

**CATHOLIC RELIGIOUS EDUCATION ENDOWMENT FUND**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Catholic Religious Education Endowment Fund  
Duluth, Minnesota

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited the accompanying financial statements of the Catholic Religious Education Endowment Fund (the Fund), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, 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 Fund as of June 30, 2022 and 2021, 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Fund's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

***Auditors' Responsibility 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 auditors' 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.
- 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 Fund'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 Fund'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.



**CliftonLarsonAllen LLP**

St. Cloud, Minnesota  
November 8, 2022

**CATHOLIC RELIGIOUS EDUCATION ENDOWMENT FUND**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 19,532	\$ 7,475
Other Receivables	3,966	3,080
Investments	6,062,331	7,562,755
Life Insurance Policy	439,729	431,064
Total Assets	<u>\$ 6,525,558</u>	<u>\$ 8,004,374</u>
<b>NET ASSETS</b>		
<b>NET ASSETS</b>		
Without Donor Restrictions:		
Designated by the Board for Endowment Fund	\$ 3,581,981	\$ 4,480,791
With Donor Restrictions	<u>2,943,577</u>	<u>3,523,583</u>
Total Net Assets	<u>\$ 6,525,558</u>	<u>\$ 8,004,374</u>

*See accompanying Notes to Financial Statements.*

**CATHOLIC RELIGIOUS EDUCATION ENDOWMENT FUND**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUES</b>						
Contributions	\$ -	\$ 2,542	\$ 2,542	\$ 5,180	\$ 536	\$ 5,716
Investment Return	(649,321)	(582,548)	(1,231,869)	1,123,055	915,522	2,038,577
Total Support and Revenues	(649,321)	(580,006)	(1,229,327)	1,128,235	916,058	2,044,293
<b>EXPENSES</b>						
Program	240,642	-	240,642	199,519	-	199,519
General and Administrative	8,847	-	8,847	4,326	-	4,326
Total Expenses	249,489	-	249,489	203,845	-	203,845
<b>CHANGE IN NET ASSETS</b>	(898,810)	(580,006)	(1,478,816)	924,390	916,058	1,840,448
Net Assets - Beginning of Year	4,480,791	3,523,583	8,004,374	3,556,401	2,607,525	6,163,926
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 3,581,981</u>	<u>\$ 2,943,577</u>	<u>\$ 6,525,558</u>	<u>\$ 4,480,791</u>	<u>\$ 3,523,583</u>	<u>\$ 8,004,374</u>

See accompanying Notes to Financial Statements.

**CATHOLIC RELIGIOUS EDUCATION ENDOWMENT FUND**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Support and Revenue	\$ 1,656	\$ 6,282
Cash Paid to Suppliers and Employees	(249,489)	(203,845)
Investment Return Received	<u>376,175</u>	<u>178,879</u>
Net Cash Provided (Used) by Operating Activities	128,342	(18,684)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(1,166,177)	(610,426)
Proceeds from Sale of Investments	<u>1,049,892</u>	<u>615,616</u>
Net Cash Provided (Used) by Investing Activities	<u>(116,285)</u>	<u>5,190</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	12,057	(13,494)
Cash - Beginning of Year	<u>7,475</u>	<u>20,969</u>
<b>CASH - END OF YEAR</b>	<u><u>\$ 19,532</u></u>	<u><u>\$ 7,475</u></u>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO</b>		
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (1,478,816)	\$ 1,840,448
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided (Used) by Operating Activities:		
Realized Gain on Investments	(256,347)	(127,078)
Unrealized (Gain) Loss on Investments	1,864,391	(1,732,620)
(Increase) Decrease in Other Receivables	<u>(886)</u>	<u>566</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 128,342</u></u>	<u><u>\$ (18,684)</u></u>

See accompanying Notes to Financial Statements.

**CATHOLIC RELIGIOUS EDUCATION ENDOWMENT FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Organization**

The Catholic Religious Education Endowment Fund of the Diocese of Duluth (the Fund), from its offices in Duluth, Minnesota, was established in 1996 to promote the advancement of Catholic education and Catholic schools in the Diocese of Duluth (the Diocese).

