

**EMMAUS FOUNDATION, INC.  
D/B/A THE CATHOLIC FOUNDATION  
OF THE DIOCESE OF ST. PETERSBURG**

**Financial Statements**

**June 30, 2021 and 2020  
(With Independent Auditors' Report Thereon)**

**EMMAUS FOUNDATION, INC.**  
**D/B/A THE CATHOLIC FOUNDATION OF THE DIOCESE OF ST. PETERSBURG**

**Table of Contents**

	<b><u>Page</u></b>
Independent Auditors' Report	1 - 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statement of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 19



## **Independent Auditors' Report**

To the Board of Trustees of  
Emmaus Foundation, Inc.  
d/b/a The Catholic Foundation of the Diocese of St. Petersburg:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Emmaus Foundation, Inc. d/b/a The Catholic Foundation of the Diocese of St. Petersburg (the "Catholic Foundation"), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, the related statement of functional expenses for the year ended June 30, 2021, 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.

### **Auditors' 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 auditors' 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 Emmaus Foundation as of June 30, 2021 and 2020, the changes in its net assets and its cash flows for the years then ended, and its functional expenses for the year ended June 30, 2021, in accordance with accounting principles generally accepted in the United States of America.

*Mayer Hoffman McCann P.C.*

November 30, 2021  
St. Petersburg, Florida

**EMMAUS FOUNDATION, INC.**  
**D/B/A THE CATHOLIC FOUNDATION OF THE DIOCESE OF ST. PETERSBURG**

**Statements of Financial Position**

**June 30, 2021 and 2020**

<b>Assets</b>	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	\$ 1,699,821	2,299,002
Investments:		
Funds held in trust	48,411,794	37,164,941
Charitable gift annuities	1,497,438	1,422,119
Parish life	680,350	-
Donor advised funds	934,183	250,000
Endowed funds	4,619,111	3,465,537
Other managed funds	185,020	110,249
Pledges receivable, net	48,423	30,050
Other receivables	-	81,665
Prepaid expenses	2,500	5,000
Land held for sale	300,000	300,000
	<b>\$ 58,378,640</b>	<b>45,128,563</b>
<b>Total assets</b>	<b>\$ 58,378,640</b>	<b>45,128,563</b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 38,021	22,316
Due to Diocese of St. Petersburg Pastoral Center	542,643	1,036,491
Deposits held in trust for:		
Catholic Education Foundation, Inc.	5,836,459	4,678,819
A Catholic (Non-Diocesan) corporation	14,470,338	11,484,592
School endowment (CSREA) funds	10,147,418	8,080,966
Diocese of St. Petersburg (for Bethany Center)	2,718,117	2,192,842
A Parish Foundation	3,038,652	2,488,259
Calvary Cemetery Perpetual Care Fund	5,826,166	4,203,892
Diocese of St. Petersburg (seminarians)	3,485,564	3,367,436
Other support programs	2,850,541	652,810
Parishes	38,539	15,325
	48,411,794	37,164,941
Total funds held in trust	48,411,794	37,164,941
Annuity obligations	759,842	788,869
Total liabilities	49,752,300	39,012,617
Net assets:		
Without donor restrictions	1,443,822	1,120,468
With donor restrictions	7,182,518	4,995,478
	8,626,340	6,115,946
Total net assets	8,626,340	6,115,946
Total liabilities and net assets	<b>\$ 58,378,640</b>	<b>45,128,563</b>

See accompanying independent auditors' report and notes to financial statements.

