

**INDEPENDENT CATHOLIC FOUNDATION**  
**FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**  
**(WITH ACCOMPANYING INDEPENDENT AUDITOR'S REPORT)**

## **C O N T E N T S**

	<b>Page</b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	<b>1 - 2</b>
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6 -22
<b>INDEPENDENT AUDITOR'S REPORT ON     SUPPLEMENTARY INFORMATION</b>	<b>23</b>
Schedule of Trust Activity	24 - 27

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Independent Catholic Foundation  
3618 Fifth Avenue, Suite 1  
Altoona, PA 16602

### **Opinion**

We have audited the accompanying financial statements of Independent Catholic Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of Independent Catholic Foundation as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Independent Catholic Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

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

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

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### Auditor's Responsibilities for the Audit of the Financial Statements

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

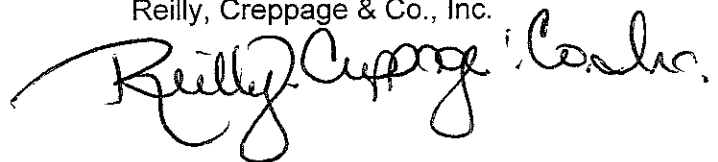
In performing an audit in accordance with generally accepted auditing standards, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Independent Catholic Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Independent Catholic Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Very truly yours,

Reilly, Creppage & Co., Inc.

A handwritten signature in black ink, appearing to read "Reilly, Creppage & Co., Inc.", is written over the typed name.

October 2, 2023

Altoona, Pennsylvania

**INDEPENDENT CATHOLIC FOUNDATION  
STATEMENTS OF FINANCIAL POSITION  
AS OF JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b><u>ASSETS</u></b>		
<b><u>Current Assets</u></b>		
Cash and Cash Equivalents-Unrestricted	\$ 156,276	\$ 142,810
Cash and Cash Equivalents-Restricted	73,053	70,906
Other Receivable, net of allowance	2,300	9,353
Prepaid Expense	<u>8,256</u>	<u>2,724</u>
Total Current Assets	\$ 239,885	\$ 225,793
<b><u>Security Deposit Held in Escrow</u></b>	1,000	1,000
<b><u>Investments</u></b>	38,124,720	35,702,073
<b><u>Equipment</u></b>		
Office Equipment, net of depreciation	<u>2,540</u>	<u>3,088</u>
<b>TOTAL ASSETS</b>	<u>\$38,368,145</u>	<u>\$35,931,954</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>Current Liabilities</u></b>		
Accounts Payable	\$ 17,773	\$ 17,638
Annuities Payable	0	2,533
Distributions Payable	1,602,452	1,491,672
Pass Through Contributions Payable	195,863	199,504
Notes Payable	<u>0</u>	<u>0</u>
Total Current Liabilities	\$ 1,816,088	\$ 1,711,347
<b><u>Net Assets</u></b>		
Without donor restrictions	\$ 1,624,989	\$ 1,485,597
With donor restrictions	<u>34,927,068</u>	<u>32,735,010</u>
Total Net Assets	\$36,552,057	\$34,220,607
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$38,368,145</u>	<u>\$35,931,954</u>

See Accompanying Notes and Independent Auditor's Report

**INDEPENDENT CATHOLIC FOUNDATION**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023 Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022 Total</u>
<b><u>Revenues, Gains, Losses, and Reclassifications</u></b>						
Contributions of cash and other financial assets	\$ 0	\$ 479,885	\$ 479,885	\$ 0	\$ 1,164,615	\$ 1,164,615
Investment Income	30,866	757,079	787,945	26,148	512,790	538,938
Net Gains (Losses) on Investments	64,172	2,902,676	2,966,848	(219,302)	(5,554,648)	(5,773,950)
Net Gains (Losses) on Equipment	0	0	0	0	0	0
Change in Value of Split Interest Agreements	0	2,533	2,533	0	154	154
Foundation Fees and Other	339,602	(339,602)	0	391,151	(391,151)	0
Miscellaneous Income	3,644	0	3,644	2,138	0	2,138
Net Assets Released from Restrictions	<u>1,610,513</u>	<u>(1,610,513)</u>	<u>0</u>	<u>1,554,001</u>	<u>(1,554,001)</u>	<u>0</u>
Total Revenues, Gains, Losses, and Reclassifications	<u>\$2,048,797</u>	<u>\$ 2,192,058</u>	<u>\$ 4,240,855</u>	<u>\$1,754,136</u>	<u>\$ (5,822,241)</u>	<u>\$ (4,068,105)</u>
<b><u>Expenses</u></b>						
<b><u>Program Services</u></b>						
Distributions and Annuity Payments	\$1,551,769	\$ 0	\$ 1,551,769	\$1,680,094	0	\$ 1,680,094
Grants	46,691	0	46,691	71,749	0	71,749
Sponsorships	9,998	0	9,998	16,914	0	16,914
Estate Fees	0	0	0	0	0	0
Bad Debt Expense	0	0	0	0	0	0
<b><u>Support Services</u></b>						
General and Administrative	189,379	0	189,379	207,868	0	207,868
Fundraising	<u>111,568</u>	<u>0</u>	<u>111,568</u>	<u>84,680</u>	<u>0</u>	<u>84,680</u>
Total Expenses	<u>\$1,909,405</u>	<u>\$ 0</u>	<u>\$ 1,909,405</u>	<u>\$2,061,305</u>	<u>\$ 0</u>	<u>\$ 2,061,305</u>
Change in Net Assets	\$ 139,392	\$ 2,192,058	\$ 2,331,450	\$ (307,169)	\$ (5,822,241)	\$ (6,129,410)
<b><u>Net Assets - Beginning of Year</u></b>	<u>1,485,597</u>	<u>32,735,010</u>	<u>34,220,607</u>	<u>1,792,766</u>	<u>38,557,251</u>	<u>40,350,017</u>
<b><u>Net Assets - End of Year</u></b>	<u>\$ 1,624,989</u>	<u>\$34,927,068</u>	<u>\$36,552,057</u>	<u>\$ 1,485,597</u>	<u>\$32,735,010</u>	<u>\$34,220,607</u>

