CATHOLIC FOUNDATION FOR BROOKLYN AND QUEENS

FINANCIAL STATEMENTS

DECEMBER 31, 2019

CATHOLIC FOUNDATION FOR BROOKLYN AND QUEENS

CONTENTS

INDEPENDENT AUDITORS' REPORT

To The Board of Directors
Catholic Foundation for Brooklyn and Queens

Report on the Financial Statements

We have audited the accompanying financial statements of Catholic Foundation for Brooklyn and Queens, which comprise the statement of financial position at December 31, 2019, and the related statements of activities, functional expenses and cash flows for the year 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.

Auditors' Responsibility

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

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Catholic Foundation for Brooklyn and Queens at December 31, 2019, and the changes in its net assets, functional expenses and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, Catholic Foundation for Brooklyn and Queens adopted Financial Accounting Standards Board ("FASB") Accounting Standards Updates ("ASU") No. 2014-09 and No. 2018-08. Our opinion is not modified with respect to this matter.

Grassi & Co, CPAs, P.C.

GRASSI & CO., CPAs, P.C.

New York, New York
June 9, 2020

CATHOLIC FOUNDATION FOR BROOKLYN AND QUEENS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

ASSETS

Cash and cash equivalents	$ 28,799,993
Investments	1,548,888
Restricted investments	58,009,656
Contributions and pledges receivable, net	16,069,316
Prepaid expenses and other assets	1,692,562
Furniture and equipment, net	12,673
	$ 106,133,088

LIABILITIES AND NET ASSETS

Liabilities:	
Accrued expenses	$ 302,534
Annual Catholic Appeal payable	6,567,352
Grants payable	1,774,885
Funds held as agency endowments	27,052,405
TOTAL LIABILITIES	35,697,176
Commitments and Contingencies	
Net assets:	
Without donor restrictions:	
Operating	3,142,155
Board designated	1,688,606
Total without donor restrictions	4,830,761
With donor restrictions:	
Purpose restricted	7,595,495
Endowments	58,009,656
TOTAL NET ASSETS	70,435,912
	$ 106,133,088

The accompanying notes are an integral part of these financial statements.

CATHOLIC FOUNDATION FOR BROOKLYN AND QUEENS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions		With Donor Restrictions		
	Operating	Board Designated	Purpose Restricted	Endowments	Total
REVENUE, GAINS AND SUPPORT:					
Investment income, net	$ 434,982	$ 34,247	$ 170,964	$ 9,401,128	$ 10,041,321
Contributions	6,395	-	183,627	337,625	527,647
Contributions - capital campaign	-	-	542,097	-	542,097
Contributions - Annual Catholic Appeal	-	-	9,905,453	-	9,905,453
Fundraising events, net of direct cost of $45,364	267,556	-	-	-	267,556
Management fee income	1,308,419	-	-	-	1,308,419
Other fees	863,272	-	-	-	863,272
Net assets released from donor restrictions	15,583,323	-	(12,513,295)	(3,070,028)	-
Total Revenue, Gains and Support	18,463,947	34,247	(1,711,154)	6,668,725	23,455,765
EXPENSES:					
Program Service - charitable grant making	13,884,913	1,696,598	-	-	15,581,511
Supporting Services:					
Management and general	1,142,699	-	-	-	1,142,699
Fundraising (including $542,097 of capital campaign)	1,605,658	-	-	-	1,605,658
Total Expenses	16,633,270	1,696,598	-	-	18,329,868
CHANGE IN NET ASSETS BEFORE OTHER CHANGES	1,830,677	(1,662,351)	(1,711,154)	6,668,725	5,125,897
Board designation - grant making	(1,625,185)	1,625,185	-	-	-
CHANGE IN NET ASSETS	205,492	(37,166)	(1,711,154)	6,668,725	5,125,897
NET ASSETS:					
Beginning of year	2,936,663	1,725,772	9,306,649	51,340,931	65,310,015
End of year	$ 3,142,155	$ 1,688,606	$ 7,595,495	$ 58,009,656	$ 70,435,912

The accompanying notes are an integral part of these financial statements.