**EMMAUS FOUNDATION, INC.**  
**D/B/A THE CATHOLIC FOUNDATION OF THE DIOCESE OF ST. PETERSBURG**

**Statements of Activities**

**For the Years Ended June 30, 2021 and 2020**

	<u>2021</u>			<u>2020</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue:						
Bequests and contributions	\$ 17,519	1,148,602	1,166,121	14,965	866,871	881,836
Investment return	194,499	1,235,842	1,430,341	120,650	4,008	124,658
Administrative fees and other	444,239	1,334	445,573	398,029	-	398,029
In-kind contributions	30,000	-	30,000	30,000	-	30,000
Change in value of split-interest agreements	(79,188)	-	(79,188)	(64,623)	-	(64,623)
Net assets released from restrictions	198,738	(198,738)	-	543,658	(543,658)	-
Total support and revenue	805,807	2,187,040	2,992,847	1,042,679	327,221	1,369,900
Expenses:						
Program services	187,351	-	187,351	605,501	-	605,501
Supporting services:						
Administration	143,343	-	143,343	126,982	-	126,982
Fundraising	151,759	-	151,759	180,815	-	180,815
Total expenses	482,453	-	482,453	913,298	-	913,298
Change in net assets	323,354	2,187,040	2,510,394	129,381	327,221	456,602
Net assets, beginning of year	1,120,468	4,995,478	6,115,946	991,087	4,668,257	5,659,344
Net assets, end of year	\$ 1,443,822	7,182,518	8,626,340	1,120,468	4,995,478	6,115,946

See accompanying independent auditors' report and notes to combined financial statements.

**EMMAUS FOUNDATION, INC.**  
**D/B/A THE CATHOLIC FOUNDATION OF THE DIOCESE OF ST. PETERSBURG**

**Statement of Functional Expenses**

**For the Year Ended June 30, 2021**  
**(With Comparative Totals for 2020)**

	Program Services	Supporting Services			Total Expenses	
		Administration	Fundraising	Total	2021	2020
Salaries	\$ -	59,656	121,119	180,775	180,775	136,306
Payroll taxes and benefits	-	9,678	19,650	29,328	29,328	23,021
	-	69,334	140,769	210,103	210,103	159,327
Grants to others	186,762	-	-	-	186,762	470,012
Programs and clergy support	589	-	-	-	589	135,489
Management fees	-	37,000	-	37,000	37,000	37,000
Professional fees	-	19,643	16,185	35,828	35,828	46,348
Travel	-	-	-	-	-	1,025
Insurance premiums	-	347	706	1,053	1,053	379
Telephone and utilities	-	236	479	715	715	726
Supplies	-	1,094	2,222	3,316	3,316	3,908
Postage	-	658	1,335	1,993	1,993	1,016
Other	-	31	63	94	94	1,090
Bad debt	-	-	(25,000)	(25,000)	(25,000)	26,758
Depreciation	-	-	-	-	-	220
In-kind expenses	-	15,000	15,000	30,000	30,000	30,000
	\$ 187,351	143,343	151,759	295,102	482,453	913,298

See accompanying independent auditors' report and notes to combined financial statements.

**EMMAUS FOUNDATION, INC.**  
**D/B/A THE CATHOLIC FOUNDATION OF THE DIOCESE OF ST. PETERSBURG**

**Statements of Cash Flows**

**For the Years Ended June 30, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
Cash flows from operating activities:		
Change in net assets	\$ 2,510,394	456,602
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	-	220
Provision (recoveries) for doubtful accounts	(25,000)	26,758
Net realized and unrealized losses (gains) on investments	(1,021,035)	69,350
Change in value of split-interest agreements	79,188	64,623
Contributions restricted for endowments	(270,306)	(145,366)
Changes in operating assets and liabilities:		
Pledges receivable	6,627	(46,348)
Other receivable	81,665	181,445
Prepaid expenses	2,500	(5,000)
Accounts payable and accrued expenses	15,705	5,716
Due to Diocese of St. Petersburg Pastoral Center	(493,848)	644,133
	885,890	1,252,133
Net cash provided by operating activities	885,890	1,252,133
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	611,972	540,403
Purchases of investments	(2,259,134)	(857,003)
	(1,647,162)	(316,600)
Net cash used in investing activities	(1,647,162)	(316,600)
Cash flows from financing activities:		
Proceeds received from contributions restricted for endowments	270,306	145,366
Payments to donor annuitants	(108,215)	(112,046)
	162,091	33,320
Net cash provided by financing activities	162,091	33,320
Net increase (decrease) in cash and cash equivalents	(599,181)	968,853
Cash and cash equivalents, beginning of year	2,299,002	1,330,149
Cash and cash equivalents, end of year	\$ 1,699,821	2,299,002
Noncash activities:		
Change in value of deposits held in trust	\$ 11,246,853	(16,321)