**Basis of Presentation**

The Fund classifies net assets and revenues, gains, and losses based on donor-imposed restrictions. Accordingly, net assets of the Fund and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Resources over which the board of directors (board) has discretionary control. Designated amounts represent those revenues which the board has set aside for a particular purpose.

*Net Assets With Donor Restrictions* – Those resources subject to donor-imposed restrictions which will be satisfied by actions of the Fund or passage of time.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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 Restriction.

**Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

**Cash**

Cash consists of deposits with a financial institution. All cash deposits are fully insured up to the Federal Deposit Insurance Corporation (FDIC) coverage limit at the financial institution. At times, the cash balance may be in excess of the FDIC insurance limits.



**CATHOLIC RELIGIOUS EDUCATION ENDOWMENT FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments**

The Fund records investments in equity securities with readily determinable fair value and investments in debt securities at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statement of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

**Fair Value of Financial Instruments**

The Fund categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access.

*Level 2* – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

*Level 3* – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

Subsequent to initial recognition, the Fund may remeasure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

Professional standards allow entities the irrevocable option to elect to measure certain financial instruments and other items at fair value for the initial and subsequent measurement on an instrument-by-instrument basis. The Fund has not elected to measure any existing financial instruments at fair value. However, it may elect to measure newly acquired financial instruments at fair value in the future.

**CATHOLIC RELIGIOUS EDUCATION ENDOWMENT FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value of Financial Instruments (Continued)**

*Investments* are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the investment's credit rating, prepayment assumptions, and other factors such as credit loss assumptions.

Investments valued using Level 1 inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets. Investments valued using Level 2 inputs include private collateralized mortgage obligations, municipal bonds, and corporate debt securities. Investments valued using Level 3 inputs include a fund of funds which does not have any observable inputs.

**Tax Status**

The Fund is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and corresponding state tax codes. The Fund is not a private foundation and contributions to the Fund qualify as a charitable tax deduction by the contributor. The Fund is not subject to the filing requirements of the Form 990.

**Revenue**

Revenue is recognized as the performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by the Fund. Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided, and the Fund does not believe they are required to provide additional goods or services to the client. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

**Contributions**

Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), the net assets are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributions received in the current fiscal year that are donor restricted are reported as increases in net assets without donor restrictions if the restrictions also expire (when a stipulated time restriction ends or purpose restriction is accomplished) within the current fiscal year.

**CATHOLIC RELIGIOUS EDUCATION ENDOWMENT FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Subsequent Events**

In preparing these financial statements, the Fund has evaluated events and transactions for potential recognition or disclosure through November 8, 2022, the date the financial statements were available to be issued.

**NOTE 2 LIQUIDITY AND AVAILABILITY**

The Fund strives to maintain all assets as liquid financial assets. Financial assets are kept in the checking account or in highly liquid short-term investments prior to disbursement as needed.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following:

	2022	2021
Cash and Cash Equivalents	\$ 19,532	\$ 7,475
Investments	6,062,331	7,562,755
Life Insurance Policy	439,729	431,064
Other Receivables	3,966	3,080
Total	6,525,558	8,004,374
Less: Net Assets With Donor Restrictions	(2,943,577)	(3,523,583)
Less: Board Designated Net Assets	(3,581,981)	(4,480,791)
Total Financial Assets Available	\$ -	\$ -

Funds will become available and appropriated within the next year based on the Funds spending policy as outlined in Note 9. In addition, board designated net assets can become available based on board approval if funds are needed.

**NOTE 3 INVESTMENTS**

The estimated market value of investments in securities are as follows as of June 30:

	2022	2021
Cash Equivalents	\$ 138,932	\$ 143,689
Equity Securities - Domestic	3,000,957	4,158,424
Equity Securities - International	1,240,719	1,681,419
U.S. Government Obligations	1,126,587	928,826
Real Asset Funds	555,136	650,397
Total	\$ 6,062,331	\$ 7,562,755

**CATHOLIC RELIGIOUS EDUCATION ENDOWMENT FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 4 RELATED ORGANIZATION**

The Diocese of Duluth is related to the Fund due to common members of governance. The Diocese received contributions from the Fund for grants in the amount of \$139,673 and \$125,305 during the years ended June 30, 2022 and 2021, respectively.

