Foundations in Faith, Inc.

Financial Statements with Independent Auditor's Report

Years Ended June 30, 2019 and 2018

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NANAVATY, DAVENPORT, STUDLEY & WHITE, LLP
Certified Public Accountants and Business Consultants

Independent Auditor's Report

To the Board of Directors
Foundations in Faith, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Foundations in Faith, Inc., (a nonprofit corporation), which comprise the statements of financial position as of June 30, 2019 and 2018, 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 of 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Foundations in Faith, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2, during the year ended June 30, 2019, Foundations in Faith, Inc. adopted Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Nanavaty, Davenport, Studley & White, LLP

June 12, 2020

Foundations in Faith, Inc.

Statements of Financial Position

As of June 30,

ASSETS	**2019**	**2018**
Cash and cash equivalents	$ 111,538	$ 290,260
Investments	26,725,889	25,904,166
Contributions receivable, net	10,333,482	488,971
Note receivable	1,389,124	1,389,124
Interest receivable	16,905	9,261
Total assets	$ 38,576,938	$ 28,081,782

LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	$ 3,182	$ 18,465
Distributions payable	1,340,226	957,088
Obligations due under split interest agreement	320,504	389,759
Total Liabilities	1,663,912	1,365,312
Net Assets:		
Without donor restrictions	-	-
With donor restrictions	36,913,026	26,716,470
Total Net Assets	36,913,026	26,716,470
Total Liabilities and Net Assets	$ 38,576,938	$ 28,081,782

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

Foundations in Faith, Inc.

Statements of Activities

Years Ended June 30,

	2019			2018		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Support and Revenues:						
Contributions	$ -	$ 96,683	$ 96,683	$ -	$ 64,945	$ 64,945
Contributions from We Stand With Christ	404,638	9,682,538	10,087,176	-	-	-
Investment return, net	-	1,345,838	1,345,838	-	1,593,862	1,593,862
Total support and revenues	404,638	11,125,059	11,529,697	-	1,658,807	1,658,807
Net assets released from restrictions	928,503	(928,503)	-	964,375	(964,375)	-
Expenses:						
Program services	1,284,062	-	1,284,062	929,084	-	929,084
Management and general	49,079	-	49,079	35,291	-	35,291
Total expenses	1,333,141	-	1,333,141	964,375	-	964,375
Change in net assets	-	10,196,556	10,196,556	-	694,432	694,432
Net assets at the beginning of the year	-	26,716,470	26,716,470	-	26,022,038	26,022,038
Net assets at the end of the year	$ -	$ 36,913,026	$ 36,913,026	$ -	$ 26,716,470	$ 26,716,470

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

Foundations in Faith, Inc.

Statements of Functional Expenses

Years Ended June 30,

	2019			2018		
	Program	**Management and General**	**Total**	**Program**	**Management and General**	**Total**
High school support and programs	$ 400,000	$ -	$ 400,000	$ 500,000	$ -	$ 500,000
Elementary school support and programs	175,000	-	175,000	175,000	-	175,000
Religious education	119,500	-	119,500	106,494	-	106,494
Vocations and seminary education	95,000	-	95,000	93,500	-	93,500
Retired priests	40,000	-	40,000	37,792	-	37,792
Scholarships	49,924	-	49,924	10,000	-	10,000
Other programs	404,638	-	404,638	6,298	-	6,298
Professional fees	-	36,163	36,163	-	27,920	27,920
Administrative expenses	-	12,916	12,916	-	7,371	7,371
Total expenses	$ 1,284,062	$ 49,079	$ 1,333,141	$ 929,084	$ 35,291	$ 964,375

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

Foundations in Faith, Inc.

Statements of Cash Flows

Year Ended June 30,

	2019	2018
Cash flows from operating activities:		
Change in net assets	$ 10,196,556	$ 694,432
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Net realized and unrealized gain on investments	(826,628)	(895,856)
(Increase) decrease in contribution receivable, net	(9,844,511)	239,079
(Increase) decrease in interest receivable	(7,644)	2,034
(Increase) decrease in accounts payable and accrued expenses	(15,283)	3,465
Increase in distributions payable	383,138	149,084
(Decrease) increase in obligations due under split interest agreement	(69,255)	23,899
Net cash (used in) provided by operating activities	(183,627)	216,137
Cash flows from investing activities:		
Proceeds from sale of investments	36,945,692	4,471,903
Purchases of investments	(36,940,787)	(4,792,109)
Net cash provided by (used in) investing activities	4,905	(320,206)
Net decrease in cash	(178,722)	(104,069)
Cash and cash equivalents at beginning of year	290,260	394,329
Cash and cash equivalents at end of year	$ 111,538	$ 290,260

