

Financial Statements and Report of
Independent Certified Public Accountants

**The Catholic Community Foundation
of the Archdiocese of Baltimore, Inc.**

June 30, 2018 and 2017

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of
The Catholic Community Foundation of the Archdiocese of Baltimore, Inc.

We have audited the accompanying financial statements of The Catholic Community Foundation of the Archdiocese of Baltimore, Inc. (“CCF, Inc.”), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and changes in net assets 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 CCF, Inc.’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 CCF, Inc.’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 Community Foundation of the Archdiocese of Baltimore, Inc. as of June 30, 2018 and 2017, and the results of 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.

Grant Thornton LLP

Arlington, Virginia
November 28, 2018

FINANCIAL STATEMENTS

**The Catholic Community Foundation
of the Archdiocese of Baltimore, Inc.**

STATEMENTS OF FINANCIAL POSITION

June 30, 2018 and 2017

	2018	2017
ASSETS		
Cash	\$ 112,285	\$ 208,444
Investments	83,789,028	76,768,968
Other assets	573,426	625,741
Agency funds held for others	1,734,120	283,653
Contributions receivable, net of allowance and discount of \$305,702 and \$341,921 at June 30, 2018 and 2017, respectively	821,082	1,094,548
Total assets	\$87,029,941	\$78,981,354
LIABILITIES AND NET ASSETS		
Liabilities		
Accrued grant liabilities	\$ 3,994,567	\$ 2,903,225
Accrued expenses	531,375	260,180
Agency funds and liabilities to related entities	1,734,120	283,653
Total liabilities	6,260,062	3,447,058
Net assets		
Unrestricted	6,963,364	6,615,110
Temporarily restricted	73,741,887	68,854,558
Permanently restricted	64,628	64,628
Total net assets	80,769,879	75,534,296
Total liabilities and net assets	\$87,029,941	\$78,981,354

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

**The Catholic Community Foundation
of the Archdiocese of Baltimore, Inc.**

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended June 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue, gains and other support:				
Contributions	\$ 178,669	\$ 2,432,948	\$ -	\$ 2,611,617
Grant income	-	-	-	-
Other gains (loss)	713	(53,028)	-	(52,315)
Investment earnings, net	549,306	6,026,412	-	6,575,718
Net assets released from restrictions	<u>3,519,003</u>	<u>(3,519,003)</u>	<u>-</u>	<u>-</u>
Total revenue, gains and other support	4,247,691	4,887,329	-	9,135,020
Expenses:				
Management fees	757,080	-	-	757,080
Grant expense	<u>3,142,357</u>	<u>-</u>	<u>-</u>	<u>3,142,357</u>
Total grants and expenses	<u>3,899,437</u>	<u>-</u>	<u>-</u>	<u>3,899,437</u>
Changes in net assets	348,254	4,887,329	-	5,235,583
Net assets:				
Beginning of year	\$ <u>6,615,110</u>	\$ <u>68,854,558</u>	\$ <u>64,628</u>	\$ <u>75,534,296</u>
End of year	\$ 6,963,364	\$ 73,741,887	\$ 64,628	\$ 80,769,879

The accompanying notes are an integral part of this financial statement.

**The Catholic Community Foundation
of the Archdiocese of Baltimore, Inc.**

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue, gains and other support:				
Contributions	\$ 11,495	\$ 9,747,412	\$ -	\$ 9,758,907
Grant income	-	174,735	-	174,735
Other loss	(8,395)	(1,373)	-	(9,768)
Investment earnings, net	727,142	7,352,531	-	8,079,673
Net assets released from restrictions	<u>2,619,147</u>	<u>(2,619,147)</u>	<u>-</u>	<u>-</u>
Total revenue, gains and other support	3,349,389	14,654,158	-	18,003,547
Expenses:				
Management fees	825,535	-	-	825,535
Grant expense	<u>2,098,784</u>	<u>-</u>	<u>-</u>	<u>2,098,784</u>
Total grants and expenses	<u>2,924,319</u>	<u>-</u>	<u>-</u>	<u>2,924,319</u>
Changes in net assets	425,070	14,654,158	-	15,079,228
Net assets:				
Beginning of year	<u>\$ 6,190,040</u>	<u>54,200,400</u>	<u>64,628</u>	<u>60,455,068</u>
End of year	<u>\$ 6,615,110</u>	<u>\$ 68,854,558</u>	<u>\$ 64,628</u>	<u>\$ 75,534,296</u>