See Accompanying Notes and Independent Auditor's Report

**INDEPENDENT CATHOLIC FOUNDATION  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b><u>Cash Flows from Operating Activities</u></b>		
Change in Net Assets	\$ 2,311,450	(\$ 6,129,410)
Adjustments to Reconcile Change in Net Assets to Net Cash (Used) by Operating Activities:		
Depreciation	548	658
Net (Gain) on Investments	( 3,014,341)	5,773,950
(Increase) Decrease in Other Receivables	7,053	( 90,647)
(Increase) Decrease in Prepaid Expense	( 5,532)	( 584)
Increase (Decrease) in Accounts Payable	135	( 28,145)
(Decrease) in Annuities Payable	( 2,533)	( 153)
Increase in Distributions Payable	110,780	123,179
(Decrease) Increase in Pass Through Contributions Payable	( 3,641)	( 33,971)
Contributions Restricted for Long-Term Investment	( 479,885)	( 1,164,615)
Net Cash (Used) by Operating Activities	( \$ 1,075,966)	( \$ 1,549,738)
<b><u>Cash Flows from Investing Activities</u></b>		
Purchases of Investments	( \$ 1,214,440)	( \$ 1,009,281)
Sales of Investments	<u>1,826,134</u>	<u>1,453,356</u>
Net Cash Provided by Investing Activities	\$ 611,694	\$ 444,075
<b><u>Cash Flows from Financing Activities</u></b>		
Contributions Restricted for Long-Term Investment	\$ 479,885	\$ 1,164,615
Net Cash Provided by Financial Activities	\$ 479,885	\$ 1,164,615
Net (Decrease) Increase in Cash and Cash Equivalents	15,613	58,952
<b><u>Cash, Cash Equivalents and Restricted Cash</u></b> - Beginning of Year	<u>213,716</u>	<u>154,764</u>
<b><u>Cash, Cash Equivalents and Restricted Cash</u></b> - End of Year	<u>\$ 229,329</u>	<u>\$ 213,716</u>

See Accompanying Notes and Independent Auditor's Report

**INDEPENDENT CATHOLIC FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**Note 1: Summary of Significant Accounting Policies**

The financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

**Operating Entity**

Independent Catholic Foundation was incorporated on June 13, 1990 as a not-for-profit corporation in the Commonwealth of Pennsylvania. The Foundation was established as an independent legal entity in support of the various ministerial endeavors within the Diocese church. The Foundation serves as a depository for charitable funds, mainly in the form of permanent endowments. Funds and property received by the Foundation shall be irrevocable, dedicated, and used exclusively for the purposes for which they are identified. The Foundation receives a quarterly distribution from the endowments based on an annual fee of 1% of market value.

The Board of Trustees have elected that the Foundation's fiscal year end be June 30.

**Income Tax Status**

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Independent Catholic Foundation is classified as a public charity described in IRC Sections 509(a)(1) and 170(b)(1)(A)(vi), which allows the Independent Catholic Foundation the ability to accept grants from donor-advised funds and qualified charitable distributions from IRAs. The Independent Catholic Foundation was previously classified as a supporting organization described in IRC Section 509(a)(3).

**Cash and Cash Equivalents**

The Foundation considers cash and cash equivalents as cash in demand accounts and money market accounts.

