

THE CATHOLIC DIOCESE OF MADISON FOUNDATION, INC.

FINANCIAL STATEMENTS

June 30, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of The Catholic Diocese of Madison Foundation, Inc., which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Catholic Diocese of Madison Foundation, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Wegner CPAs, LLP
Madison, Wisconsin
October 6, 2021

THE CATHOLIC DIOCESE OF MADISON FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 535,444	\$ 873,426
Accounts receivable	144,266	117,401
Unconditional promises to give, net	30,575	607,853
Investments (see Note 2)	<u>72,453,488</u>	<u>53,913,526</u>
Total assets	<u>\$ 73,163,773</u>	<u>\$ 55,512,206</u>
LIABILITIES		
Accounts payable	\$ 3,027	\$ 1,539
Accrued expenses	11,156	10,228
Beneficial interests held for others (see Note 3)	<u>71,563,286</u>	<u>54,259,620</u>
Total liabilities	71,577,469	54,271,387
NET ASSETS		
Without donor restrictions	752,302	629,618
With donor restrictions	<u>834,002</u>	<u>611,201</u>
Total net assets	<u>1,586,304</u>	<u>1,240,819</u>
Total liabilities and net assets	<u>\$ 73,163,773</u>	<u>\$ 55,512,206</u>

See accompanying notes.

THE CATHOLIC DIOCESE OF MADISON FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2021 and 2020

	2021	2020
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
SUPPORT AND REVENUE		
Contributions	\$ 6,225,387	\$ 2,594,812
Less amounts for beneficial interests held for others	<u>(6,225,387)</u>	<u>(2,569,812)</u>
Contributions	-	25,000
Investment return, net	13,985,988	2,465,005
Less amounts for beneficial interests held for others	<u>(13,969,366)</u>	<u>(2,464,194)</u>
Investment return, net	16,622	811
Management fees	539,297	453,165
Paycheck Protection Program grant	-	40,200
Interest	179	760
Donations	<u>1,120</u>	<u>670</u>
Total support and revenue	557,218	520,606
EXPENSES		
Grants and distributions	2,464,725	3,022,511
Less amounts from beneficial interests held for others	<u>(2,357,850)</u>	<u>(2,992,680)</u>
Grants and distributions	106,875	29,831
Donor engagement	144,696	123,528
Grant services	36,404	30,033
Management and general	<u>148,083</u>	<u>190,101</u>
Total expenses	<u>436,058</u>	<u>373,493</u>
NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of purpose restrictions	<u>1,524</u>	<u>28,981</u>
Change in net assets without donor restrictions	122,684	176,094
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	60,868	41,467
Investment return, net	163,457	22,898
Net assets released from restriction	<u>(1,524)</u>	<u>(28,981)</u>
Change in net assets with donor restrictions	<u>222,801</u>	<u>35,384</u>
Change in net assets	345,485	211,478
Net assets at beginning of year	<u>1,240,819</u>	<u>1,029,341</u>
Net assets at end of year	<u>\$ 1,586,304</u>	<u>\$ 1,240,819</u>

See accompanying notes.

THE CATHOLIC DIOCESE OF MADISON FOUNDATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2021 and 2020

	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
Total expenses	\$ 144,696	\$ 143,279	\$ 148,083	\$ 436,058

	2020			
	Program Services		Management and General	Total
	Donor Engagement	Grant Services		
Personnel	\$ 99,159	\$ 24,790	\$ 123,949	\$ 247,898
Grants	-	29,831	-	29,831
Professional fees	-	-	54,314	59,069
Office and occupancy	5,547	1,387	6,934	13,599
Publications and communications	14,899	3,725	-	17,738
Other administrative	3,923	131	4,904	5,358
Total expenses	\$ 123,528	\$ 59,864	\$ 190,101	\$ 373,493

See accompanying notes.

THE CATHOLIC DIOCESE OF MADISON FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 345,485	\$ 211,478
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Unrealized gain on investments	(3,100)	-
(Increase) decrease in assets		
Accounts receivable	(26,865)	(6,712)
Unconditional promises to give, net	577,278	1,236,745
Increase (decrease) in liabilities		
Accounts payable	1,488	(221)
Accrued expenses	928	(4,745)
Beneficial interests held for others	3,670,075	(447,229)
Net cash flows from operating activities	<u>4,565,289</u>	<u>989,316</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(7,635,104)	(4,610,550)
Proceeds from sales of investments	<u>2,731,833</u>	<u>3,711,421</u>
Net cash flows from investing activities	<u>(4,903,271)</u>	<u>(899,129)</u>
Change in cash	(337,982)	90,187
Cash at beginning of year	<u>873,426</u>	<u>783,239</u>
Cash at end of year	<u><u>\$ 535,444</u></u>	<u><u>\$ 873,426</u></u>

See accompanying notes.

THE CATHOLIC DIOCESE OF MADISON FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

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 promote the strength, vitality, and growth of the Diocese of Madison, its parishes, and parishioners, its other entities and its financial support of the broader church and needy persons.”

Accounts Receivable

The Foundation considers all accounts receivable from management fees to be fully collectible; 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 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 (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. 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, 2021 and 2020

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

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.

Estimates

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.

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 – supports 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 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 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.

Paycheck Protection Program Loan

The Foundation received a loan under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security Act and administered by the U.S. Small Business Administration. The loan was fully forgiven as the Foundation met the PPP's eligibility criteria. The Foundation believes the loan was, in substance, a grant that was expected to be forgiven and recognized amounts expected to be forgiven as revenue when it incurred qualifying expenses.