The accompanying notes are an integral part of this financial statement.

**The Catholic Community Foundation
of the Archdiocese of Baltimore, Inc.**

STATEMENTS OF CASH FLOWS

Years ended June 30, 2018 and 2017

	2018	2017
Cash flows from operating activities		
Changes in net assets	\$ 5,235,583	\$ 15,079,228
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Realized gain on investments	(1,026,178)	(771,769)
Unrealized gain on investments	(5,663,717)	(7,407,141)
Change in operating assets and liabilities		
Agency funds held for others	(1,450,467)	(29,428)
Contributions receivable	273,466	339,201
Other assets	52,315	(49,655)
Accrued grant liabilities	1,091,342	754,577
Accrued expenses	271,194	85,894
Agency funds and liabilities to related entities	1,450,467	29,428
Net cash provided by operating activities	234,005	8,030,335
Cash flows from investing activities		
Proceeds from sales and maturities of investments	15,939,451	31,648,580
Purchase of investments	(16,269,615)	(42,880,159)
Net cash used in investment activities	(330,165)	(11,231,579)
Net decrease in cash	(96,159)	(3,201,244)
Cash at beginning of year	208,444	3,409,688
Cash at end of year	\$ 112,285	\$ 208,444

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

The Catholic Community Foundation of the Archdiocese of Baltimore, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE 1 - ORGANIZATION

The Catholic Community Foundation of The Archdiocese of Baltimore, Inc. (“CCF, Inc.”) was established in 1998. The mission of CCF, Inc. is to financially support the spiritual, educational and social needs of the Catholic community within the Archdiocese of Baltimore. CCF, Inc. fulfills this mission by establishing fund agreements providing ongoing support to fund the mission and ministries of parishes, schools and programs of the Archdiocese of Baltimore and other Catholic institutions located therein.

CCF, Inc. is incorporated in the state of Maryland. The Board of Trustees is authorized to provide all rules, policies and procedures necessary to establish and administer investment funds. CCF, Inc. currently engages the Central Services of the Roman Catholic Archbishop of Baltimore, a corporation sole of the state of Maryland (“Corporation Sole” or “Archdiocese”), to provide certain administration and development functions in exchange for administrative fees. There were 516 separate fund agreements in CCF, Inc. as of June 30, 2018. These funds generally fall in one of four categories.

- *Field of Interest Funds* established to support a particular area of need such as Catholic Education or Vocations.
- *Organizational Funds* established for individual parishes, schools and affiliated organizations of the Archdiocese for the general purposes of the specific organization.
- *Individual Community Funds* established by individual donors. These donor-restricted funds may have several beneficiaries that will receive ongoing financial support. As required by CCF, Inc.’s Board of Trustees, 50% of the income and assets of a fund must be restricted for the use of the Archdiocese of Baltimore and/or Catholic institutions located therein.
- *Donor Advised Funds* established by individuals who wish to remain active in their philanthropy and have access to CCF, Inc.’s professional advice and management. Donors may suggest charitable distributions from funds they have established, although CCF, Inc.’s Board of Trustees is required to make final decisions on all grants.

Investment proceeds are distributed annually based on the distribution parameters approved by CCF, Inc.’s Board of Trustees, consistent with donor gift agreements.

Investments are managed by an external investment management firm.

**The Catholic Community Foundation
of the Archdiocese of Baltimore, Inc.**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash

Cash consists of deposits awaiting transfer to the investment management firm.