**Contributions Receivable**

Contributions to be received in one year or less are reported at net realizable value. Contributions to be received after one year, net of an allowance for uncollectible amounts, are initially reported at fair value, estimated by discounting them to their present value at a risk-adjusted rate. Thereafter, amortization of discounts is recorded as additional contributions revenue. An allowance for uncollectible contributions receivable is provided based upon management's judgment, considering such factors as prior collection history, type of contribution, relationship with donor, and other relevant factors. The allowance for uncollectible contributions for the year ended June 30, 2023 and 2022 was \$0 and \$0, respectively.

**Property and Equipment**

The Foundation generally follows the practice of capitalizing expenditures in excess of \$500 for property and equipment at cost; the fair market value of donated fixed assets is similarly capitalized. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Routine repairs and maintenance are expensed as incurred.



**INDEPENDENT CATHOLIC FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**  
**(CONTINUED)**

**Note 1: Summary of Significant Accounting Policies** (Continued)

**Basis of Presentation**

The financial statements of the Foundation have been prepared on the accrual basis of accounting. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) as found in the Non-Profit Section 958-210 of the FASB Codification. Under those provisions, net assets and revenues, gains, and losses are classified based on the absence or existence and nature of donor-imposed restrictions as follows:

**Net Assets Without Donor Restrictions**

Net assets without donor restrictions include assets that are not subject to donor-imposed restrictions.

Included in net assets without donor restrictions are two endowments designated by the Board of Trustees to be used for the funding of grants and an operating reserve to be used for any immediate liquidity needs. The one endowment is called the Fleckenstein Grant Endowment. The net asset balance associated with this board designated endowment was \$1,005,256 and \$946,601 for the years ended June 30, 2023 and 2022, respectively. A second endowment called ICF Trustee Grant Fund was set up and had a net asset balance of \$169,251 as of June 30, 2023 and \$152,873 as of June 30, 2022. The Operating Reserve Fund has a net asset balance of \$274,458 as of June 30, 2023 and \$247,872 as of June 30, 2022. See also the Schedule of Trust Activity for income and expenses of these funds during the year.

**Net Assets With Donor Restrictions**

Net assets with donor restrictions include mostly endowments funds that are subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of such assets permit the Foundation to use all or part of the income earned on the assets. See the Schedule of Trust Activity for income and expenses of these funds during the year.

The Foundation maintains accounting records for each endowment on annual dividend and interest income, gains or losses, the original value establishing the endowment, and the annual market value of the endowment. This information is used to calculate the amounts available for distribution. See Note 5 for the Distribution Policy.

**Interpretation of Relevant Law**

The Board of Trustees has interpreted the state law as requiring the preservation of the purchasing power (real value) of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, (3) 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. It also permits spending from underwater funds in accordance with prudent measures required under the law.

**INDEPENDENT CATHOLIC FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**  
**(CONTINUED)**

**Note 1: Summary of Significant Accounting Policies** (Continued)

**Use of Estimates**

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

**Investments**

Investments in marketable securities are stated at fair market value. Real estate investments are stated primarily at current appraised value. Securities not publicly traded are stated at estimated market value. For the years ended June 30, 2023 and 2022, there were no holdings of real estate.

**Fair Value Measurements**

The Foundation has determined the fair value of certain assets through application of FASB Codification Section 820, *Fair Value Measurements and Disclosures*. This Section requires the fund to classify its assets and liabilities into three levels based on the method used to value the assets or liabilities. Level 1 values are based on quoted prices in active markets for identical securities. Level 2 values are based on significant observable market inputs, such as quoted prices for similar securities and quoted prices in inactive markets. Level 3 values are based on significant unobservable inputs that reflect the fund's determination of assumptions that market participants might reasonably use in valuing the securities.

The fair values of all investments measured on a recurring basis at June 30, 2023 and 2022 are based on Levels 1 and 2 inputs. See Notes 2 and 7 for additional fair value disclosures.

Fair values as of June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds and CD	\$ 1,796,966			\$ 1,796,966
United State Government and Agency Obligations		\$2,146,745		2,146,745
Corporate Bonds		2,347,269		2,347,269
Taxable Municipal Bonds		1,023,363		1,023,363
Mutual Funds				
Equity Mutual Funds	24,140,754			24,140,754
Fixed Income Mutual Funds	<u>6,669,623</u>			<u>6,669,623</u>
Total Investment Assets	\$ 32,607,343	\$5,517,377		\$38,124,720

**INDEPENDENT CATHOLIC FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**  
**(CONTINUED)**

**Note 1: Summary of Significant Accounting Policies** (Continued)

Equity and fixed income mutual funds are open-ended Securities and Exchange Commission-registered funds, with daily NAV. The mutual funds allow investor to sell their interests at the published daily NAV, with no restrictions on redemptions. These mutual funds are categorized Level 1 of the fair value hierarchy.