**EMMAUS FOUNDATION, INC.**  
**D/B/A THE CATHOLIC FOUNDATION OF THE DIOCESE OF ST. PETERSBURG**

**Notes to Financial Statements**

**June 30, 2021 and 2020**

**(1) Description of Organization**

Emmaus Foundation, Inc. d/b/a The Catholic Foundation of the Diocese of St. Petersburg (the “Catholic Foundation”) was formed in 1997 by the Bishop of the Diocese of St. Petersburg for the purpose of developing, establishing and maintaining gifts that are restricted and/or endowed for the use and benefit of the juridical persons within the Diocese of St. Petersburg in accordance with Canon Law, and for such other purposes that serve and benefit, the ministry and service of the Diocese of St. Petersburg, its parishes, schools and other institutions, when the donor has specifically restricted such use for charitable, educational, and religious purposes. The Catholic Foundation is a qualifying issuer of donor annuity agreements under laws of the State of Florida.

The activities of the Catholic Foundation include tuition assistance and other grants given to Catholic schools in the Diocese of St. Petersburg and other grants to parishes, missions and Catholic Charities, Diocese of St. Petersburg, Inc.

The Catholic Foundation also holds and manages a significant amount of funds placed on deposit in the Catholic Foundation by other Diocesan and Catholic entities.

**(2) Summary of Significant Accounting Policies and Practices**

**(a) Basis of Accounting**

The financial statements of the Catholic Foundation have been prepared using the accrual basis of accounting, which recognizes revenues when earned and expenses as incurred. All financial transactions have been recorded to report transactions based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

- *Net Assets Without Donor Restrictions:* Net assets without donor restrictions are available for use at the discretion of the Catholic Foundation’s Board of Trustees and/or management for general operating purposes.
- *Net Assets With Donor Restrictions:* Net assets with donor restrictions consists of assets whose use is limited by donor-imposed, time and/or purpose restrictions. The Catholic Foundation reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions. Some net assets with donor restrictions include a stipulation that assets provided be maintained in perpetuity while permitting the Catholic Foundation to spend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy.

**EMMAUS FOUNDATION, INC.**  
**D/B/A THE CATHOLIC FOUNDATION OF THE DIOCESE OF ST. PETERSBURG**

**Notes to Financial Statements - Continued**

**(2) Summary of Significant Accounting Policies and Practices - Continued**

**(a) Basis of Accounting - Continued**

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Contributions, including unconditional promises to give (pledges), are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value and are subsequently adjusted as necessary based on any permanent impairment of their fair value.

The Catholic Foundation charges an administration fee of 0.75% (75 basis points) to certain holders of deposits held in trust, which was \$445,573 and \$398,029 for the years ended June 30, 2021 and 2020, respectively, and is recorded as administrative fees in the statements of activities. Revenue is recognized over a period of time as administrative services are provided.

**(b) Liquidity**

Assets are presented in the accompanying statements of financial position according to their nearness of conversion to cash, and liabilities according to the nearness of their maturity and resulting use of cash.

**(c) Cash and Cash Equivalents**

Other than short-term investments, the Catholic Foundation considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

Included in cash and cash equivalents are \$244,852 and \$238,613 as of June 30, 2021 and 2020, respectively, in savings accounts that are included in the Diocese of St. Petersburg Savings and Loan Trust that received interest income of 1% during the years ended June 30, 2021 and 2020.

Cash is on deposit at a high quality financial institution in bank deposit amounts which at times, may exceed federally insured limits. The Catholic Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant risk.