Concentration of Credit Risk

Financial instruments which potentially subject CCF, Inc. to concentrations of credit risk consist of cash and investments in securities. CCF, Inc. places its cash and investments with credit-worthy, high-quality financial institutions. Though the fair value of investments is subject to fluctuations on a year-to-year basis, CCF, Inc. believes that its investment policies are prudent for the long-term welfare of the organization.

CCF, Inc.'s cash management policies limit its exposure to a concentration of credit risk by maintaining cash accounts at financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Cash is maintained at one financial institution and at times, the total value of deposits maintained may exceed the FDIC insurable limit and, therefore, bears some risk. CCF, Inc. has not experienced any losses as a result of exceeding insured amounts. As of June 30, 2018, the balance held in excess of the FDIC limit was \$339,115. Management does not consider this to be a significant credit risk.

Fair Value of Financial Instruments

• **Cash and Investments**

The carrying amount for cash and investments approximates fair value. The fair value of investments is based on quoted market prices as of the reporting date. Income from cash and investments are included in unrestricted investment income, unless the income is restricted by the donor.

• **Contributions Receivable**

Donor pledges which are expected to be collected in future periods in excess of 12 months are recorded at the present value of the estimated future cash flows, discounted using a risk-adjusted discount rate applicable to the years in which the promises were received. Discount rates utilized were derived utilizing the risk-adjusted rate and ranged from 1.01 % to 4.30 % at June 30, 2018 and 2017. Refer to Note 4, Contributions Revenue and Receivable, for details of amounts associated with contributions.

**The Catholic Community Foundation
of the Archdiocese of Baltimore, Inc.**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fair Value of Financial Instruments - Continued

- **Charitable Gift Annuities**

The net fair value of gift annuities is determined annually by adjusting the annuity liability to reflect amortization of the discount and changes in the life expectancy of the donors/annuitants. The annuity liability reflects the present value of the estimated future payments to be made to the donor and/or other beneficiaries. Refer to Note 5, Other Assets, for further detail.

- **Fair Value Measurement**

The Financial Accounting Standards Board (“FASB”) Topic 820, under the FASB Accounting Standards Codification (“ASC”) defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. This standard provides a consistent definition of fair value which focuses on an exit price between market participants in an orderly transaction. The standard also prioritizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the transparency of inputs as follows:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Level 2 - Fair value is based on pricing inputs other than quoted prices in active markets and which are either directly or indirectly observable as of the reporting date. The nature of these securities includes investments for which quoted prices are available but traded less frequently than securities traded on what are deemed active markets.

Level 3 - Pricing of securities are unobservable as of the reporting date. The inputs used to determine fair value are not observable and require significant management judgment or estimation.

**The Catholic Community Foundation
of the Archdiocese of Baltimore, Inc.**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fair Value of Financial Instruments - Continued

CCF, Inc. endeavors to utilize the best available information in measuring fair value. All investments are held and managed by Strategic Solutions of Commonfund. These investments include private capital, global hedged instruments, natural resources and real estate and generally have an illiquid status of five years or more.

The combined entities use the net asset value (“NAV”) to determine the fair value of all underlying investments which, (1) do not have a readily determinable fair value, and (2) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following tables summarize the valuation of CCF, Inc.’s financial instruments by authoritative pricing levels as of June 30, 2018 and 2017:

