

THE CATHOLIC DIOCESE OF MADISON FOUNDATION, INC.

FINANCIAL STATEMENTS

June 30, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Catholic Diocese of Madison Foundation, Inc.
Madison, Wisconsin

Opinion

We have audited the financial statements of The Catholic Diocese of Madison Foundation, Inc., which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Catholic Diocese of Madison Foundation, Inc. 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Catholic Diocese of Madison Foundation, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

Wegner CPAs LLP

Wegner CPAs, LLP
Madison, Wisconsin
September 12, 2022

THE CATHOLIC DIOCESE OF MADISON FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash	\$ 847,963	\$ 535,444
Accounts receivable	126,093	144,266
Unconditional promises to give, net	25,584	30,575
Investments (see Note 2)	<u>61,218,876</u>	<u>72,453,488</u>
Total assets	<u>\$ 62,218,516</u>	<u>\$ 73,163,773</u>
LIABILITIES		
Accounts payable	\$ 9,451	\$ 3,027
Accrued expenses	16,596	11,156
Beneficial interests held for others (see Note 3)	<u>60,515,230</u>	<u>71,563,286</u>
Total liabilities	60,541,277	71,577,469
NET ASSETS		
Without donor restrictions	963,828	752,302
With donor restrictions	<u>713,411</u>	<u>834,002</u>
Total net assets	<u>1,677,239</u>	<u>1,586,304</u>
Total liabilities and net assets	<u>\$ 62,218,516</u>	<u>\$ 73,163,773</u>

See accompanying notes.

THE CATHOLIC DIOCESE OF MADISON FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
SUPPORT AND REVENUE		
Contributions	\$ 1,047,586	\$ 6,225,387
Less amounts for beneficial interests held for others	<u>(1,047,586)</u>	<u>(6,225,387)</u>
Contributions	-	-
Investment return, net	(8,727,423)	13,985,988
Less amounts for beneficial interests held for others	<u>8,708,943</u>	<u>(13,969,366)</u>
Investment return, net	(18,480)	16,622
Management fees	587,572	539,297
Interest	-	179
Donations	<u>2,742</u>	<u>1,120</u>
Total support and revenue	571,834	557,218
EXPENSES		
Grants and distributions	2,641,588	2,464,725
Less amounts from beneficial interests held for others	<u>(2,551,312)</u>	<u>(2,357,850)</u>
Grants and distributions	90,276	106,875
Donor engagement	164,621	144,696
Grant services	58,339	36,404
Management and general	<u>125,983</u>	<u>148,083</u>
Total expenses	<u>439,219</u>	<u>436,058</u>
NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of purpose restrictions	<u>78,911</u>	<u>1,524</u>
Change in net assets without donor restrictions	211,526	122,684
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	68,112	60,868
Investment return, net	(109,792)	163,457
Net assets released from restrictions	<u>(78,911)</u>	<u>(1,524)</u>
Change in net assets with donor restrictions	<u>(120,591)</u>	<u>222,801</u>
Change in net assets	90,935	345,485
Net assets at beginning of year	<u>1,586,304</u>	<u>1,240,819</u>
Net assets at end of year	<u>\$ 1,677,239</u>	<u>\$ 1,586,304</u>

See accompanying notes.

THE CATHOLIC DIOCESE OF MADISON FOUNDATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2022 and 2021

	2022			
	Program Services		Management and General	Total
	Donor Engagement	Grant Services		
Grants	\$ -	\$ 90,276	\$ -	\$ 90,276
Personnel	122,940	43,392	74,727	241,059
Professional fees	11,340	4,860	39,562	55,762
Office and occupancy	10,645	3,756	9,075	23,476
Publications and communications	16,695	5,566	-	22,261
Other administrative	3,001	765	2,619	6,385
	<u>\$ 164,621</u>	<u>\$ 148,615</u>	<u>\$ 125,983</u>	<u>\$ 439,219</u>

	2021			
	Program Services		Management and General	Total
	Donor Engagement	Grant Services		
Grants	\$ -	\$ 106,875	\$ -	\$ 106,875
Personnel	111,057	29,464	86,126	226,647
Professional fees	6,287	-	56,586	62,873
Office and occupancy	6,325	1,678	4,904	12,907
Publications and communications	20,638	5,159	166	25,963
Other administrative	389	103	301	793
	<u>\$ 144,696</u>	<u>\$ 143,279</u>	<u>\$ 148,083</u>	<u>\$ 436,058</u>

See accompanying notes.