The fixed income securities held directly by the Foundation are all classified as Level 2. These include corporate bonds, government bonds, and municipal bonds. Money market funds and CDs are classified as Level 1.

Fair Values as of June 30, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds and CD	\$ 1,186,381			\$ 1,186,381
United State Government and Agency Obligations		\$1,892,880		1,892,880
Corporate Bonds		2,500,363		2,500,363
Taxable Municipal Bonds		1,114,228		1,114,228
Mutual Funds				
Equity Mutual Funds	21,518,358			21,518,358
Fixed Income Mutual Funds	<u>7,489,863</u>			<u>7,489,863</u>
Total Investment Assets	\$ 30,194,602	\$5,507,471		\$35,702,073

**Net Asset Value and Valuation of Securities**

Each Catholic Responsible Investment (CRI) Fund calculates its net asset value (NAV) per share each business day as of the close of trading on the New York Stock Exchange (NYSE) (normally 4:00 p.m. Eastern time). The CRI Funds do not calculate NAV on days the NYSE is closed for trading, which include New Year's Day, Martin Luther King Jr. Day, President's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

**Revenue Recognition**

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**Advertising Costs**

Advertising costs are charged to expense when incurred. Advertising expenses was \$33,161 and \$25,477 for the years ending June 30, 2023 and 2022, respectively.

**INDEPENDENT CATHOLIC FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022  
(CONTINUED)**

**Note 2: Investments**

The Foundation's endowment investment policy is based on fundamental financial principles that include prudent asset allocation, risk assessment, and long-term planning. The investment policy emphasizes total return, which allows the funds to utilize current dividend and interest income, and over time, a portion of the aggregate capital appreciation, in an attempt to provide a predictable stream of funding for grant making while seeking to maintain the purchasing power of the endowment assets. The Foundation investment policy is consistent with the moral and social teachings of the Catholic Church.

Within that framework, the investment policy establishes an achievable return objective through diversification of asset classes. The current long-term objective is to produce, after investment expenses, minimum annual compound total rate of return, as follows:

<b>Planning Time Horizon:</b>	Perpetual
<b>2020 CMA Modeled Return:</b>	6.0%
<b>25 Year Historical Return:</b>	8.0%
<b>Evaluation Benchmark:</b>	(1) Maintenance of real (inflation-adjusted) value of Assets; (2) Outperformance of Assets compared to Strategic Target-weighted benchmark, net of fees; (3) Outperformance of Assets compared to actual-weighted benchmark, net of fees; (4) Outperformance of peer group median based on risk adjusted measurements

The spending policy is reviewed annually and is determined in consultation with our portfolio manager, our external consultant and any applicable state or federal laws.

The Foundation's investment portfolio as of June 30, 2023 and 2022 is managed by its Finance & Investment Committee with the assistance of Cornerstone Advisors while Wilmington Trust serves as the custodian of the investments. These investments are invested in a diverse portfolio of cash and cash equivalents, fixed income, equities and alternative Investments.

The majority of the Foundation's investment portfolio as of June 30, 2023, consists of four Catholic Responsible Investment (CRI) Funds (two with domestic equities, one with international equities, and one with fixed income) managed by Christian Brothers Investment Services (CBIS). CRI integrates managers with unique and complementary return drivers into single funds to help generate strong returns over the long term. This process provides intentional diversification while minimizing the risk that a single manager may bring on its own. CBIS requires its managers to implement their strategies while incorporating the firm's proprietary Catholic screens. No terms, conditions, or limitations apply under which the Foundation may redeem their investment in the CRI funds. The Foundation also invested in Breckinridge Intermediate Catholic Values Bond Fund, three alternative investments, and Wilmington Trust US Government Money Market Fund in 2023.

**INDEPENDENT CATHOLIC FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**  
**(CONTINUED)**

**Note 2: Investments (Continued)**

As of June 30, 2023, the carrying amount (market value) of investments are comprised of the following:

	<u><b>2023</b></u>
Cash	\$ 121,584
Money Market Funds	<u>1,642,980</u>
<b>Total Cash &amp; Cash Equivalents</b>	<b>1,764,564</b>
U.S Treasury Obligations	2,152,027
Corporate & Foreign Bonds	2,368,918
Municipal Obligations	1,028,834
Taxable Fixed Income Funds	<u>6,669,623</u>
<b>Total Fixed Income</b>	<b>12,219,402</b>
Domestic Equity Mutual Funds	18,233,826
Global Funds	<u>5,906,928</u>
<b>Total Equities</b>	<b>24,140,754</b>
	<b>\$38,124,720</b>
	<hr/>
Endowment Trusts	\$36,675,755
Endowment Trust - Board Designated	1,174,507
Operating Reserve	<u>274,458</u>
	<hr/>
<b>Total Investment Assets</b>	<b>\$38,124,720</b>
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As of June 30, 2023, 63% of the total value of the portfolio is invested in Equities.