**NOTE 5 FAIR VALUE MEASUREMENTS**

The Fund uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures.

For additional information on how the Fund measures fair value, refer to Note 1 – Summary of Significant Accounting Policies.

The following table presents the fair value hierarchy for the balances of the assets of the Fund measured at fair value on a recurring basis as of:

<u>June 30, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity Securities - Domestic	\$ 3,000,957	\$ -	\$ -	\$ 3,000,957
Equity Securities - International	1,240,719	-	-	1,240,719
U.S. Government Obligations	-	1,126,587	-	1,126,587
Real Asset Funds	555,136	-	-	555,136
Investments	4,796,812	1,126,587	-	5,923,399
Cash Equivalents	-	-	-	138,932
Total Investments	<u>\$ 4,796,812</u>	<u>\$ 1,126,587</u>	<u>\$ -</u>	<u>\$ 6,062,331</u>
<u>June 30, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity Securities - Domestic	\$ 4,158,424	\$ -	\$ -	\$ 4,158,424
Equity Securities - International	1,681,419	-	-	1,681,419
U.S. Government Obligations	-	928,826	-	928,826
Real Asset Funds	650,397	-	-	650,397
Investments	6,490,240	928,826	-	7,419,066
Cash Equivalents	-	-	-	143,689
Total Investments	<u>\$ 6,490,240</u>	<u>\$ 928,826</u>	<u>\$ -</u>	<u>\$ 7,562,755</u>

**NOTE 6 LIFE INSURANCE**

The Fund is a named beneficiary of life insurance policies having face values amounting to \$594,227 on the life of a former Bishop. The cash value of these policies amounts to \$439,729 and \$431,064 as of June 30, 2022 and 2021, respectively.

**CATHOLIC RELIGIOUS EDUCATION ENDOWMENT FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 7    NET ASSETS**

Net assets without donor restrictions have been designated for the following purposes:

	2022	2021
Priest Education	\$ 168,570	\$ 269,425
Deacon Formation	283,882	395,696
Catholic Schools	1,251,849	1,600,177
Lay Education	1,437,951	1,784,428
Other	439,729	431,065
Total	<u>\$ 3,581,981</u>	<u>\$ 4,480,791</u>

Net assets with donor restrictions whether restricted by time or purpose are available for the following purposes:

	2022	2021
Priest Education	\$ 319,273	\$ 490,314
Deacon Formation	107,305	220,260
Catholic Schools	241,256	390,207
Lay Education	230,431	377,490
Total	<u>\$ 898,265</u>	<u>\$ 1,478,271</u>

Net assets with donor restrictions to be held in perpetuity consist of the following:

	2022	2021
Priest Education	\$ 537,812	\$ 537,812
Deacon Formation	451,578	451,578
Catholic Schools	497,540	497,540
Lay Education	558,382	558,382
Total	<u>\$ 2,045,312</u>	<u>\$ 2,045,312</u>

The income from these funds are expendable for specific purposes as dictated by the donor. No net assets with donor restrictions were released in June 30, 2022 and 2021.

**CATHOLIC RELIGIOUS EDUCATION ENDOWMENT FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 8 FUNCTIONAL EXPENSES**

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Fund. Expenses are directly allocated to the correct categories. The functional expense statement is as follows:

<u>June 30, 2022</u>	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising and Development</u>	<u>Total</u>
Grants	\$ 240,642	\$ -	\$ -	\$ 240,642
Office Expense	-	1,468	-	1,468
Professional Fees	-	7,379	-	7,379
Total Expenses by Function	<u>\$ 240,642</u>	<u>\$ 8,847</u>	<u>\$ -</u>	<u>\$ 249,489</u>

  

<u>June 30, 2021</u>	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising and Development</u>	<u>Total</u>
Grants	\$ 199,519	\$ -	\$ -	\$ 199,519
Office Expense	-	126	-	126
Accounting Fees	-	4,200	-	4,200
Total Expenses by Function	<u>\$ 199,519</u>	<u>\$ 4,326</u>	<u>\$ -</u>	<u>\$ 203,845</u>

**NOTE 9 ENDOWMENT**

The Fund's endowment includes both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

The board of directors has interpreted the Minnesota Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2022 and 2021, there were no such donor stipulations. As a result of this interpretation, the Fund retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Fund in a manner consistent with the standard of prudence prescribed by UPMIFA.