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

NOTE 1 - ORGANIZATION

Foundations in Faith, Inc. ('Foundations'), formerly Faith in the Future Fund, Inc., is a Connecticut nonprofit, non-stock corporation formed in February 1996 by the Bridgeport Roman Catholic Diocesan Corporation, Inc. (the 'Diocese'). Members of Foundations shall include that person holding the office of the Bishop, or in the event of a vacancy of the office of the Bishop, the Administrator of the Diocese, and such other persons as may be appointed by the Bishop of the Diocese. The members of the corporation shall elect the Board of Directors.

Foundations was incorporated to raise, manage and administer funds, endowments and trusts to support and assist programs, operations and initiatives related to Diocesan pastoral needs. These needs include Catholic education, vocation and seminary education, priests' residence and retirement, faith formation and youth and young adult ministry, pastoral services for the elderly, parish evangelization efforts in parishes and schools, and individuals with disabilities.

The Foundations board approved the following endowment funds to fulfill its mission:

Diocesan High School Fund – to provide scholarships and financial stability to the five diocesan high schools.

St. Elizabeth Ann Seton Education Fund – to provide special resources and help keep tuition affordable within Diocesan elementary schools.

The St. Charles Borromeo Seminary Fund – to support the cost of educating and forming young men for the Catholic priesthood within the Diocese.

St. John Vianney Retired Priest Fund – to meet the future care needs of retired priests who have faithfully served the people of God within the Diocese.

St. John Paul II Fund for Faith Formation – to support the work of faith formation and youth and young adult ministry, including parish religious education throughout the Diocese.

The Lourdes Pastoral Care Fund – to meet the growing need for pastoral care services for the elderly within the nursing homes of St. Joseph Center, St. Camillus Center and St. John Paul II Center. This fund currently has no endowments.

The Saint Therese Evangelization Fund – to increase participation in parish life and support the ongoing evangelization efforts on both the parish and Diocesan level. This fund currently has no endowments.

St. Catherine Center for Special Needs Fund – to support the mission of the Center as it provides pastoral and educational support for individuals with disabilities. This fund currently has no endowments and was created subsequent to year-end.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Change in Accounting Principle - In August 2016, the Financial Accounting Standards Board discussed Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* The amendment changes the previous reporting model for nonprofit organizations and enhances the disclosure requirements. The major changes include: (a) requiring the presentation of only two classes of net assets rather than three, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. This ASU is effective for annual periods beginning after December 15, 2017. Management has adopted ASU 2016-14 for the year ended June 30, 2019. The amendments have been retrospectively applied.

Basis of Accounting and Presentation - The financial statements of Foundations have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

Classifications of Net Assets - Foundations reports its net assets and changes therein based on the existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restriction - consist of resources available for the general support of the operations, which may be used at the discretion of management.

Net Assets With Donor Restriction - net assets subject to the following donor-imposed stipulations: Some donor restrictions are temporary in nature or satisfied by the passage of time that either expire with the passage of time or can be fulfilled by the actions of Foundations pursuant to those stipulations. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, with donor restriction net assets are reclassified to without donor restriction net assets. However, when restrictions on donor-restricted contributions are met in the same accounting period, such amounts are reported as part of without donor restriction net assets.

Other donor restrictions consist of funds that are subject to donor-imposed restrictions of gift instruments requiring that the principal be invested in perpetuity and the income be used for specific or general purposes.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Cash and Cash Equivalents – Cash and cash equivalents are defined as highly liquid investments with original maturities of up to 90 days, except for money market accounts held with investment brokers, which are considered to be investments.

Investment Valuation and Income Recognition - Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 5 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized and unrealized gains include Foundations' gains and losses on investments bought and sold as well as held during the year.

Contributions - Contributions, including unconditional promises to give, are reported as revenues in the period received. Unconditional promises to give in greater than one year are discounted to reflect the present value of future cash flows using a credit adjusted discount rate assigned in the year the respective pledge originates. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any. An allowance for uncollectible contributions receivable is provided in the net asset class in which the contribution receivable resides based on an assessment of the creditworthiness of the respective donor. Contributions are written-off when determined to be uncollectible. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Contributed services are recognized in the financial statements if they enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. General volunteer services do not meet these criteria for recognition.