	<u><b>2022</b></u>
Cash	\$ 125,870
Money Market Funds	<u>1,032,926</u>
<b>Total Cash &amp; Cash Equivalents</b>	<b>1,158,796</b>
U.S Treasury Obligations	1,895,947
Corporate & Foreign Bonds	2,519,083
Municipal Obligations	1,120,026
Taxable Fixed Income Funds	<u>7,489,863</u>
<b>Total Fixed Income</b>	<b>13,024,919</b>
Domestic Equity Mutual Funds	16,519,936
Global Funds	<u>4,998,422</u>
<b>Total Equities</b>	<b>21,518,358</b>
	<b>\$35,702,073</b>
	<hr/>
Endowment Trusts	\$34,354,727
Endowment Trust - Board Designated	1,099,474
Operating Reserve	<u>247,872</u>
	<hr/>
<b>Total Investment Assets</b>	<b>\$35,702,073</b>
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As of June 30, 2022, 60% of the total value of the portfolio is invested in Equities.

**INDEPENDENT CATHOLIC FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022  
(CONTINUED)**

**Note 2: Investments** (Continued)

The following summarizes maturities of investment assets:

<u>June 30, 2023</u>	<u>Total</u>	<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>	<u>6 to 10 Years</u>	<u>Over 10 Years</u>
Wilmington Trust investments	\$36,481,740	\$36,481,740	\$ 0	\$ 0	\$ 0
CD's/Money Market Accounts	<u>1,642,980</u>	<u>1,642,980</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>\$38,124,720</u>	<u>\$38,124,720</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>June 30, 2022</u>	<u>Total</u>	<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>	<u>6 to 10 Years</u>	<u>Over 10 Years</u>
Wilmington Trust investments	\$34,669,147	\$34,669,147	\$ 0	\$ 0	\$ 0
CD's/Money Market Accounts	<u>1,032,926</u>	<u>1,032,926</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>\$35,702,073</u>	<u>\$35,702,073</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

	<u>2023</u>	<u>2022</u>
<b><u>Investment Income</u></b>		
Interest and Dividends	\$ 787,945	\$ 538,938
Net Gains (Losses)	<u>3,014,341</u>	<u>(5,773,950)</u>
Total	<u>\$ 3,802,286</u>	<u>\$ (5,235,012)</u>

	<u>2023</u>	<u>2022</u>
Average Market Value of Assets (based on Market value at beginning and end of fiscal year)	\$ 36,913,397	\$ 38,721,967
Return on Average Market Value of Assets (net of Foundation fees of \$339,602 and \$391,151, respectively)	11.01%	(12.84)%

Administration fees charged by the Foundation were as follows:

	<u>2023</u>	<u>2022</u>
Foundation Administration Fees	<u>\$339,602</u>	<u>\$391,151</u>

**INDEPENDENT CATHOLIC FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**  
**(CONTINUED)**

**Note 2: Investments** (Continued)

In addition, as of June 30, 2022 and 2023, Wilmington Trust charges 3.5 basis points for their investments, which reduce the net asset value of each respective Wilmington Trust investment. Breckinridge Capital Advisors charge an advisory fee based on the total market value of the fixed income securities: 20 basis points on the first \$1 million, 17.5 basis points on the next \$4 million, and 15 basis points on the balances thereafter.

The following tabulation summarizes the relationship between cost values and market values of investment assets.

**2023**

	<u>Cost Value</u>	<u>Market Value</u>	<u>Excess of Market Over Cost</u>
<b><u>Balance</u></b> - Ending	\$39,495,419	\$38,124,720	\$ (1,370,699)
<b><u>Balance</u></b> - Beginning	<u>40,139,129</u>	<u>35,702,073</u>	<u>(4,437,056)</u>
Change in Unrealized Gain/(loss)	\$ (643,710)	\$ 2,422,647	\$ 3,066,357
	<u>                    </u>	<u>                    </u>	
Realized Net Gain/(Loss) for the Year			<u>(52,016)</u>
Total Net Gain/(Loss) for the Year			<u>\$3,014,341</u>