**CATHOLIC RELIGIOUS EDUCATION ENDOWMENT FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 9 ENDOWMENT (CONTINUED)**

**Interpretation of Relevant Law**

In accordance with UPMIFA, the Fund considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund.
- (2) The purposes of the Fund and the donor-restricted endowment fund.
- (3) General economic conditions.
- (4) The possible effect of inflation and deflation.
- (5) The expected total return from income and the appreciation of investments.
- (6) Other resources of the Fund.
- (7) The investment policies of the Fund.

**Investment Objectives and Strategies**

The Fund adopted an investment policy to provide guidelines for investing endowment assets. Under this policy, as approved by the board, the endowment assets are invested in a manner that is intended to maintain the purchasing power of the current assets and all future contributions, maximize return within reasonable and prudent levels of risk, and maintain an appropriate asset allocation based on a total return policy that is compatible with a flexible spending policy. To achieve these objectives, the Fund follows an asset diversification plan, sets performance benchmarks for investment managers, and has established various asset quality and limitation thresholds. A committee meets periodically to review performance and update investments policy as needed.

**Spending Policy**

The Fund has a policy of appropriating for distribution each year 3% to 5% of its endowment average fair value over the prior 12 quarters. In establishing this policy, the Fund considered the long-term expected return on its endowment. Approved distributions that are not used in the fiscal year are reinvested and remain in the Fund.

The Fund had the following endowment net asset composition by type of fund:

	Without Donor Restrictions	With Donor Restrictions	Total
<u>June 30, 2022</u>			
Endowment Funds with Donor Restrictions	\$ -	\$ 2,943,577	\$ 2,943,577
Board Designated Endowment Funds	3,581,981	-	3,581,981
Total Endowment Funds	<u>\$ 3,581,981</u>	<u>\$ 2,943,577</u>	<u>\$ 6,525,558</u>
<u>June 30, 2021</u>			
Endowment Funds with Donor Restrictions	\$ -	\$ 3,523,583	\$ 3,523,583
Board Designated Endowment Funds	4,480,791	-	4,480,791
Total Endowment Funds	<u>\$ 4,480,791</u>	<u>\$ 3,523,583</u>	<u>\$ 8,004,374</u>

**CATHOLIC RELIGIOUS EDUCATION ENDOWMENT FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 9 ENDOWMENT (CONTINUED)**

The following is a summary of endowment funds subject to Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) for the years ended:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, June 30, 2020	\$ 3,556,401	\$ 2,607,525	\$ 6,163,926
Investment Return:			
Interest and Dividends	106,946	80,591	187,537
Net Appreciation (Realized and Unrealized)	1,016,109	834,931	1,851,040
Contributions Received	5,180	536	5,716
Appropriation of Endowment Assets for			
Expenditure	(203,845)	-	(203,845)
Endowment Net Assets, June 30, 2021	4,480,791	3,523,583	8,004,374
Investment Return:			
Interest and Dividends	209,671	175,170	384,841
Net Appreciation (Realized and Unrealized)	(858,992)	(757,718)	(1,616,710)
Contributions Received	-	2,542	2,542
Appropriation of Endowment Assets for			
Expenditure	(249,489)	-	(249,489)
Endowment Net Assets, June 30, 2022	\$ 3,581,981	\$ 2,943,577	\$ 6,525,558

The Fund has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to operations of the Fund by its endowment while seeking to maintain purchasing power of the endowment assets. Endowment assets include those assets of donor restricted funds that the Fund must hold in perpetuity. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce a reasonable rate of return, net of inflation and investment management costs. Actual returns in any given year may vary from this amount.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Fund to retain as a fund of perpetual duration. In accordance, with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported in net assets with donor restriction. As of June 30, 2022 and 2021, no endowments had deficiencies.