**EMMAUS FOUNDATION, INC.**  
**D/B/A THE CATHOLIC FOUNDATION OF THE DIOCESE OF ST. PETERSBURG**

**Notes to Financial Statements - Continued**

**(2) Summary of Significant Accounting Policies and Practices - Continued**

**(d) Bequests Receivable**

The Catholic Foundation recognizes its interest in estates in process as a receivable, at fair value, when the Court declares the related will valid.

**(e) Pledges Receivable**

Unconditional promises to give that are expected to be collected within one year are recorded net of an allowance for doubtful pledges. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows net of an allowance for doubtful pledges. The discounts on those amounts are computed using a risk adjusted interest rate which corresponds with the collection period of the respective pledge. Amortization of discounts is included in contribution revenue. There were no such discounts in 2021 or 2020 as all pledges were expected to be collected within one year.

**(f) Land**

At June 30, 2021 and 2020, land was being marketed, but, had not been sold. The donation of land was recorded at fair value at the date of the gift, which was \$700,000. During the year ended June 30, 2009, management determined that the fair value of the land had been impaired by approximately \$300,000 adjusting the fair value of the land to \$400,000. During the year ended June 30, 2011 management evaluated the estimated market value and determined that it had been impaired by an additional \$100,000 adjusting the fair value of the land to \$300,000 at June 30, 2011. At June 30, 2021 and 2020 management estimated the fair value of the land had remained at approximately \$300,000 based upon an evaluation of market value of land in the area and current market conditions.

**(g) Fair Value Measurements**

The Catholic Foundation evaluates the fair value measurements of financial assets and financial liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. In accordance with generally accepted accounting principles, fair value measurements are evaluated by a fair value hierarchy that distinguishes between assumptions based on market data (observable inputs) and the Catholic Foundation's assumptions (unobservable inputs). Determining where an asset or liability falls within the hierarchy depends on the lowest level of input that is significant to the fair value measurement as a whole. There are three levels of the hierarchy:

Level 1: based on quoted market prices in active markets for identical assets or liabilities;

Level 2: based on inputs other than Level 1 inputs that are either directly or indirectly observable;

Level 3: based on unobservable inputs developed using the Catholic Foundation's estimates and assumptions, which reflect those that market participants would use.

**EMMAUS FOUNDATION, INC.**  
**D/B/A THE CATHOLIC FOUNDATION OF THE DIOCESE OF ST. PETERSBURG**

**Notes to Financial Statements - Continued**

**(2) Summary of Significant Accounting Policies and Practices - Continued**

**(g) Fair Value Measurements - Continued**

The Catholic Foundation evaluates its hierarchy disclosures annually and, based on various factors it is possible that an asset or liability may be classified differently from year to year. The Catholic Foundation's Level 2 investments are valued at net asset value ("NAV"). The Catholic Foundation does not have any unfunded commitments for the investments and the investments are redeemable daily.

Fair value of investments measured on a recurring basis at June 30, 2021 and 2020 is as follows:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
2021:				
Mutual funds	\$ 41,156,789	-	-	41,156,789
Alternative investments	-	8,658,208	-	8,658,208
Marketable equity securities	3,876,616	-	-	3,876,616
Short-term investments	2,636,283	-	-	2,636,283
	\$ 47,669,688	8,658,208	-	56,327,896
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
2020:				
Mutual funds	\$ 31,088,920	-	-	31,088,920
Alternative investments	-	6,568,279	-	6,568,279
Marketable equity securities	2,416,683	-	-	2,416,683
Short-term investments	2,338,964	-	-	2,338,964
	\$ 35,844,567	6,568,279	-	42,412,846

**(h) Endowments**

The Catholic Foundation follows applicable Florida law with respect to donor-restricted funds and complies with any donor imposed restrictions on the use of the investment income or net appreciation resulting from the donor restricted endowment funds. However, when there is an absence of donor restrictions on the use of the investment income or net appreciation, the Catholic Foundation follows applicable law.

The Catholic Foundation has adopted investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment assets, which include both internally designated and donor restricted endowments while seeking to maintain the purchasing power of these endowment assets over the long term. The objective is to maintain the purchasing power of endowment assets in perpetuity by seeking long-term returns, which either match or exceed the spending rate plus inflation.