Intentions to give under various wills and trust agreements are recorded as bequests receivable when Foundations has an irrevocable right to the bequest and the proceeds are measurable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Split-Interest Agreement - Foundations holds assets under a split-interest agreement consisting of an irrevocable trust for which Foundations serves as the trustee. The agreement provides for annual payments to the stipulated beneficiaries of all income earned on related investments. Assets held under this agreement are included in investments. As trustee, Foundations has recorded a liability for the present value of the estimated future obligations to the beneficiaries which approximates the fair value of the trust assets. The liability is adjusted during the term of the agreement for changes in the estimates of future payments. The change in value of split-interest agreements for the current year is a decrease of $80,867 for distributions to organizations offset by $11,612 included in the investment return in the statement of activities for the year ended June 30, 2019. At June 30, 2019 and 2018, the amount of Foundations' obligations under this split-interest agreement totaled $320,504 and $389,759, respectively.

Income Taxes - Foundations is a nonprofit organization and is exempt from federal and state income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. Foundations recognizes the benefits of income tax positions only if those positions are more likely than not of being sustained. Foundations is subject to routine audits by the Internal Revenue Service. There are currently no audits for any tax periods in progress and Foundations believes that it is no longer subject to audits for years prior to 2015.

Functional Expenses and Cost Allocation - The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel expenses, area and program expenses, and operations expenses. These expenses are allocated on the basis of time and effort spent in the applicable functions and are determined by Foundations management.

Subsequent Events - In preparing these financial statements, management has evaluated subsequent events through June 12, 2020, which represents the date the financial statements were available to be issued.

NOTE 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES

Foundations financial assets available within one-year of the statements of financial position date for general expenditure are as follows:

	2019	2018
Cash and cash equivalents	$ 111,538	$ 290,260
Investments	26,725,889	25,904,166
Contributions receivable, net	10,333,482	488,971
Note receivable	1,389,124	1,389,124
Interest receivable	16,905	9,261
Financial assets at year-end	38,576,938	28,081,782
Less amounts unavailable for general expenditures due to:		
Distributions payable	1,340,226	957,088
Obligations due under split interest agreement	320,504	389,759
Net assets with donor restrictions	36,913,026	26,716,470
	38,573,756	28,063,317
Total financial assets available to meet general expenditures within one year	$ 3,182	$ 18,465

Liquidity Management

Foundations maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition to financial assets available to meet general expenditures over the next 12 months, Foundations anticipates sufficient revenue to cover general expenditures.

NOTE 4 - SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

Foundations maintains a single bank account with one local financial institution. Accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At times, during the year the balance may exceed federally insured limits. Foundations has not experienced any losses on such account.

Investments at June 30, 2019 and 2018 consist of investments in fixed income, domestic and international stock mutual funds. The value of these investments is subject to fluctuations due to general market conditions and interest rates.

Credit risk for contributions revenues and contributions receivable is concentrated as well because substantially all of the balances are from either affiliated organizations, or individuals located within the same geographic region.

NOTE 5 - FAIR VALUE MEASURMENTS

The Financial Accounting Standards Board ("FASB") Topic 820, under the FASB Accounting Standards Codification ("ASC") defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This standard provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction. The standard also prioritizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the respective asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is categorized into three levels based on the transparency of inputs as follows:

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

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the report date. The nature of these securities includes investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed. Also included in Level 2 are investments measured using a net asset value ("NAV") per share, or its equivalent, that may be redeemed at NAV at the date of the statement of financial position or in the near term, which Foundations has determined to be within 90 days.

Level 3 - Securities that have little to no pricing observability as of the report date. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation. Also included in Level 3 are investments measured using a NAV per share, or its equivalent, that can never be redeemed at NAV or for which redemption at NAV is uncertain due to lockup periods or other investment restrictions.

NOTE 5 - FAIR VALUE MEASURMENTS

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by Foundations. Foundations considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to Foundation's perceived risk of that instrument.

Foundations' policy is to recognize transfers in and transfers out of levels at the end of the reporting period.

Assets Measured at Fair-value on a Recurring Basis - The following is a summary of the source of fair-value measurements for assets that are measured at fair-value on a recurring basis as of June 30:

		2019		
Investment Description	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and money market funds	$ 1,004	$ -	$ -	$ 1,004
Fixed income funds	6,455,325	-	-	6,455,325
Mutual funds	20,159,268	-	-	20,159,268
Alternative investments	-	-	110,292	110,292
Total Fair Value Measurements	$ 26,615,597	$ -	$ 110,292	$ 26,725,889

NOTE 5 - FAIR VALUE MEASUREMENTS (continued)

2018

Investment Description	Level 1	Level 2	Level 3	Total
Cash and money market funds	$ 1,221,213	$ -	$ -	$ 1,221,213
Fixed income funds	4,713,874	-	-	4,713,874
Common stocks	9,092,110	-	-	9,092,110
Mutual funds	10,761,476	-	-	10,761,476
Alternative investments	-	-	115,493	115,493
Total Fair Value Measurements	$ 25,788,673	$ -	$ 115,493	$ 25,904,166

There have been no changes in the methodologies used at June 30, 2018 and 2017.

