

***CATHOLIC FOUNDATION  
OF  
WESTERN KENTUCKY, INC.  
FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION  
Years Ended June 30, 2021 and 2020***

***(With Independent Auditor's Report Thereon)***

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Riney Hancock CPAs  
PSC

INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Catholic Foundation of Western Kentucky, Inc.

We have audited the accompanying financial statements of the Catholic Foundation of Western Kentucky, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. 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 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 Catholic Foundation of Western Kentucky, Inc. as of June 30, 2021 and 2020, 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.

**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 17 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  
December 29, 2021

*Riney Hancock CPAs PSC*

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**CATHOLIC FOUNDATION OF WESTERN KENTUCKY, INC.**

**STATEMENTS OF FINANCIAL POSITION**

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,196	\$ 5,790
Due from related party	<u>156,756</u>	<u>4,883</u>
Total current assets	<u>157,952</u>	<u>10,673</u>
Investments	<u>12,440,529</u>	<u>10,133,327</u>
Assets held for others:		
Investments	<u>22,481,977</u>	<u>18,033,172</u>
<b>Total assets</b>	<b><u>\$ 35,080,458</u></b>	<b><u>\$ 28,177,172</u></b>
 <b>LIABILITIES AND NET ASSETS</b>		
Annuity obligations	\$ 319,950	\$ 259,882
Assets held for others	<u>22,481,977</u>	<u>18,033,172</u>
Total liabilities	<u>22,801,927</u>	<u>18,293,054</u>
Net assets:		
Endowment:		
Without donor restrictions	598,367	410,266
With donor restrictions	<u>11,680,164</u>	<u>9,473,852</u>
Total net assets	<u>12,278,531</u>	<u>9,884,118</u>
<b>Total liabilities and net assets</b>	<b><u>\$ 35,080,458</u></b>	<b><u>\$ 28,177,172</u></b>

See Notes to Financial Statements

**CATHOLIC FOUNDATION OF WESTERN KENTUCKY, INC.**

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Net assets without donor restrictions:</b>		
Revenues:		
Investment return	\$ 228,139	\$ 55,397
Net assets released from restrictions	<u>420,730</u>	<u>425,168</u>
Total unrestricted revenues	<u>648,869</u>	<u>480,565</u>
Expenses:		
Program services:		
Seminarians	367,170	371,113
Religious education	27,935	28,196
Outreach	13,805	13,934
Catholic charities	11,818	11,929
Other programs	30,423	18,768
Supporting services:		
Management and general	<u>9,617</u>	<u>9,631</u>
Total expenses	<u>460,768</u>	<u>453,571</u>
Increase in net assets without donor restrictions	<u>188,101</u>	<u>26,994</u>
<b>Net assets with donor restrictions:</b>		
Contributions and bequests	161,656	204,853
Investment return	2,586,489	411,106
Change in value of annuity net assets	(121,103)	(28,052)
Net assets released from restrictions	<u>(420,730)</u>	<u>(425,168)</u>
Increase in net assets with donor restrictions	<u>2,206,312</u>	<u>162,739</u>
<b>Change in net assets</b>	2,394,413	189,733
<b>Net assets, beginning of year</b>	<u>9,884,118</u>	<u>9,694,385</u>
<b>Net assets, end of year</b>	<u>\$ 12,278,531</u>	<u>\$ 9,884,118</u>

See Notes to Financial Statements

**CATHOLIC FOUNDATION OF WESTERN KENTUCKY, INC.**

**STATEMENTS OF FUNCTIONAL EXPENSES**

Years Ended June 30, 2021 and 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
	<u>2021</u>		
Professional and technical fees	\$ -	\$ 9,617	\$ 9,617
Disbursed to the Diocese to expend for program services	<u>451,151</u>	<u>-</u>	<u>451,151</u>
	<u>\$ 451,151</u>	<u>\$ 9,617</u>	<u>\$ 460,768</u>
	<u>2020</u>		
Professional and technical fees	\$ -	\$ 9,631	\$ 9,631
Disbursed to the Diocese to expend for program services	<u>443,940</u>	<u>-</u>	<u>443,940</u>
	<u>\$ 443,940</u>	<u>\$ 9,631</u>	<u>\$ 453,571</u>

Note: The Foundation incurred no fundraising expenses.