**EMMAUS FOUNDATION, INC.**  
**D/B/A THE CATHOLIC FOUNDATION OF THE DIOCESE OF ST. PETERSBURG**

**Notes to Financial Statements - Continued**

**(2) Summary of Significant Accounting Policies and Practices - Continued**

**(h) Endowments - Continued**

To satisfy its long-term rate-of-return objectives, the Catholic Foundation relies on a total return strategy using higher-returning asset classes. Asset allocation is global in scope and allows the investment of foreign and domestic securities in the portfolio. The Catholic Foundation targets a diversified asset allocation that places an emphasis on equity-based and fixed income mutual funds, and marketable equity securities to achieve its long-term return objectives within prudent risk constraints.

**(i) Functional Allocation of Expenses**

The costs of providing the various programs and other activities of the Catholic Foundation have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributable to a specific functional area of the Catholic Foundation are reported as direct expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the functional areas based on the related time spent by employees.

**(j) Income Taxes**

In an annually updated ruling, the Internal Revenue Service has held that the agencies, instrumentalities and educational, charitable, and religious institutions operated, supervised, or controlled by or in connection with the Roman Catholic Church in the United States, its territories or possessions appearing in the “The Official Catholic Directory” are exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. The Catholic Foundation is listed in “The Official Catholic Directory” and therefore is exempt from income tax. Accordingly, the accompanying financial statements reflect no provision for income tax.

The Catholic Foundation has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; and to review other matters that may be considered tax positions. No amounts of unrecognized tax benefits have been recorded by The Catholic Foundation as of June 30, 2021 or 2020.

**(k) Use of Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles in the United States of America requires management of the Catholic Foundation to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

**EMMAUS FOUNDATION, INC.**  
**D/B/A THE CATHOLIC FOUNDATION OF THE DIOCESE OF ST. PETERSBURG**

**Notes to Financial Statements - Continued**

**(2) Summary of Significant Accounting Policies and Practices - Continued**

**(l) Going Concern Evaluation**

On an annual basis, as required by Accounting Standards Codification (ASC) Topic 205, *Presentation of Financial Statements - Going Concern*, the Catholic Foundation performs an evaluation to determine whether there are conditions or events (known and reasonably knowable), considered in the aggregate, that raise substantial doubt about the Catholic Foundation's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

**(m) Subsequent Events**

In accordance with generally accepted accounting principles in the United States of America the management of the Catholic Foundation must evaluate subsequent events, and must recognize and disclose events or transactions occurring after the statement of financial position date under certain circumstances. The Catholic Foundation evaluated its June 30, 2021 financial statements for subsequent events through November 30, 2021, the date financial statements were available to be issued. The Catholic Foundation is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

**(n) Recent Accounting Pronouncement**

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, that will supersede most current revenue recognition guidance. The core principle of the new guidance is that an entity will recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard provides a five-step analysis of transactions to determine when and how revenue is recognized. Additionally, the guidance requires disclosures related to the nature, amount, timing and uncertainty of revenue that is recognized. In August 2015, the FASB issued ASU No. 2015-14 which deferred the provisions of ASU No. 2014-09 to annual reporting periods beginning after December 15, 2018. In June 2020, the FASB issued ASU No. 2020-05, which deferred the effective date for all entities that had not yet adopted Topic 606 to annual reporting periods beginning after December 15, 2020. On July 1, 2020 the Catholic Foundation adopted ASC Topic 606 using the modified retrospective approach. In connection with adoption, the Catholic Foundation determined that no transition adjustment was necessary as of July 1, 2020 after the application of the standard.

**(o) Reclassifications**

Certain amounts in the 2020 financial statements have been reclassified to conform to the 2021 presentation.