Assets Measured at Fair-Value on a Recurring Basis Using Significant Unobservable Inputs (Level 3) - The following is a summary of the changes in the balances of investments measured at fair-value on a recurring basis, using significant unobservable inputs for June 30:

	Level 3 Investments	
Balance at July 1, 2018 and 2017	$ 115,493	$ 115,700
Total losses (realized and unrealized) included in the change in net assets	(5,201)	(2,207)
Balance at June 30, 2019 and 2018	$ 110,292	$ 115,493

Foundations uses, as a practical expedient for fair value, a NAV per share or its equivalent for purposes of valuing certain investments which: (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company, as defined by ASC Topic 740. The following table lists such investments by major category as of June 30, 2019:

Type	Strategy	NAV in Fund	# of Fund	Remaining Life	$ Amount of unfunded Commitments	Redemption Terms	Redemption Restrictions
Limited Partnership	Generate long-term capital appreciation through investments in equity and debt obligations of undervalued entities.	$ 110,292	1	February 2020	$ 25,000	N/A	N/A
		$ 110,292					

NOTE 5 - FAIR VALUE MEASURMENTS (continued)

Investment return consists of the following at June 30:

	2019	2018
Dividends and interest	$ 603,542	$ 841,242
Net realized gains	900,992	551,837
Net unrealized (loss) gains	(74,364)	344,017
Total investment gains	1,430,170	1,737,096
Less: investment expenses	(84,332)	(143,234)
Investment return, net	$1,345,838	$1,593,862

NOTE 6 - RELATED PARTY TRANSACTIONS

Foundations has a participation agreement with the Diocese to provide accounting, legal, human resources, and other services for $15,000 per year.

NOTE 7 - CONTRIBUTIONS RECEIVABLE

Contributions receivable, net, consist of the following unconditional promises to give at June 30:

	2019	2018
Amounts expected to be collected in:		
Less than one year	$ 2,287,609	$ 250,000
One to four years	8,150,437	250,000
	10,438,046	500,000
Less: discount to net present value	(104,564)	(11,029)
Contributions receivable, net	$ 10,333,482	$ 488,971

Contributions receivable totaling $250,000 and $500,000 for 2019 and 2018, respectively, are included within Net Assets With Donor Restrictions based on the donor's pledge agreement to support The St. John Paul II Fund for Faith Formation.

Also, included in contributions receivable above are $10,188,046 for 2019, representing amounts from We Stand With Christ, Inc. The funds are from a Diocesan-wide campaign benefitting the parishes within the Diocese and its three foundations: Foundations in Faith, Inc., Foundations in Charity, Inc., and Foundations in Education, Inc.

Contributions that are expected to be collected after one year have been discounted at .5% to 1.5% and are reflected in the financial statements at their net present value.

NOTE 8 - NOTE RECEIVABLE

During January 2016, Foundations approved a loan to Trinity Catholic High School for field and capital improvements not to exceed $1.9 million. Repayments of interest only at 4% on the outstanding balance is payable during the initial two years of the loan. Thereafter, annual interest and principal payments will be $150,000 plus the amount distributed annually from Foundations. The outstanding balance is $1,389,124 at June 30, 2019 and 2018, respectively. The Diocese of Bridgeport has guaranteed the repayment of this loan.

In May 2019, the Board of Directors approved extending the interest only period through June 30, 2020.

