related Party Transactions

The Roman Catholic Diocese of Owensboro (Diocese) charges a fee to the Foundation for administrative, human resources, legal and accounting support. While the Diocese and the Foundation share a common purpose to support the region's Catholic community, the Foundation is not controlled by the Diocese and, therefore, reports its financial position and activities separately from the Diocese. Related party transactions for fiscal years 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Due from the Diocese Deposit and Loan Fund for:		
Endowment	\$ <u>4,000,000</u>	\$ <u>-</u>
Due to the Diocese Charitable Trust Fund:		
Endowment	\$ <u>-</u>	\$ <u>43,715</u>
Contributions received from the Diocese:		
On behalf of donors, including Vocare	\$ <u>29,984</u>	\$ <u>33,487</u>
Disbursements to the Diocese for program services:		
Operating Fund:		
Seminarians	\$ 407,556	\$ 392,927
Religious education	30,483	29,673
Outreach	15,065	14,664
Catholic charities	12,897	12,554
Other programs	<u>44,756</u>	<u>27,728</u>
	\$ <u>510,757</u>	\$ <u>477,546</u>
Assets held for others:		
Diocese entities:		
Gasper River Catholic Retreat Center	\$ <u>124,811</u>	\$ <u>118,545</u>
Disbursements to the Diocese:		
Management Fees		
Endowment Fund	\$ 29,234	\$ 26,283
Assets held for others	<u>56,912</u>	<u>49,770</u>
	\$ <u>86,146</u>	\$ <u>76,053</u>

CATHOLIC FOUNDATION OF WESTERN KENTUCKY, INC.

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2023 and 2022

12. Subsequent Events

The Foundation has evaluated subsequent events through January 17, 2024, the date the financial statements were available to be issued.

CATHOLIC FOUNDATION OF WESTERN KENTUCKY, INC.

SCHEDULE OF ASSETS HELD FOR OTHERS

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Blessed Sacrament Chapel	\$ 23,239	\$ 20,905
Christ the King School	50,982	48,145
Christ the King, Madisonville	429,102	405,226
Diocesan Catholic Schools	1,477,513	1,400,326
Gaspar River Catholic Retreat Center	124,811	118,545
Holy Name School	2,203,095	1,661,985
Immaculate Conception, Hawesville	50,403	47,715
Owensboro Catholic High School	7,181,022	6,803,010
OCHS Athletic Endowment	1,006,581	873,876
Owensboro Catholic Schools	1,893,427	1,750,690
Parish Endowments	1,662,068	1,574,125
St. Alphonsus Cemetery	227,769	204,716
John Paul II Catholic School	301,141	270,863
St. Ann Cemetery Fund	162,653	154,377
St. Charles Cemetery, Bardwell	44,045	39,616
St. Charles, Livermore	67,713	60,905
St. Columba, Lewisport	51,821	49,053
St. Denis Cemetery	121,635	109,405
St. Edward	43,873	40,809
St. John Cemetery, Sunfish	246,957	198,518
St. Joseph School, Bowling Green	577,782	560,300
St. Joseph, Bowling Green	52,299	47,104
St. Joseph, Central City	311,982	296,106
St. Mary, Franklin	42,462	42,102
St. Paul, Princeton	20,415	18,363
St. Peter of Alcantara	225,499	214,020
St. Pius Tenth, Owensboro	42,063	37,834
St. Romuald Cemetery, Hardinsburg	357,806	321,831
St. Romuald School, Hardinsburg	48,102	43,266
St. Sebastion Cemetery	10,211	9,184
St. Thomas More, Paducah	1,728,691	1,627,669
Sts. Peter & Paul, Hopkinsville	424,191	401,666
Anne Garnett Mem. Endowment	63,945	60,563
Holy Name Catholic Grade School	2,000,000	-
Holy Name Catholic Cemetery	1,000,000	-
Holy Name Catholic Church	1,000,000	-
	<u>\$ 25,275,298</u>	<u>\$ 19,512,818</u>