**2022**

	<u>Cost Value</u>	<u>Market Value</u>	<u>Excess of Market Over Cost</u>
<b><u>Balance</u></b> - Ending	\$40,139,129	\$35,702,073	\$ (4,437,056)
<b><u>Balance</u></b> - Beginning	<u>38,893,312</u>	<u>41,741,860</u>	<u>2,848,548</u>
Change in Unrealized Gain/(loss)	\$ 1,245,817	\$ (6,039,787)	\$ (7,285,604)
	<u>                    </u>	<u>                    </u>	
Realized Net Gain for the Year			<u>1,511,654</u>
Total Net Gain/(Loss) for the Year			<u>\$(5,773,950)</u>

**INDEPENDENT CATHOLIC FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022  
(CONTINUED)**

**Note 3: Endowments Receivable, Pending and In Transit**

The Foundation had restricted amounts in transit between the operating account and the endowment accounts of \$0 and \$0 as of June 30, 2023 and 2022, respectively.

**Note 4: Reclassifications**

Certain items in the 2022 financial statements have been reclassified to conform with the 2023 presentation.

**Note 5: Endowment Distribution**

The Board of Trustees has adopted an Endowment Fund Distribution Policy. Under the Endowment Fund Distribution Policy, the Board annually determines distributions based on a percentage of the average market value for the previous twenty quarters for December 30, 2022 and December 30, 2021. The distributions were based on a maximum of 5% of the average market value for the years ended December 30, 2022 and 2021. Current state law allows 2% to 7%.

During the June 15, 2022 Board of Trustees meeting, The Board approved the following spending policy for endowment that have been invested for less than five years: (1) 1-3 quarters- No distribution, (2) 4-11 quarters-50% of approved rate, and (3) 12+quarters-100% of approved rate.

The Foundation's objective is to maintain the purchasing power of the endowment assets as well as to provide additional growth through subsequent gifts and return on investments.

Also, the Foundation consistently records "Net Assets Released from Restrictions" (as listed in the Statement of Activities) when distributions are made from endowments designated as with donor restrictions. These amounts do not necessarily indicate a liquidation of principal, but rather distributions made from the accumulated earnings on the investments.

**Annuity Payment**

Annuity payments are determined based on the terms applicable to each annuity contract.

**Note 6: Foundation Fees**

An annual fee of 1% of market value was charged to the Endowment Investment Funds. The trust fees are distributed quarterly to the Foundation for operational costs. During 2022-23, this fee totaled \$339,602. During 2021-22, this fee totaled \$391,151.



**INDEPENDENT CATHOLIC FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**  
**(CONTINUED)**

**Note 7: Fair Value of Financial Instruments**

The Foundation did not hold financial instruments for trading purposes at June 30, 2023 or 2022. Also, the Foundation does not invest in derivative financial instruments.

The carrying amounts of cash, investment income receivable, and endowments receivable approximate fair value because of the short maturity of those financial instruments. The carrying amount of investments (which is fair value) is based upon quoted market values.

The Foundation's financial instruments at June 30 are as follows:

	<u>2023</u>		<u>2022</u>	
	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>
<b><u>Financial Assets</u></b>				
Cash and Cash Equivalents	\$ 229,329	\$ 229,329	\$ 213,716	\$ 213,716
Other Receivable	2,300	2,300	9,353	9,353
Investments	38,124,720	38,124,720	35,702,073	35,702,073

See also Note 1 regarding Fair Value disclosures.

**Note 8: Split-Interest Agreement**

Independent Catholic Foundation was a party to one split-interest agreement. The agreement is as follows:

**Charitable Gift Annuity**

Under this type of agreement, the contributed property is irrevocably transferred to the Foundation. As a general obligation of the Foundation, the donor receives distributions of a fixed amount for the life of the donor. Upon the donor's death, the remaining assets are transferred to an endowment specified by the agreement.

Assets received have been recognized at fair value and an annuity liability has been recognized at the present value of the future cash flows expected to be paid. Revenue is recognized as the difference between these two amounts until the termination of the agreement at which time it will be distributed according to the trust agreement.

To calculate the present value of the charitable gift annuity, applicable life expectancy tables and discount rates were used based on the agreement.

**INDEPENDENT CATHOLIC FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**  
**(CONTINUED)**

**Note 8: Split-Interest Agreement** (Continued)

<u>Split-Interest Agreement</u>		<u>June 30, 2023</u>		
	<u>Discount Rate</u>	<u>Market Value</u>	<u>Present Value of Annuity</u>	<u>Net Asset Value</u>
A. Gavalier Gift Annuity	8.80%	\$ 0	\$ 0	\$ 0

<u>Split-Interest Agreement</u>		<u>June 30, 2022</u>		
	<u>Discount Rate</u>	<u>Market Value</u>	<u>Present Value of Annuity</u>	<u>Net Asset Value</u>
A. Gavalier Gift Annuity	8.80%	\$ 779	\$ 2,533	\$ (1,754)

As of June 30, 2023 and 2022, the total liability for the split-interest agreements was \$0 and \$2,533, respectively. While these amounts are reported as current liabilities, a portion of these obligations are payable beyond one year but are immaterial to the financial statements taken as a whole.