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at June 30:

	2019	**2018**
Restricted in perpetuity:		
Endowment funds restricted in perpetuity		
Diocesan High School Fund	$ 12,549,923	$ 12,549,923
St. Elizabeth Ann Seton Education Fund	4,321,792	4,321,792
St. Charles Borromeo Seminary Fund	2,149,422	2,149,422
St. John Vianney Retired Priest Fund	764,208	764,208
St. John Paul II Fund for Faith Formation	1,888,559	1,842,162
Board designated St. John Paul II Fund for Religious Education	274,066	274,066
Scholarships	1,176,592	1,126,507
Programs	9,682,538	-
Total funds restricted in perpetuity	32,807,099	23,028,080
Purpose restricted:		
Scholarships	7,802	7,802
	7,802	7,802
Future periods:		
Accumulated gains and income on donor-restricted endowment assets restricted until appropriation for:		
Diocesan High School Fund	2,153,166	1,863,088
St. Elizabeth Ann Seton Education Fund	751,159	685,235
St. Charles Borromeo Seminary Fund	553,937	524,030
St. John Vianney Retired Priest Fund	129,017	123,678
St. John Paul II Fund for Faith Formation	292,557	298,801
Board designated St. John Paul II Fund for Religious Education	43,435	27,579
Scholarships	174,854	158,177
	4,098,125	3,680,588
	$ 36,913,026	$ 26,716,470

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets totaling $928,503 and $964,375 were released from restrictions by incurring expenses satisfying scholarship restrictions and professional fees for the years ended June 30, 2019 and 2018, respectively.

NOTE 10 - ENDOWMENT

Foundations endowment includes only donor-restricted endowment funds. 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.

Interpretation of Relevant Law - The Board of Directors of Foundations has interpreted the Connecticut Prudent Management of Institutional Funds Act (CTPMIFA) 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, Foundations classifies as restricted net assets (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The portion of the endowment fund that is not classified as nets assets with donor restrictions in perpetuity is classified as net assets with donor restrictions for future periods until those amounts are appropriated for expenditure by Foundations in a manner consistent with the standard of prudence prescribed by CTPMIFA.

In accordance with CTPMIFA, Foundations 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 Foundations and the donor-restricted endowment fund
- The investment policies of Foundations
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of Foundations

NOTE 10 - ENDOWMENT (continued)

Net Assets - Endowment net asset composition by type of fund is as follows as of June 30, 2019:

	Without Donor Restriction	With Donor Restrictions	Total
Endowment funds	$ -	$ 36,905,224	$ 36,905,224

Endowment net asset composition by type of fund is as follows as of June 30, 2018:

	Without Donor Restriction	With Donor Restrictions	Total
Endowment funds	$ -	$ 26,708,668	$ 26,708,668

Changes in endowment net assets for the year ended June 30 are as follows:

	Without Donor Restriction	With Donor Restrictions	Total
Endowment net assets - June 20, 2017	$ -	$26,014,236	$26,014,236
Investment return, net	-	1,593,862	1,593,862
Contributions	-	64,945	64,945
Appropriation of endowment assets	-	(964,375)	(964,375)
Endowment net assets - June 20, 2018	-	26,708,668	26,708,668
Investment return, net	-	1,345,838	1,345,838
Contributions	-	9,779,221	9,779,221
Appropriation of endowment assets	-	(928,503)	(928,503)
Endowment net assets - June 20, 2019	$ -	$36,905,224	$36,905,224

Funds with Deficiencies - From time to time, the fair value of investments associated with donor-restricted endowment funds may fall below the level that the donor or CTPMIFA requires Foundations to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. There were no funds with deficiencies as of June 30, 2019 and June 30, 2018.

NOTE 10 - ENDOWMENT (continued)

Return Objectives and Risk Parameters - Foundations has adopted an investment policy for endowment assets with the objective of achieving investment results over the long term that compare favorably with those of other endowments, professionally managed portfolios and appropriate benchmark indices. All investments are invested in accordance with the investment policy.

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, Foundations engages a professional investment advisor and has adopted a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Consistent with that strategy, Foundations targets a diversified asset allocation emphasizing long-term investment performance and targets 70% to equity-type investments, 24% to fixed income, and 6% to real estate.

Spending Policy and How the Investment Objectives Relate to Spending Policy - Foundations Board of Directors has approved a spending policy that evaluates an annual spending target of 4.00% of the average quarterly ending market value over the preceding twelve quarters. This is consistent with Foundations objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

NOTE 11 - SUBSEQUENT EVENTS

In August and September 2019, two high school endowment interests were transferred to Foundations in Education, Inc. with net assets valued at $6,060,915. In January 2020, two additional high school endowment interests were transferred to Foundations In Education, Inc. with a net asset value of $6,004,066.

In 2020, the COVID-19 outbreak reached the United States and caused economic interruptions through mandated and voluntary closings of businesses and organizations in all 50 states. While the interruption is currently expected to be temporary, there is considerable uncertainty as to the duration and long-term effects of COVID-19 on the economy. Due to the uncertainties that exist, the organization is unable to reasonably estimate the future financial impact that this will have on the operations, contributions, and investments.