**CATHOLIC FOUNDATION OF WESTERN KENTUCKY, INC.**

**STATEMENTS OF CASH FLOWS**

Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 2,394,413	\$ 189,733
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Unrealized (gain) loss on investments	(2,206,847)	(165,778)
Realized (gain) loss on investments	(456,827)	(128,666)
Actuarial change in value of annuity obligations	107,298	12,643
Decrease (increase) in assets:		
Due from related party	<u>(151,873)</u>	<u>(654)</u>
Net cash provided by (used in) operating activities	<u>(313,836)</u>	<u>(92,722)</u>
<b>Cash flows from investing activities:</b>		
Proceeds from sale and maturities of investments	1,742,274	743,909
Purchases of investments	(1,990,477)	(1,224,374)
Withdrawals from investment accounts	<u>604,675</u>	<u>594,178</u>
Net cash provided by (used in) investing activities	<u>356,472</u>	<u>113,713</u>
<b>Cash flows from financing activities:</b>		
Additions to annuity obligations	-	30,000
Payments on annuity obligations	<u>(47,230)</u>	<u>(45,551)</u>
Net cash provided by (used in) financing activities	<u>(47,230)</u>	<u>(15,551)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(4,594)	5,440
<b>Cash and cash equivalents, beginning of year</b>	<u>5,790</u>	<u>350</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 1,196</u>	<u>\$ 5,790</u>

See Notes to Financial Statements

# CATHOLIC FOUNDATION OF WESTERN KENTUCKY, INC.

## NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2021 and 2020

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### 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, 2021 and 2020.



# CATHOLIC FOUNDATION OF WESTERN KENTUCKY, INC.

## NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2021 and 2020

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### 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.

#### Change in Accounting Principle

The Foundation adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-13, *Fair Value Measurement (Topic 820) Disclosure Framework- Changes to the Disclosure Requirements for Fair Value Measurement* during the year. The amendments in this ASU modify the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. Adoption of this pronouncement had no material effect on the Foundation's current or previously issued financial statements.

**CATHOLIC FOUNDATION OF WESTERN KENTUCKY, INC.**

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2021 and 2020

**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:

	2021	2020
Cash	\$ 1,196	\$ 5,790
Due from related party	156,756	4,883
Investments	161,998	249,209
Total financial assets as of year end	319,950	259,882
Board appropriation from endowment for general expenditure in subsequent year	41,784	35,423
Total financial assets available to meet general expenditure within the next 12 months	\$ 361,734	\$ 295,305

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 \$598,367 and \$410,266 at June 30, 2021 and 2020, 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:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	\$ 272,355	\$ 272,355	\$ 393,743	\$ 393,772
Mutual funds	8,277,952	12,168,174	8,055,763	9,739,555
	\$ 8,550,307	\$ 12,440,529	\$ 8,449,506	\$ 10,133,327

**CATHOLIC FOUNDATION OF WESTERN KENTUCKY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

Years Ended June 30, 2021 and 2020

**3. Investments, Continued**

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

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 15,483	\$ 175,242	\$ 190,725
Unrealized gains	179,088	2,027,759	2,206,847
Realized gains	36,788	420,039	456,827
Investment fees	(3,220)	(36,551)	(39,771)
	\$ 228,139	\$ 2,586,489	\$ 2,814,628

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 14,584	\$ 192,598	\$ 207,182
Unrealized gains	35,547	130,231	165,778
Realized gains	7,670	120,996	128,666
Investment fees	(2,404)	(32,719)	(35,123)
	\$ 55,397	\$ 411,106	\$ 466,503

**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, 2021 and 2020, totaled \$319,950 and \$259,882, respectively.

**CATHOLIC FOUNDATION OF WESTERN KENTUCKY, INC.**

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2021 and 2020

**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:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	\$ 454,682	\$ 454,684	\$ 547,768	\$ 547,813
Mutual funds	15,066,481	22,027,293	14,527,734	17,485,359
	\$ 15,521,163	22,481,977	\$ 15,075,502	18,033,172