THE CATHOLIC DIOCESE OF MADISON FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 90,935	\$ 345,485
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Unrealized (gain) loss on investments	11,213	(3,100)
(Increase) decrease in assets		
Accounts receivable	18,173	(26,865)
Unconditional promises to give, net	4,991	577,278
Increase (decrease) in liabilities		
Accounts payable	6,424	1,488
Accrued expenses	5,440	928
Beneficial interests held for others	(1,616,285)	3,670,075
Net cash flows from operating activities	(1,479,109)	4,565,289
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(838,595)	(7,635,104)
Proceeds from sales of investments	2,630,223	2,731,833
Net cash flows from investing activities	1,791,628	(4,903,271)
Change in cash	312,519	(337,982)
Cash at beginning of year	535,444	873,426
Cash at end of year	<u>\$ 847,963</u>	<u>\$ 535,444</u>

See accompanying notes.

THE CATHOLIC DIOCESE OF MADISON FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Catholic Diocese of Madison Foundation, Inc. (the “Foundation”), manages charitable endowment funds and other designated funds to fulfill its mission “to partner with the Catholic community to fund the future of the Church by providing excellent investment opportunities, guided by the light of the Faith in Jesus Christ. We foster relationships, develop and manage endowments, and distribute funds, creating perpetual financial support for the Catholic schools, parishes, and ministries within the Diocese of Madison.”

Accounts Receivable

The Foundation considers all accounts receivable from management fees to be fully collectible based on historical experience; accordingly, no allowance for doubtful accounts has been developed. If amounts become uncollectible, they will be charged to operations when that determination is made.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Investments

The Foundation reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Management Fees

The Foundation charges each beneficial interest fund a quarterly fee ranging from 0.125% - 0.25% of the balance in each fund as of the end of the quarter. A fund is not charged a management fee in the quarter in which the fund is established.

Contributions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. Restrictions are treated as to have expired when a stipulated time restriction ends, or the purpose restriction expires. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

THE CATHOLIC DIOCESE OF MADISON FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel and office and occupancy, which are allocated on the basis of estimates of time and effort.

The following program services and supporting activities are included in the accompanying financial statements:

Donor engagement – activities that support the identification, cultivation, and stewardship of donors and fundholders to create meaningful and lasting partnerships that facilitate the mission of the Catholic Church.

Grant services – activities that support the management and distribution of funds for the benefit of Catholic parishes, schools, and ministries within the Diocese of Madison.

Management and general – activities that support the day-to-day operations and overall direction of the Foundation. These costs include expenses necessary to ensure the proper function of the board, the Foundation's governance, its bookkeeping, and other operational functions.

Estimates

In accordance with Generally Accepted Accounting Principles (GAAP), management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

Income Tax Status

The Foundation is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and, accordingly, there is no provision for federal or state income taxes.

Reclassification

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation of the current year financial statements.

Date of Management's Review

Management has evaluated subsequent events through September 12, 2022, the date which the financial statements were available to be issued.

THE CATHOLIC DIOCESE OF MADISON FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 2 – INVESTMENTS

Investments consist of the following:

	<u>2022</u>	<u>2021</u>
Common stocks	\$ 36,656,129	\$ 43,062,003
Bonds	20,098,465	19,433,482
Mutual funds	226,628	276,267
Money market funds	<u>4,237,654</u>	<u>9,681,736</u>
Investments	<u>\$ 61,218,876</u>	<u>\$ 72,453,488</u>

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

Investment return consists of the following:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 1,109,285	\$ 970,509
Realized and unrealized gains (losses)	(9,615,175)	13,499,459
Investment fees	<u>(331,325)</u>	<u>(320,523)</u>
Investment return, net	<u>\$ (8,837,215)</u>	<u>\$ 14,149,445</u>

Investment return for the years ended June 30, 2022 and 2021 included amounts with donor restrictions and without donor restrictions as follows:

	<u>2022</u>	<u>2021</u>
Investment return without donor restrictions	\$ (8,727,423)	\$ 13,985,988
Investment return with donor restrictions	<u>(109,792)</u>	<u>163,457</u>
Investment return, net	<u>\$ (8,837,215)</u>	<u>\$ 14,149,445</u>

THE CATHOLIC DIOCESE OF MADISON FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
 June 30, 2022 and 2021

NOTE 2 – INVESTMENTS (continued)

Fair values for money market funds and common stocks are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair value of the mutual funds is based on quoted market prices as these securities are actively traded which are considered level 1 investments. Fair value of the bonds is determined based on quoted market prices or the quoted yield on a security that is most similar to the security being valued, adjusted for variances in the maturity, coupon and other features which are considered level 2 investments.