**Note 9: Pass Through Contribution Payable**

On occasion, the Foundation receives pass through contributions to be paid to separate organizations. As of June 30, 2023 and 2022, amounts total \$195,863 and \$199,504, respectively. Only \$20,417 was yet to be specified where they are to be allocated per the donors. Pass through contributions are processed at the request of donors for the benefit of other nonprofit charities of their choice. These are recorded as cash equivalents and investments with a corresponding liability for the amounts to be transferred to the beneficiary to be named.

**Note 10: Concentration Risk**

**Deposits**

The Foundation had no uninsured demand deposits as of June 30, 2023 and June 30, 2022.

**NDEPENDENT CATHOLIC FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**  
**(CONTINUED)**

**Note 11: Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature that are reported in restricted net assets were \$54,986 and \$164,233 as of June 30, 2023 and 2022, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor restricted endowment funds and continued appropriation for certain programs that were deemed prudent by the Board of Trustees.

	<u>2023</u>	<u>2022</u>
Fair value of underwater funds	\$ 1,167,506	\$ 1,384,319
Original gift amount	<u>1,222,492</u>	<u>1,548,552</u>
Endowment Deficiencies	<u>\$ 54,986</u>	<u>\$ 164,233</u>

Endowments that had deficiencies distributed \$7,190 and \$10,583 to their specific programs permitted by their endowments for the year ended June 30, 2023 and June 30, 2022, respectively.

**Note 12: Property and Equipment**

Property and equipment at June 30, 2023 and 2022, are summarized as follows by major classification:

	<u>2023</u>	<u>2022</u>
Furniture and Fixtures	\$ 10,751	\$ 10,751
Computer Equipment	<u>5,575</u>	<u>5,575</u>
	\$ 16,326	\$ 16,326
Less: Accumulated Depreciation	<u>13,786</u>	<u>13,238</u>
Net Property and Equipment	<u>\$ 2,540</u>	<u>\$ 3,088</u>

**INDEPENDENT CATHOLIC FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**  
**(CONTINUED)**

**Note 13: Leases**

The Foundation is obligated to a multi-year agreement for lease of its office space which is expensed as incurred. The prior agreement terminated February 2022. The new lease term shall be 24 months, commencing on March 1, 2022 and terminating on February 29, 2024. During the years ended June 30, 2023 and 2022, lease payments totaled \$14,400 and \$13,800 per year, respectively. The scheduled lease payments to be made by the Foundation over the upcoming five years are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2023-24	\$ 9,600
2024-25	0
2025-26	0
2026-27	0
2027-28	0

Either party may terminate the lease at the end of the original term or renewal term thereafter by giving 60 days notice. In the absence of such notice, the lease will automatically renew for an additional year under the same terms and conditions.

**Note 14: Retirement Plan**

The Foundation sponsors a SIMPLE IRA plan for hourly and salaried employees whereby the Foundation matches employee deferrals dollar for dollar, up to 3% of wages. Each participant may contribute pre-tax earnings to the plan up to limitations prescribed by the plan and by the Internal Revenue Code. Expenses relating to this plan for the years ended June 30, 2023 and 2022 amounted to \$4,446 and \$4,286, respectively.

**INDEPENDENT CATHOLIC FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022  
(CONTINUED)**

**Note 15: Schedule of Functional Expenses**

	<u>2023</u>	<u>2022</u>
<b><u>Expenses</u></b>		
<b><u>Program</u></b>		
Distributions and Annuity Payments	\$1,551,769	\$ 1,680,094
Discretionary and Matching Grants	46,691	71,749
Sponsorships	<u>9,998</u>	<u>16,914</u>
Total Program	1,608,458	1,768,757
<b><u>General Administration</u></b>		
Investment Advisory Fees	0	20,000
Professional Fees	26,965	24,847
Office Expense and Miscellaneous	32,411	22,301
Insurance	6,468	6,227
Board Meetings and Strategic Planning	740	895
Rent	14,400	13,800
Payroll (including tax and related benefits)	107,847	119,139
Depreciation	<u>548</u>	<u>659</u>
Total General Administration	189,379	207,868
<b><u>Fundraising</u></b>		
Advertising and Marketing	33,161	24,557
Payroll	<u>78,407</u>	<u>60,123</u>
Total Fundraising	111,568	84,680
 Total Expenses	 \$1,909,405	 \$2,061,305

The costs of providing various programs have been summarized on a functional basis. The expenses that are allocated include compensation and benefits, which are allocated on basis of estimates of time.