**EMMAUS FOUNDATION, INC.**  
**D/B/A THE CATHOLIC FOUNDATION OF THE DIOCESE OF ST. PETERSBURG**

**Notes to Financial Statements - Continued**

**(3) Investments**

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

	<u>2021</u>		<u>2020</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Mutual funds:				
Equity	\$ 24,701,717	19,957,884	17,788,501	17,746,195
Fixed income	16,142,504	15,503,443	13,048,009	12,047,341
Global balanced fund	312,568	245,029	252,410	231,129
Alternative investments	8,658,208	3,563,873	6,568,279	3,601,415
Marketable equity securities	3,876,616	3,335,895	2,416,683	3,254,301
Short-term investments:				
Prime Obligations Institutional FFS	<u>2,636,283</u>	<u>2,636,284</u>	<u>2,338,964</u>	<u>2,338,964</u>
	<u>\$ 56,327,896</u>	<u>45,242,408</u>	<u>42,412,846</u>	<u>39,219,345</u>

Short-term investments include money market funds which are held for investment purposes.

Investments held in trust for others were \$48,411,794 and \$37,164,941 at June 30, 2021 and 2020, respectively. Earnings from these funds are credited to these funds.

The components of net investment return on investments owned by the Catholic Foundation for the years ended June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Interest and dividend income	\$ 508,493	279,236
Net realized and unrealized gains (losses)	1,021,035	(69,350)
Management fees	<u>(99,187)</u>	<u>(85,228)</u>
Total investment return, net	<u>\$ 1,430,341</u>	<u>124,658</u>

**EMMAUS FOUNDATION, INC.**  
**D/B/A THE CATHOLIC FOUNDATION OF THE DIOCESE OF ST. PETERSBURG**

**Notes to Financial Statements - Continued**

**(4) Pledges Receivable**

Pledges receivable at June 30, 2021 and 2020 are as follows:

	<b>2021</b>	<b>2020</b>
Pledges receivable	\$ 48,423	57,650
Less allowance for doubtful pledges	-	(27,600)
Net pledges receivable	\$ 48,423	30,050

An allowance for doubtful pledges is provided for balances due when the collection of such amounts is considered doubtful. Although the Catholic Foundation continues to work with these donors, at present there has been no decision made as to a definitive and adequate means of payment.

The activity in the allowance for doubtful pledges is as follows:

	<b>Amount</b>
Balance at June 30, 2019	\$ 4,833
Provision for doubtful pledges	26,758
Write-offs of uncollectable pledges	(3,991)
Balance at June 30, 2020	27,600
Recoveries of bad debt provision	(25,000)
Write-offs of uncollectable pledges	(2,600)
Balance at June 30, 2021	\$ -

**(5) Deposits Held in Trust**

Deposits held in trust are recorded as assets and liabilities. Deposits held in trust represent funds managed by the Catholic Foundation for the benefit of various parishes and ministries in and outside the Diocese of St. Petersburg who own these funds. The trustees of the Catholic Foundation are to provide oversight for the investment of these funds and distributions to beneficiaries. At June 30, 2021 and 2020, deposits held in trust were \$48,411,794 and \$37,164,941, respectively.



**EMMAUS FOUNDATION, INC.**  
**D/B/A THE CATHOLIC FOUNDATION OF THE DIOCESE OF ST. PETERSBURG**

**Notes to Financial Statements - Continued**

**(6) Net Assets with Donor Restrictions**

Net assets with donor restrictions at June 30, 2021 and 2020 consist of the following:

	<b>2021</b>	<b>2020</b>
<i>Purpose restrictions:</i>		
Catholic formation and education	\$ 1,187,568	505,169
Donor advised fund	934,183	250,000
Clergy and seminarian support	26,778	26,778
Social services	59,095	15,033
Other	894,362	388,273
	3,101,986	1,185,253
 <i>Time restrictions:</i>		
Charitable gift annuities	547,853	547,853
 <i>To be held in perpetuity:</i>		
Catholic formation and education	2,110,095	2,058,032
Parish support	124,483	32,284
Tuition assistance	51,361	51,361
Social programs	265,123	139,078
Historic church maintenance	981,617	981,617
	3,532,679	3,262,372
Total net assets with donor restrictions	\$ 7,182,518	4,995,478

Net assets with donor restrictions in perpetuity are expendable to support Catholic formation and education, parish support, tuition assistance, social programs and Historic church maintenance. The Catholic Foundation is governed by a Board of Trustees that is appointed by the Bishop of the Diocese of St. Petersburg. These Trustees oversee the investment of these funds.