NOTE 3 – BENEFICIAL INTERESTS HELD FOR OTHERS

As part of its mission, the Foundation receives reciprocal transfers and donations from various donors and other entities, solely to support Catholic organizations in the Diocese of Madison. U.S. GAAP establishes standards for transactions in which a recipient entity accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both, to an entity that is specified by the donor. The Foundation refers to such funds as beneficial interests held for others. The Foundation maintains legal ownership of beneficial interests, and, therefore, reports the funds as assets of the Foundation. However, in accordance with U.S. GAAP, because the Foundation received these funds absent variance power, these transfers and donations are not recorded as revenue, and a liability has been established equal to the fair value of the assets held for the various Catholic organizations.

As of June 30, 2022 and 2021, the Foundation was the owner of 41 and 38 beneficial interests held for others with a combined fair value of \$60,515,230 and \$71,563,286. All financial activity related to these funds is segregated in the statements of activities and has been classified as a liability in the statements of financial position. As of June 30, 2022 and 2021, the Foundation's beneficial interests held for others consisted of the following:

	2022	2021
Cash	\$ 122,388	\$ 64,000
Unconditional promises to give	25,584	30,575
Investments	60,367,258	71,468,711
Total beneficial interests held for others	\$ 60,515,230	\$ 71,563,286

NOTE 4 – UNCONDITIONAL PROMISES TO GIVE

All of the promises to give are attributable to the *Priests for Our Future – The Church is Alive* capital campaign, which raised funds to provide educational support for the seminarians of the Diocese of Madison and to support the work of the Diocesan Office of Vocations in promoting vocations to the priesthood. All of the promises to give are included in the beneficial interests held for others liability as noted in Note 3, and therefore, do not have an effect on the Foundation's statements of activities. The campaign ended December 31, 2020. Promises to give and the corresponding beneficial interests liability were reduced accordingly.

THE CATHOLIC DIOCESE OF MADISON FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 4 – UNCONDITIONAL PROMISES TO GIVE (continued)

Each parish in the Diocese of Madison had a goal to raise contributions for the campaign. A “waterfall” formula was adopted whereby a parish is entitled to a portion of the excess over goal collected by the Foundation prior to January 1, 2021. For contributions of 100% to 125% of the goal, 50% of these amounts will be a waterfall to the parish. For contributions above 125% of the goal, 80% of these amounts will be a waterfall to the parish. The Foundation did not make waterfall payments for the year ended June 30, 2022. The Foundation made waterfall payments to parishes totaling \$157,443 for the year ended June 30, 2021.

Based on the unconditional promises to give by donors as of June 30, 2022 and 2021, the amounts held for others are for the Diocese of Madison – Holy Name Seminary of \$25,584 and \$30,575, respectively.

NOTE 5 – PAYCHECK PROTECTION PROGRAM LOAN

On August 13, 2021, the Foundation received notification of forgiveness of a \$40,200 loan under the Paycheck Protection Program. The Foundation must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review the Foundation’s good-faith certification concerning the necessity of its loan request, whether the Foundation calculated the loan amount correctly, whether the Foundation used loan proceeds for the allowable uses specified in the CARES Act, and whether the Foundation is entitled to loan forgiveness in the amount claimed on its application. If SBA determines the Foundation was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of the outstanding loan balance.

NOTE 6 – CONCENTRATIONS OF CREDIT RISK

The Foundation maintains cash balances at a financial institution located in Madison, Wisconsin. The Federal Deposit Insurance Corporation insures accounts at each institution up to \$250,000. As of June 30, 2022 and 2021, the Foundation had uninsured cash balances totaling \$598,431 and \$341,157.

NOTE 7 – RELATED PARTY TRANSACTIONS

Diocese of Madison staff provide administrative services to the Foundation under an agreement ending June 30, 2023. The amount paid for these services by the Foundation for each of the years ended June 30, 2022 and 2021 was \$40,000 and \$35,000, respectively. Also, the Foundation leases office space from the Diocese of Madison under a month-to-month lease agreement that requires monthly payments of \$686. Rent expense for each of the years ended June 30, 2022 and 2021 totaled \$8,232. The Foundation also participates in a defined contribution plan that is administered by the Diocese of Madison as described in note 10.

THE CATHOLIC DIOCESE OF MADISON FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 8 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, such as without donor or other restrictions limiting their use, within one year of the statement of financial position date include cash of \$555,648, accounts receivable of \$126,093 and investments of \$83,518 totaling \$765,259, as of June 30, 2022. As of June 30, 2021, the statement of financial position included cash of \$315,404, accounts receivable of \$144,266, and investments of \$87,421 totaling, \$547,091.