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

	2021	2020
Balance, beginning of year	\$ 18,033,172	\$ 18,195,513
Deposits	212,435	81,671
Withdrawals	(743,252)	(864,239)
Investment return:		
Interest and dividends	339,830	385,401
Unrealized gains	4,003,542	223,839
Realized gains	707,992	76,506
Investment fees	(71,742)	(65,519)
	4,979,622	620,227
Balance, end of year	\$ 22,481,977	\$ 18,033,172

**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-restricted endowment funds, absent explicit donor stipulation or implicit donor intention to the

**CATHOLIC FOUNDATION OF WESTERN KENTUCKY, INC.**

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2021 and 2020

**6. Endowment Fund, Continued**

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:

	2021	2020
Net assets without donor restrictions:		
Unrestricted - board-designated	\$ 598,367	\$ 410,266
Net assets with donor restrictions:		
Restricted for specific programs:		
Seminarians	6,012,539	4,311,772
Religious education	517,025	388,938
Outreach	260,884	197,583
Catholic charities	91,461	37,271
Annuities	630,140	531,829
	7,512,049	5,467,393
Required to be maintained in perpetuity:		
Seminarians	3,301,632	3,139,976
Religious education	171,897	171,897
Outreach	79,579	79,579
Catholic charities	200,000	200,000
Other programs	415,007	415,007
	4,168,115	4,006,459
Total net assets with donor restrictions	11,680,164	9,473,852
	\$ 12,278,531	\$ 9,884,118

# CATHOLIC FOUNDATION OF WESTERN KENTUCKY, INC.

## NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2021 and 2020

### 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>2021</u>	<u>2020</u>
Satisfaction of purpose restrictions:		
Seminarians	\$ 367,170	\$ 371,112
Religious education	27,936	28,195
Outreach	13,805	13,933
Catholic charities	<u>11,819</u>	<u>11,928</u>
	<u>\$ 420,730</u>	<u>\$ 425,168</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, 2021 or 2020.

**CATHOLIC FOUNDATION OF WESTERN KENTUCKY, INC.**

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2021 and 2020

**8. Fair Value Measurements, Continued**

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

		2021	
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
		(Level 1)	(Level 2)
Foundation investments:			
Cash and cash equivalents	\$ 272,355	\$ 272,355	\$ -
Mutual funds:			
Fixed income	3,415,777	3,415,777	-
Large cap	6,113,431	6,113,431	-
Mid cap	880,403	880,403	-
Small cap	534,309	534,309	-
International	1,224,254	1,224,254	-
	<u>\$ 12,440,529</u>	<u>\$ 12,440,529</u>	<u>\$ -</u>
Assets held for others:			
Cash and cash equivalents	\$ 454,684	\$ 454,684	\$ -
Mutual funds:			
Fixed income	6,187,057	6,187,057	-
Large cap	11,065,203	11,065,203	-
Mid cap	1,591,111	1,591,111	-
Small cap	966,307	966,307	-
International	2,217,615	2,217,615	-
	<u>\$ 22,481,977</u>	<u>\$ 22,481,977</u>	<u>\$ -</u>
Annuity obligations	<u>\$ (319,950)</u>	<u>\$ -</u>	<u>\$ (319,950)</u>

**CATHOLIC FOUNDATION OF WESTERN KENTUCKY, INC.**

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2021 and 2020

**8. Fair Value Measurements, Continued**

	Fair Value	2020	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Foundation investments:			
Cash and cash equivalents	\$ 393,772	\$ 393,772	\$ -
Mutual funds:			
Fixed income	2,853,645	2,853,645	-
Large cap	4,627,967	4,627,967	-
Mid cap	884,449	884,449	-
Small cap	462,645	462,645	-
International	910,849	910,849	-
	<u>\$ 10,133,327</u>	<u>\$ 10,133,327</u>	<u>\$ -</u>
Assets held for others:			
Cash and cash equivalents	\$ 547,813	\$ 547,813	\$ -
Mutual funds:			
Fixed income	4,980,626	4,980,626	-
Large cap	8,440,535	8,440,535	-
Mid cap	1,504,942	1,504,942	-
Small cap	917,539	917,539	-
International	1,641,717	1,641,717	-
	<u>18,033,172</u>	<u>18,033,172</u>	<u>-</u>
Annuity obligations	\$ (259,882)	\$ -	\$ (259,882)

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, 2021 and 2020.