**Note 16: Endowment Funds**

The Foundation's endowment consists of individual funds established within a specific framework to support various philanthropic programs and needs within the community. The funds include donor-restricted endowment funds, two funds designated by the Board to function as an endowment and an operating reserve fund. Contributions made to donor-restricted funds are maintained in perpetuity, the income of which is expendable for the donor's intended purpose. Annual distributions are in accordance with the Foundation's investment and spending policy and subject to Pennsylvania law.

**INDEPENDENT CATHOLIC FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022  
(CONTINUED)**

**Note 16: Endowment Funds** (continued)

Change in the endowment assets as of June 30, 2023 and 2022 are as follows:

	<b>2023</b>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Assets- beginning of year	\$ 1,347,348	\$ 34,354,725	\$35,702,073
Contributions	27	484,313	484,340
Income Return, net of fees	137,691	3,290,795	3,428,486
Transfer	0	0	0
Amounts appropriated for Expenditure	( 36,100)	(1,454,079)	(1,490,179)
Endowment Assets, end of year	<u>\$ 1,448,966</u>	<u>\$ 36,675,754</u>	<u>\$ 38,124,720</u>

	<b>2022</b>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Assets- beginning of year	\$ 1,632,942	\$ 39,944,564	\$41,577,506
Contributions	0	1,265,347	1,265,347
Income Return, net of fees	(210,732)	(5,476,692)	(5,687,424)
Transfer	( 3,113)	3,113	0
Amounts appropriated for Expenditure	( 71,749)	(1,381,607)	(1,453,356)
Endowment Assets, end of year	<u>\$ 1,347,348</u>	<u>\$ 34,354,725</u>	<u>\$ 35,702,073</u>

**INDEPENDENT CATHOLIC FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**  
**(CONTINUED)**

**Note 16: Endowment Funds** (continued)

The endowment net asset composition by type of fund as of June 30, 2023 and 2022, is comprised of the following:

	<b>2023</b>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Contracts	\$ 0	\$ 34,945,124	\$34,945,124
Board Designated	1,174,507	0	1,174,507
Operating Reserve	274,458	0	274,458
Annuity Contract	0	0	0
Total	\$ 1,448,965	\$ 34,945,124	\$ 36,394,089

	<b>2022</b>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Contracts	\$ 0	\$ 32,917,928	\$32,917,928
Board Designated	1,099,476	0	1,099,476
Operating Reserve	247,872	0	247,872
Annuity Contract	0	779	779
Total	\$ 1,347,348	\$ 32,918,707	\$ 34,266,055

**Note 17: Related-Party Transactions**

During the years ended June 30, 2023 and 2022, Independent Catholic Foundation recognized \$22,000 and \$126,000, respectively, in contributions from members of the Board of Trustees.

**INDEPENDENT CATHOLIC FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022  
(CONTINUED)**

**Note 18: Liquidity and Availability**

The following represents the Foundation's financial assets available to meet general expenditures as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Financial Assets		
Cash and Cash Equivalents-Unrestricted	\$ 156,276	\$ 142,810
Operating Reserve	274,458	247,872
Less:		
Accounts Payable	(17,773)	(17,638)
Operating Cash and Investments	<u>412,961</u>	<u>373,044</u>

The Foundation's primary source of revenue is the fee income related to assets management. General expenditures include management, general expenses, and fundraising expenses. As part of the Foundation's liquidity management, it maintains adequate liquid assets to meet financial needs, adheres to distribution policies and maintains a liquidity reserve which can be drawn on to meet an immediate financial need.

**Note 20: COVID-19**

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen. This matter may negatively impact its operating results. The extent to which COVID-19 may impact the Organization's financial condition or results of operations is uncertain and cannot be reasonably estimated at this time.



# REILLY, CREPPAGE & CO., INC.

*A Professional Corporation*

*Certified Public Accountants*

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## INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

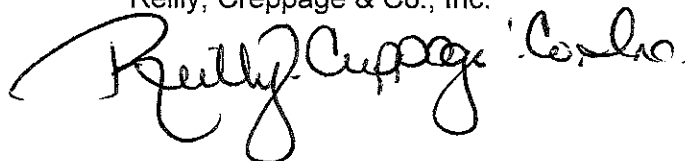
Board of Trustees  
Independent Catholic Foundation  
3618 Fifth Avenue  
Altoona, PA 16602

### Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Wilmington Trust Endowment Fund Trust Activity is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Very truly yours,

Reilly, Creppage & Co., Inc.

A handwritten signature in black ink, appearing to read "Bernard L. Creppage", with a stylized flourish at the end.

October 2, 2023

Altoona, Pennsylvania