	<u>Fair Value Measurements</u>		
	<u>Level 2</u>	<u>Net Asset Value</u>	<u>Total Fair Value</u>
At June 30, 2018			
Cash equivalents	\$ 530,336	\$ -	\$ 530,336
Fixed income funds*	-	12,621,514	12,621,514
Private equity funds*	-	52,420,802	52,420,802
Alternative funds*	-	18,216,376	18,216,376
	<u>530,336</u>	<u>83,258,692</u>	<u>83,789,028</u>
Total investments			
Agency funds held for others*	-	1,734,120	1,734,120
	<u>-</u>	<u>1,734,120</u>	<u>1,734,120</u>
Total investments and agency funds held for others	<u>\$ 530,336</u>	<u>\$ 84,992,812</u>	<u>\$ 85,523,148</u>
At June 30, 2017			
Cash equivalents	\$ 1,497,319	\$ -	\$ 1,497,319
Fixed income funds*	-	14,098,237	14,098,237
Private equity funds*	-	44,954,506	44,954,506
Alternative funds*	-	16,218,906	16,218,906
	<u>1,497,319</u>	<u>75,271,649</u>	<u>76,768,968</u>
Total investments			
Agency funds held for others*	-	283,653	283,653
	<u>-</u>	<u>283,653</u>	<u>283,653</u>
Total investments and agency funds held for others	<u>\$ 1,497,319</u>	<u>\$ 75,555,302</u>	<u>\$ 77,052,621</u>

* In accordance with ASC Subtopic 820-10, investments measured at fair value using net asset value (“NAV”) per share as a practical expedient have not been categorized in the fair value hierarchy.

**The Catholic Community Foundation
of the Archdiocese of Baltimore, Inc.**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fair Value of Financial Instruments - Continued

The following tables list investments valued using the NAV as a practical expedient for fair value reporting by major category:

2018							
Type	Strategy	Fair Value	# of Funds	Remaining Life	Redemption Terms	Redemption Restrictions	Redemption Notice Period
Private Equity Funds	These funds invest in global venture capital and private equity securities	\$53,512,627	9	1 fund is scheduled to terminate in 5 years; 2 in 8 years; 1 in 9 years; 1 in 10 years; 1 in 11 years; 3 funds N/A	No liquidity for 6 funds; daily for 2 fund; monthly for 1 remaining fund	No liquidity for 6 funds; 1 fund no partial redemption if remaining value is less than \$100,000; 2 funds no restrictions	No liquidity for 6 funds; 1 fund 5 business days prior written notice, 2 remaining funds N/A
Fixed Income Fund	This fund invests in a variety of US corporate, US treasury and global debt securities	12,884,396	1	N/A	Monthly	Minimum withdrawal of \$100,000	5 business days prior written notice
Commingled Funds	These funds invest in a portfolio of underlying hedge funds which use a variety of investment strategies	15,904,983	13	1 fund is scheduled to terminate in 5 years; 1 in 8 years; 1 in 12 years; 1 in 15 years; 9 remaining funds N/A	No liquidity for 4 funds; 7 funds quarterly; 2 funds daily	No liquidity for 4 funds; 7 funds maximum withdrawal up to 25% of shares; 2 fund no restrictions	No liquidity for 4 funds; 7 funds 95 days prior written notice; 2 funds N/A
Real Estate Funds	These funds invest in non-traded REITs	2,690,806	3	N/A	No liquidity for 2 funds; 1 fund quarterly	No liquidity for 2 funds; 1 fund no restrictions	No liquidity for 2 funds; 1 fund 120 days
Total		<u>\$84,992,812</u>	<u>26</u>				

**The Catholic Community Foundation
of the Archdiocese of Baltimore, Inc.**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fair Value of Financial Instruments - Continued