**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, 2021 and 2020

### 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) provides administrative, human resources, and accounting support to the Foundation at no charge. Management has determined that the value of these services is immaterial and, therefore, has not recorded the related revenue and expense in the financial statements. 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 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Due from the Diocese Operating Fund for:		
Bequest	\$ <u>156,756</u>	\$ <u>4,883</u>
Contributions received from the Diocese:		
On behalf of donors, including Vocare	\$ <u>4,900</u>	\$ <u>66,884</u>
Disbursements to the Diocese for program services:		
Operating Fund:		
Seminarians	\$ 367,170	\$ 371,113
Religious education	27,935	28,196
Outreach	13,805	13,934
Catholic charities	11,818	11,929
Other programs	<u>30,423</u>	<u>18,768</u>
	\$ <u>451,151</u>	\$ <u>443,940</u>
Assets held for others:		
Diocese entities:		
Gaspar River Catholic Retreat Center	\$ <u>139,916</u>	\$ <u>114,644</u>

# CATHOLIC FOUNDATION OF WESTERN KENTUCKY, INC.

## NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2021 and 2020

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### **12. Impact of COVID-19**

The COVID-19 pandemic, whose effects first became known in January 2020, continues to have a broad and negative impact on commerce and financial markets around the world. Initially, the United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. Fortunately, by fiscal year end June 30, 2020, markets had rebounded considerably and the negative impact on the Foundation's financial statements at June 30, 2020 and 2021, was minimized. The extent of the impact of COVID-19 on the Foundation's operational and financial performance will depend on certain developments, including the duration and continued spread of the outbreak and its impacts on the parishes and donors of the Diocese, all of which at present cannot be determined. Possible effects may include, but are not limited to, disruptions to the Foundation's donors and revenue, a decline in value of assets held by the Foundation, including the beneficial interest in assets held by others. The extent to which COVID-19 may impact the Foundation's financial position, changes in net assets, and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effect of this pandemic.

### **13. Subsequent Events**

The Foundation has evaluated subsequent events through December 29, 2021, the date the financial statements were available to be issued.

**CATHOLIC FOUNDATION OF WESTERN KENTUCKY, INC.**

**SCHEDULE OF ASSETS HELD FOR OTHERS**

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Blessed Sacrament Chapel	\$ 23,730	\$ 18,549
Christ the King School	57,704	46,916
Christ the King, Madisonville	485,715	394,725
Diocesan Catholic Schools	1,665,820	1,360,196
Gasper River Catholic Retreat Center	139,916	114,644
Holy Name School	1,829,895	1,471,719
Immaculate Conception, Hawesville	56,834	46,414
Owensboro Catholic High School	8,005,768	6,440,835
OCHS Athletic Endowment	757,009	573,831
Owensboro Catholic Schools	2,029,758	1,626,466
Parish Endowments	1,872,566	1,528,895
Sisters of the Lamb of God	49,714	38,860
St. Alphonsus Cemetery	233,096	188,766
John Paul II Catholic School	308,039	240,783
St. Ann Cemetery Fund	183,584	150,858
St. Charles Cemetery, Bardwell	45,054	35,217
St. Charles, Livermore	69,263	56,541
St. Columba, Lewisport	58,427	47,592
St. Denis Cemetery	124,028	96,948
St. Edward	48,070	38,875
St. John Cemetery, Sunfish	226,363	149,589
St. Joseph School, Bowling Green	673,215	558,841
St. Joseph, Bowling Green	55,821	45,826
St. Joseph, Central City	352,076	289,314
St. Mary, Franklin	52,633	44,826
St. Paul, Princeton	20,883	16,324
St. Peter of Alcantara	254,746	209,166
St. Pius Tenth, Owensboro	43,026	33,632
St. Romuald Cemetery, Hardinsburg	366,001	286,090
St. Romuald School, Hardinsburg	49,204	38,461
St. Sebastian Cemetery	10,445	8,162
St. Thomas More, Paducah	1,844,186	1,436,310
Sts. Peter & Paul, Hopkinsville	417,371	339,922
Anne Garnett Mem. Endowment	72,017	59,079
	<u>\$ 22,481,977</u>	<u>\$ 18,033,172</u>