At June 30, 2021 and 2020, The Catholic Foundation's net assets with donor restrictions in perpetuity were placed with individual investment managers on a pooled basis, and earnings were allocated to each endowed fund on a pro-rata basis.

**EMMAUS FOUNDATION, INC.**  
**D/B/A THE CATHOLIC FOUNDATION OF THE DIOCESE OF ST. PETERSBURG**

**Notes to Financial Statements - Continued**

**(7) Annuity Obligations**

The Catholic Foundation is certified by the State of Florida to market and manage charitable gift annuity contracts. Under these contracts, a donor transfers assets to the Catholic Foundation at the beginning of the contract and the Catholic Foundation makes predetermined quarterly payments to the donor, or in certain cases donors' spouses, over their remaining lifetimes. Upon the donors' death, the remaining assets are available for the Catholic Foundation's use, subject to any specific donor restrictions. Annuity obligations are stated at the estimated actuarial present value of future cash flows expected to be paid to donors over their lifetimes. The discount rates used in computing the present value of annuity obligations range from 1.2% to 5.8% as of June 30, 2021 and 2020. At June 30, 2021 and 2020, annuity obligations totaled \$759,842 and \$788,869, respectively.

As required by State law, the Catholic Foundation maintains a reserve fund in connection with its gift annuity program. The required amount to be maintained in the fund is based on a multiple of the actuarial present value of the related annuity obligations.

**(8) Endowments**

The Catholic Foundation has interpreted Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Catholic Foundation classifies as donor restricted net assets in perpetuity (a) the original value of the gifts donated to the permanent endowment, (b) the original value of the subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as restricted net assets in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Catholic Foundation in a manner consistent with the standard of prudence prescribed by FUPMIFA. Any amount not appropriated for expenditure will be reclassified, subject to the original endowment restrictions imposed by the donor.

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

- The duration and preservation of the fund
- The purposes of the organization
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

**EMMAUS FOUNDATION, INC.**  
**D/B/A THE CATHOLIC FOUNDATION OF THE DIOCESE OF ST. PETERSBURG**

**Notes to Financial Statements - Continued**

**(8) Endowments - Continued**

The Catholic Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, the Catholic 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). A diversified asset allocation is utilized to achieve its long-term return objectives with prudent risks.

The Catholic Foundation has a policy of appropriating for distribution each year approximately 4% to 5% of the endowment funds fair value. In establishing this policy, the Catholic Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Catholic Foundation expects the current investment and spending policies to allow its endowments to maintain the purchasing power of the endowment assets held in perpetuity.

Composition of endowment net assets as of June 30, 2021 and 2020 and changes in endowment net assets for the years then ended are as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Balances, June 30, 2019	\$ 404,070	3,117,006	3,521,076
Contributions	-	145,366	145,366
Net investment return	8,026	61,910	69,936
Appropriations	<u>(208,931)</u>	<u>(61,910)</u>	<u>(270,841)</u>
Balances, June 30, 2020	203,165	3,262,372	3,465,537
Contributions	-	270,307	270,307
Net investment return	1,340	1,235,841	1,237,181
Appropriations	<u>(177,932)</u>	<u>(175,982)</u>	<u>(353,914)</u>
Balances, June 30, 2021	<u>\$ 26,573</u>	<u>4,592,538</u>	<u>4,619,111</u>

**(9) In-Kind Revenue and Expense**

The Pastoral Center of the Diocese of St. Petersburg provides office space to the Catholic Foundation at no charge. The estimated fair market value of the office space is reflected in the accompanying financial statements as in-kind contributions and expense.