2017							
Type	Strategy	Fair Value	# of Funds	Remaining Life	Redemption Terms	Redemption Restrictions	Redemption Notice Period
Private Equity Funds	These funds invest in global venture capital and private equity securities	\$45,114,884	7	1 fund is scheduled to terminate in 6 years; 1 in 8 years; 1 in 9 years; 1 in 11 years; 3 funds N/A	No liquidity for 4 funds; daily for 1 fund; monthly for 2 remaining funds	No liquidity for 4 funds; 1 fund minimum withdrawal of \$100,000; 1 fund minimum of \$50,000 withdrawal; remaining fund N/A	No liquidity for 4 funds; 3 remaining funds N/A
Fixed Income Fund	This fund invests in a variety of US corporate, US treasury and global debt securities	14,151,365	2	N/A	1 fund weekly each Wednesday and on the last business day of the month; 1 fund Monthly	1 fund partial redemption is not permitted if remaining value is less than \$250,000; 1 fund Minimum withdrawal of \$100,000	1 fund 5 business days prior written notice; 1 fund N/A
Commingled Funds	These funds invest in a portfolio of underlying hedge funds which use a variety of investment strategies	13,327,064	14	2 funds are scheduled to terminate in 6 years; 12 remaining funds N/A	No liquidity for 2 funds; 2 funds annually, 2 funds quarterly; 7 funds monthly; 1 fund daily	No liquidity for 2 funds; 9 funds minimum withdrawal of \$100,000; 1 fund redemptions allowed 1st quarter end after a 12 month lock up; 2 fund no restrictions	No liquidity for 2 funds; 8 funds 95 days; 2 funds 65 days; 1 fund 30 days; 1 fund N/A
Real Estate Funds	These funds invest in non-traded REITs	2,961,989	3	N/A	No liquidity for 2 funds; 1 fund quarterly	No liquidity for 2 funds; 1 fund no restrictions	No liquidity for 2 funds; 1 fund 120 days
Total		<u>\$75,555,302</u>	<u>26</u>				

**The Catholic Community Foundation
of the Archdiocese of Baltimore, Inc.**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fair Value of Financial Instruments - Continued

CCF, Inc. uses investment advisors to assist in managing its investment portfolio. This full discretionary investment account, guided by a Board approved Investment Policy Statement, was transitioned in May 2011. CCF, Inc.'s Investment Committee of the Board of Trustees meets regularly with advisors to discuss operations and performances of the investment portfolio.

CCF, Inc. currently has no other financial instruments subject to fair value measurement on a recurring basis.

Grant Expense

The grant expense is calculated annually applying the spending rate to each eligible endowment fund balance as of December 31. An individual endowment fund must meet certain criteria to be eligible. In general, no expense will be calculated if a fund's corpus exceeds its fair value, or has been in CCF, Inc.'s portfolio for less than twelve months.

The spending formula is derived utilizing the weighing of two economic factors. The first component of the spending rate is equal to 70% of the allowable spending rate of the previous year, increased by the rate of inflation, as measured by the Consumer Price Index. The second component of the spending rate is 30% of the long-term spending rate of 4% applied to the change in fair value of the fund measured by a trailing market average over the past twelve quarters. The spending rate shall never be less than 3% or higher than 5%.

The spending rate calculated and applied to applicable fund balances was 4.22% for both years ended June 30, 2018 and 2017.

Investment Income

Investment income is presented net of investment advisory/management fees in the accompanying statement of activities.

**The Catholic Community Foundation
of the Archdiocese of Baltimore, Inc.**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Income Taxes

CCF, Inc. is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3), except for those activities which constitute unrelated business income, through its inclusion in United States Conference of Catholic Bishops group ruling and listing in the Official Catholic Directory. Contributions to CCF, Inc. qualify as a charitable tax deduction by the contributor.

CCF, Inc. follows the accounting guidance for uncertainties in income tax positions which requires that a tax position be recognized or not recognized based on a “more likely than not” threshold. This applies to positions taken or expected to be taken in a tax return. CCF, Inc. does not believe its financial statements include any uncertain tax positions. CCF, Inc. is no longer subject to U.S. federal and state tax examinations for years prior to the year ended June 30, 2015.

CCF, Inc. has processes presently in place to identify and report unrelated income, to determine its filing and tax obligations in jurisdictions for which it has nexus, and to identify and evaluate other matters that may be considered tax positions. CCF, Inc. has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

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 judgments that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain 2017 financial statement amounts were reclassified to conform to the June 30, 2018 presentation. On the Statement of Activities, the realized gain on investments and the unrealized gain on investments have been consolidated into one line item, Investment earnings, net. The amounts prior to the reclassification were \$771,769 and \$7,407,141 respectively. Additionally, investment management fees of \$99,236 have been reclassified from Management fees to Investment earnings, net. Such reclassifications did not change the changes in net assets reflected in the 2017 financial statements.