THE CATHOLIC DIOCESE OF MADISON FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

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

Date of Management’s Review

Management has evaluated subsequent events through October 6, 2021, the date which the financial statements were available to be issued.

NOTE 2 – INVESTMENTS

Investments at June 30, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Common stocks	\$ 43,062,003	\$ 33,909,940
Bonds	19,433,482	18,182,244
Mutual funds	276,267	235,910
Money market funds	<u>9,681,736</u>	<u>1,585,432</u>
Investments	<u>\$ 72,453,488</u>	<u>\$ 53,913,526</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 for the years ended June 30, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 970,509	\$ 1,077,961
Realized and unrealized gains	13,499,459	1,709,075
Investment fees	<u>(320,523)</u>	<u>(299,133)</u>
Investment return, net	<u>\$ 14,149,445</u>	<u>\$ 2,487,903</u>

Investment return for the years ended June 30, 2021 and 2020 included amounts with donor restrictions and without donor restrictions as follows:

	<u>2021</u>	<u>2020</u>
Investment return without donor restrictions	\$ 13,985,988	\$ 2,465,005
Investment return with donor restrictions	<u>163,457</u>	<u>22,898</u>
Investment return, net	<u>\$ 14,149,445</u>	<u>\$ 2,487,903</u>

THE CATHOLIC DIOCESE OF MADISON FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
 June 30, 2021 and 2020

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, 2021 and 2020, the Foundation was the owner of 38 and 33 beneficial interests held for others with a combined fair value of \$71,563,286 and \$54,259,620. 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, 2021 and 2020, the Foundation's beneficial interests held for others consisted of the following:

	2021	2020
Cash	\$ 64,000	\$ 402,422
Unconditional promises to give	30,575	607,853
Investments	71,468,711	53,249,345
Total beneficial interests held for others	\$ 71,563,286	\$ 54,259,620

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. While in previous years the Foundation properly elected not to record an allowance for uncollectible promises to give, in fact, for the periods ending June 30, 2021 and 2020, the unconditional promises to give balance has been reduced by the cumulative sum of \$2,672,775 and \$1,893,436, along with the corresponding beneficial interests held for others, as the promises to give are determined to be uncollectible.

THE CATHOLIC DIOCESE OF MADISON FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
 June 30, 2021 and 2020

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. For the years ended June 30, 2021 and 2020, the Foundation made waterfall payments to parishes totaling \$157,443 and \$915,120.

Based on the unconditional promises to give by donors as of June 30, 2021 and 2020, the amounts held for others are estimated to be split as follows:

	2021	2020
Diocese of Madison - Holy Name Seminary	\$ 30,575	\$ 127,853
Various parishes of the Diocese	-	480,000
Unconditional promises to give, net	\$ 30,575	\$ 607,853

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, 2021 and 2020, the Foundation had uninsured cash balances totaling \$341,157 and \$625,935.

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, 2021 and 2020 was \$35,000. 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, 2021 and 2020 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, 2021 and 2020

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 \$315,404, accounts receivable of \$144,266 and investments of \$87,421 totaling \$547,091, as of June 30, 2021. As of June 30, 2020, the statement of financial position included cash of \$471,962 and accounts receivable of \$117,401 totaling \$589,363.

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 purposes 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, 2021 and 2020

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, 2021 and 2020, 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, 2021 and 2020, the Foundation did not have any funds with deficiencies.

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

	2021	2020
Donor-restricted endowment funds:		
Donor-restricted gift amounts	\$ 610,868	\$ 550,000
Accumulated investment return, net	223,134	61,201
	<u>\$ 834,002</u>	<u>\$ 611,201</u>
Total funds		

THE CATHOLIC DIOCESE OF MADISON FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 9 – ENDOWMENT FUNDS (continued)

Changes in endowment net assets are as follows:

	2021	2020
Endowment net assets at beginning of year	\$ 611,201	\$ 575,817
Contributions	60,868	41,467
Distributions	(1,524)	(28,981)
Investment return, net	163,457	22,898
Endowment net assets at end of year	\$ 834,002	\$ 611,201

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 \$10,966 and \$9,879 for years ended June 30, 2021 and 2020, respectively.

NOTE 11 – NET ASSETS

Net assets without donor restrictions include donor advised funds of \$63,346 and \$52,021 for years ended June 30, 2021 and 2020.

Net assets with donor restrictions are as follows:

	2021	2020
Donor-restricted gift amounts	\$ 610,868	\$ 550,000
Endowment earnings subject to expenditure for specified purpose:		
Tuition assistance	\$ 195,867	\$ 58,066
Corporal works of mercy	15,003	2,519
Pro-Life	2,458	-
Rural Catholic life	9,806	616
Total net assets with donor restrictions	\$ 834,002	\$ 611,201

THE CATHOLIC DIOCESE OF MADISON FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 12 – COVID CONSIDERATIONS

The COVID-19 pandemic has impacted and could further impact the Foundation's operations, donors, suppliers, and employees as a result of quarantines, facility closures, and travel and logistics restrictions. The extent to which the COVID-19 pandemic impacts the Foundation's business, results of operations, and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on the Foundation's donors, suppliers, and employees, the remedial actions and stimulus measures adopted by local, state, and federal governments, and to what extent normal economic and operating conditions can resume. Therefore, the Foundation cannot reasonably estimate the impact at this time.

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