The Foundation manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures. Adjustments are made to plan as needed to ensure adequate liquidity. The Foundation's liquidity exceeds projected annual operating expenses by a ratio of 1.3 to 1.0, and as such, the Foundation has concluded that it is not necessary to secure a line of credit in support of liquidity requirements.

NOTE 9 – ENDOWMENT FUNDS

The Foundation's endowment assets consist of four donor-restricted funds. These funds were established to provide resources for corporal works of mercy, tuition assistance for Catholic grade schools, support of rural Catholic life and sanctify of life advocacy. 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.

Application of UPMIFA - The Foundation is subject to Wisconsin's Uniform Prudent Management of Institutional Funds Act (UPMIFA), and thus classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Directors appropriates such amounts for expenditure. Those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Directors of the Foundation has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor restricted endowment funds, the Foundation considers a fund to be underwater when the fair value of the fund is less than the sum of (a) the original value of gifts donated to the fund, (b) the original value of subsequent gifts donated to the fund, and (c) any accumulations to the fund that are required to be maintained in accordance with the direction of the applicable donor gift instrument.

The Foundation has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, the Foundation 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 purpose of the Foundation 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 Foundation, and (7) the investment policies of the Foundation.

THE CATHOLIC DIOCESE OF MADISON FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 9 – ENDOWMENT FUNDS (continued)

Investment Policy - The funds are invested by and under the direction of the Foundation's investment committee with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the investment of a fund. Investments are diversified as to minimize the risk of large losses unless under the circumstances it is clearly prudent not to do so. Risk is present in all types of securities and investment styles and the Foundation's investment committee recognize some risk is necessary to produce long-term investment results. However, reasonable effort is made to control risk.

The Foundation has adopted investment and fund distribution policies for endowment assets that attempt to provide additional income to fund programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s). As of June 30, 2022 and 2021, there are no amounts subject to time restrictions.

The Foundation's investment objective is for the value of investment assets, exclusive of contributions and withdrawals, to grow through returns generated by capital appreciation and investment income. The rate of return earned by the portfolio's asset classes is targeted to be at or above-weighted commonly accepted performance benchmarks. To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets investments to achieve its long-term return objectives within prudent acceptance of risk as described above.

Fund Distribution Policy - The Foundation makes distributions in accordance with its fund distribution policy, which currently calls for an annual distribution of 4.5% of an endowment's value, based on a 12-quarter rolling average. The endowment agreements also empower the Foundation, in its sole discretion, to make additional distributions under certain circumstances.

Funds With Deficiencies - From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. The deficiencies result from unfavorable market fluctuations that have occurred. As of June 30, 2022 and 2021, the Foundation did not have any funds with deficiencies.

Endowment net asset composition by type of fund is as follows:

	<u>2022</u>	<u>2021</u>
Donor-restricted endowment funds:		
Donor-restricted gift amounts	\$ 678,980	\$ 610,868
Accumulated investment return, net	<u>34,431</u>	<u>223,134</u>
Total funds	<u>\$ 713,411</u>	<u>\$ 834,002</u>

THE CATHOLIC DIOCESE OF MADISON FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 9 – ENDOWMENT FUNDS (continued)

Changes in endowment net assets are as follows:

	2022	2021
Endowment net assets at beginning of year	\$ 834,002	\$ 611,201
Contributions	68,112	60,868
Distributions	(78,911)	(1,524)
Investment return, net	(109,792)	163,457
Endowment net assets at end of year	\$ 713,411	\$ 834,002

NOTE 10 – RETIREMENT PLAN

As a related employer, the Foundation participates in a defined contribution plan, instituted and administered by the Diocese of Madison. The plan covers lay employees who have completed 1,000 hours of service during a plan year and who are at least twenty-one (21) years of age. Employees are permitted to make voluntary contributions to the plan. In accordance with the plan document, the Foundation contributes four percent (4.0%) of each eligible employee's compensation plus a matching contribution up to two percent (2.0%) of each eligible employee's voluntary salary deferral. Contributions to the plan totaled \$11,105 and \$10,966 for years ended June 30, 2022 and 2021, respectively.

NOTE 11 – NET ASSETS

Net assets without donor restrictions include donor advised funds of \$54,681 and \$63,346 for years ended June 30, 2022 and 2021.

Net assets with donor restrictions are as follows:

	2022	2021
Donor-restricted gift amounts	\$ 678,980	\$ 610,868
Endowment earnings subject to expenditure for specified purpose:		
Tuition assistance	\$ 31,018	\$ 195,867
Corporal works of mercy	3,413	15,003
Pro-Life	-	2,458
Rural Catholic life	-	9,806
Total net assets with donor restrictions	\$ 713,411	\$ 834,002