**The Catholic Community Foundation
of the Archdiocese of Baltimore, Inc.**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE 3 - INVESTMENTS

Investments are stated at fair value. CCF, Inc. maintains master investment accounts. Realized and unrealized gains and losses are allocated monthly to the accounts. Dividends and interest are recognized as earned. The master investments are managed by an independent professional investment management firm and are diversified among a variety of investment products. The fair values of the master investment accounts held as of June 30, 2018 and 2017 are:

	2018	2017
Cash equivalents	\$ 530,336	\$ 1,497,319
Fixed income funds	12,621,514	14,098,237
Private equity funds	52,420,802	44,954,506
Alternative funds	18,216,376	16,218,906
	\$ 83,789,028	\$ 76,768,968

Agency Funds

CCF, Inc. applies *Transfers of Assets to Not-for-Profit Organizations or Charitable Trust that Raises or Holds Contributions for Others* guidance, which requires that if a not-for-profit organization established a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. CCF, Inc. refers to such funds as agency funds. At June 30, 2018 and 2017, the balance of these funds was \$1,734,120 and \$283,653, respectively. The change in value is related to an additional agency fund being set up as well as an increase in fair value. There were no distributions from agency funds for the years ended June 30, 2018 or 2017.

Investment Income

The following schedule summarizes investment earnings for the year ending June 30:

	2018	2017
Net realized gains	\$ 1,026,178	\$ 771,768
Net unrealized gains	5,663,717	7,407,141
Less: investment expenses	(114,177)	(99,236)
	\$ 6,575,718	\$ 8,079,673

**The Catholic Community Foundation
of the Archdiocese of Baltimore, Inc.**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE 4 - CONTRIBUTIONS REVENUE AND RECEIVABLE

Contributions, including unconditional promises to give, are recognized as revenue in the period the pledge is received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets, other than cash, are recorded at their estimated fair value. Contributions to be received after one year are discounted at a risk-adjusted rate and are presented as temporarily restricted net assets in the financial statements. Allowance of uncollectable pledges is estimated at 7.5% of pledges received unless circumstances dictate otherwise.

Contributions receivable are summarized as follows as of June 30, 2018 and 2017:

	2018	2017
Unconditional promises expected to be collected:		
Less than one year	\$ 424,509	\$ 558,255
One to five years	672,954	848,214
Over five years	29,321	30,000
	1,126,784	1,436,469
Less:		
Unamortized discount	(60,480)	(89,149)
Allowance for uncollectible receivables	(245,222)	(252,772)
Net contributions receivable	\$ 821,082	\$ 1,094,548

NOTE 5 - OTHER ASSETS

The Corporation Sole has entered into gift annuities for the benefit of its affiliated entities. Several of the investment funds of CCF, Inc. have been named as beneficiaries upon the death of the respective annuitant. Revenue from these agreements is recognized at the date the agreement is established, net of the calculated liability for the present value of the estimated future payments to be made to the annuitant(s). All changes to the present value of the estimated future payments are recorded as a gain or loss and included in other loss on the statement of activities and changes in net assets. The Corporation Sole has specific segregated assets for annuity payments and assumes all liabilities associated with future payments. As of June 30, 2018 and 2017, CCF, Inc. had \$482,155 and \$578,707, respectively, in other assets on the Statements of Financial Position representing CCF, Inc.'s beneficial interest in split-interest agreements.