**EMMAUS FOUNDATION, INC.**  
**D/B/A THE CATHOLIC FOUNDATION OF THE DIOCESE OF ST. PETERSBURG**

**Notes to Financial Statements - Continued**

**(10) Liquidity and Availability of Resources**

The Catholic Foundation is supported by contributions both with and without donor restrictions and must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Catholic Foundation's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities and other obligations come due.

As of June 30, 2021 and 2020, the Catholic Foundation's financial assets available to meet general expenditures within one year were as follows:

	<b>2021</b>	<b>2020</b>
Financial assets:		
Cash and cash equivalents	\$ 1,699,821	2,299,002
Investments	56,327,896	42,412,846
Pledges receivable	48,423	30,050
Other receivables	-	81,665
Total financial assets	58,076,140	44,823,563
Less amounts unavailable for general expenditure within one year due to:		
Deposits held in trust for others	(48,411,794)	(37,164,941)
Donor restricted for programs and other uses	(3,101,986)	(1,185,253)
Donor restricted for charitable gift annuities	(547,853)	(547,853)
Donor restricted in perpetuity	(3,532,679)	(3,262,372)
Financial assets available to meet general expenditures within one year	\$ 2,481,828	2,663,144

A portion of the Catholic Foundation's liquidity includes the fair value of investments held under charitable gift annuity agreements in excess of the donor restricted contributions recognized upon receipt of charitable gift annuity contributions. This excess of approximately \$950,000 as of June 30, 2021 and \$874,000 as of June 30, 2020 will be used to fund the obligation under charitable gift annuity agreements over the lifetime of each donor annuitant and is not intended to be used for general expenditures over the next twelve months. These funds are deposited in a segregated investment account.

**EMMAUS FOUNDATION, INC.**  
**D/B/A THE CATHOLIC FOUNDATION OF THE DIOCESE OF ST. PETERSBURG**

**Notes to Financial Statements - Continued**

**(11) Pension Plan**

The Catholic Foundation employees are included in the Diocese of St. Petersburg Pension Plan entitled, “Pension Plan for the Employees of the Entities of the Diocese of St. Petersburg” (the “Plan”). This plan is a Defined Benefit Plan, and the Plan is offered to employees of Diocesan entities who meet participation requirements. The Plan requires that contributions be made to the Plan equal to amounts accrued for pension expense, including the amortization of past service costs over periods of 15 to 30 years.

Information concerning plan assets and accrued benefits is not kept with respect to each individual participating entity; the Plan is administered and evaluated only on an aggregate basis. At June 30, 2021 (the most recent actuarial valuation date of the Plan), total vested benefits were approximately \$242 million, the total actuarial value of all accumulated plan benefits was approximately \$246 million and total net assets available for plan benefits were approximately \$260 million. Total contributions to the Plan by The Catholic Foundation were \$8,904 and \$1,370 for 2021 and 2020, respectively.

**(12) Risks and Uncertainties**

The novel coronavirus (“COVID-19”) spread rapidly across the world in the first quarter of 2020 and was declared a pandemic by the World Health Organization in March 2020. The government and private sector responses to contain its spread began to adversely affect the broader economy and business in general in March 2020 and those impacts will likely affect the Catholic Foundation’s operations through the remainder of calendar year 2021, although such effects may vary significantly. The pandemic has greatly contributed to significant deterioration and instability in financial markets. As a result, there has been heightened market risk and the Catholic Foundation’s investment portfolio has incurred significant volatility in fair value since March 2020.

The Catholic Foundation’s operations have not been significantly impacted, however, the duration and extent of the pandemic and its effects over longer terms cannot be reasonably estimated as of the date the financial statements were available for issuance. The risks and uncertainties resulting from the pandemic that may affect the results of operating activities, cash flows and financial condition include the nature and duration of any potential curtailment of the Catholic Foundation’s activities. Because the values of the Catholic Foundation’s investments have and will fluctuate in response to changing market conditions, the amount of losses that will be recognized in subsequent periods, if any, and the related impact on the Catholic Foundation’s liquidity cannot be determined at this time.