**The Catholic Community Foundation
of the Archdiocese of Baltimore, Inc.**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE 5 - OTHER ASSETS - Continued

The following tables summarize the changes in CCF, Inc.'s beneficial interest under split-interest agreements for the years ended June 30, 2018 and 2017:

	2018		
	Charitable Remainder Trust	Annuity Agreements	Total
	Balance at June 30, 2017	\$ 125,086	\$ 453,621
Beneficial interest in new split-interest agreements	-	-	-
Change in value of split-interest agreements	2,135	(98,687)	(96,552)
Balance at June 30, 2018	\$ 127,221	\$ 354,934	\$ 482,155
	2017		
	Charitable Remainder Trust	Annuity Agreements	Total
Balance at June 30, 2016	\$ 125,022	\$ 451,064	\$ 576,086
Beneficial interest in new split-interest agreements	-	59,422	59,422
Change in value of split-interest agreements	64	(56,865)	(56,801)
Balance at June 30, 2017	\$ 125,086	\$ 453,621	\$ 578,707

**The Catholic Community Foundation
of the Archdiocese of Baltimore, Inc.**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE 6 - NET ASSETS

The net assets of CCF, Inc. are reported in the following categories:

Unrestricted

Net assets that are not considered temporarily or permanently restricted are classified as unrestricted. Revenues are reported as increases in unrestricted net assets unless they are limited by express donor-imposed restrictions. Expirations of temporary restrictions recognized on net assets (i.e., the donor-stipulated purposes have been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications from temporarily restricted net assets to unrestricted net assets.

Temporarily Restricted

Net assets subject to donor-imposed stipulations that may or will be met by the passage of time or by actions of CCF, Inc. pursuant to those stipulations are classified as temporarily restricted. Most of the Organizational and Individual Community investment funds are classified as temporarily restricted.

Permanently Restricted

Net assets subject to donor-imposed stipulations that they be maintained permanently are classified as permanently restricted. Generally, the donors of these assets permit the use of all or part of the income earned on related investments for general or specific purposes.

NOTE 7 - RELATED PARTY TRANSACTIONS

In exchange for administrative services, CCF, Inc. provides a management fee that is calculated monthly on investment values and paid to the Archdiocese. Management fees for the years ended June 30, 2018 and 2017 totaled \$666,765 and \$718,269, respectively, and are recorded in Management fees on the statements of activities and changes in net assets. Additionally, CCF, Inc. received a grant of \$-0- and \$174,735 for the years ended June 30, 2018 and 2017, respectively, from the Archdiocese to fully provide for operating expenses which is recorded as Grant Income in the statements of activities and changes in net assets. Included in grant expense in the statements of activities and changes in net assets is \$1,251,443 and \$894,988 of grants awarded to the Corporation Sole for the years ended June 30, 2018 and 2017, respectively.

**The Catholic Community Foundation
of the Archdiocese of Baltimore, Inc.**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE 7 - RELATED PARTY TRANSACTIONS - Continued

The Corporation Sole has traditionally allocated a portion of its campaign contributions towards Mustard Seed Match donor incentive programs, specifically for new funds added to CCF, Inc. for the purpose of assisting families with the cost of Catholic education. During the year ended June 30, 2015, as part of the *Embracing Our Mission – Shaping Our Future* capital campaign, the Corporation Sole established a \$1 for every \$2 match towards Archdiocesan Catholic School's that established or added to their tuition assistance scholarships endowments. Included in Contributions on the statements of activities and changes in net assets were Mustard Seed contributions of \$49,127 and \$167,853 for the years ended June 30, 2018 and 2017, respectively.

NOTE 8 - LITIGATIONS

CCF, Inc. is not a party to any litigation or threatened litigation that is expected to have an adverse material impact on the accompanying financial statements. CCF, Inc. is a separately incorporated, Maryland nonstock 501(c)(3) corporation. It is in good standing in the State of Maryland and the majority of its assets are subject to donor-imposed restrictions regarding their use.

NOTE 9 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 28, 2018, which is the date the financial statements were available to be issued.

CCF, Inc. is not aware of any subsequent events which would require additional recognition or disclosure in the accompanying financial statements as of June 30, 2018.