CATHOLIC FOUNDATION FOR BROOKLYN AND QUEENS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Service	Supporting Services			
	Charitable Grant Making	Management and General	Fundraising	Direct Cost of Special Events	Total
Charitable grant making	$ 4,232,402	$ -	$ -	$ -	$ 4,232,402
Charitable grant making - Annual Catholic Appeal	8,107,245	-	-	-	8,107,245
Salaries	467,639	476,453	818,742	-	1,762,834
Fringe benefits	87,058	141,855	176,692	-	405,605
Professional fees	1,662,781	256,737	64,775	-	1,984,293
Occupancy	29,291	30,342	52,188	-	111,821
Printing and postage	867,745	14,626	238,222	-	1,120,593
Office expenses	81,608	82,287	18,100	-	181,995
Contribution expense	13,283	10,981	74,130	-	98,394
Advertising	23,749	54,000	99,389	-	177,138
Other	-	75,418	13	-	75,431
Catering and facility rental	8,710	-	63,407	45,364	117,481
Total Expenses	15,581,511	1,142,699	1,605,658	45,364	18,375,232
Direct cost of special events	-	-	-	(45,364)	(45,364)
Total Expenses Reported by Function on the Statement of Activities	$ 15,581,511	$ 1,142,699	$ 1,605,658	$ -	$ 18,329,868

The accompanying notes are an integral part of these financial statements.

CATHOLIC FOUNDATION FOR BROOKLYN AND QUEENS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	$ 5,125,897
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	4,979
Net unrealized and realized gain on investments	(9,883,854)
Contributions restricted for endowments	(337,625)
Change in operating assets and liabilities:	
Contributions and pledges receivable	13,785,908
Prepaid expenses and other assets	(669,252)
Accrued expenses	94,387
Annual Catholic Appeal payable	(817,918)
Grants payable	955,786
Annuity payable	(956,896)
Funds held as agency endowments	(15,284,275)
NET CASH USED IN OPERATING ACTIVITIES	(7,982,863)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of fixed assets	(224)
Proceeds from sales of investments	3,878,366
Purchases of investments	(516,359)
NET CASH PROVIDED BY INVESTING ACTIVITIES	3,361,783
CASH FLOWS FROM FINANCING ACTIVITIES:	
Contributions restricted for endowments	337,625
NET CASH PROVIDED BY FINANCING ACTIVITIES	337,625
NET CHANGE IN CASH AND CASH EQUIVALENTS	(4,283,455)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	33,083,448
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 28,799,993

The accompanying notes are an integral part of these financial statements.

Note 1 - Nature of Organization

Catholic Foundation for Brooklyn and Queens ("CFBQ") is the Catholic Community Foundation which supports the charitable works of the Roman Catholic Diocese of Brooklyn ("Diocese of Brooklyn"). CFBQ's purpose is to support financially the spiritual, educational, and social needs of the Catholic community through the procurement and building of endowment funds while practicing responsible Christian stewardship for the preservation and promotion of the Diocese of Brooklyn. CFBQ's primary sources of revenue are contribution and investment income.

CFBQ is listed in the Official Catholic Directory and is a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code as an integrated auxiliary of the Roman Catholic Church, Diocese of Brooklyn.

Note 2 - Summary of Significant Accounting Policies

Changes in Accounting Principles

ASU No. 2014-09

Effective January 1, 2019, CFBQ adopted the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09") using a modified retrospective method of adoption to all contracts with customers at January 1, 2019. ASU 2014-09 requires CFBQ to recognize revenue to depict the provision of management services in amounts that reflect the consideration to which CFBQ expects to be entitled in exchange for those services. The amount to which CFBQ expects to be entitled is calculated as the transaction price and recorded as revenue in exchange for providing the services. Because contracts are generally complete within a year, CFBQ used the actual transaction price rather than estimating variable consideration amounts for contracts completed during the year ended December 31, 2019.

ASU No. 2018-08

Effective January 1, 2019, CFBQ adopted the provisions of FASB ASU No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08") on a modified prospective basis. This ASU provides for guidance to assist CFBQ in evaluating the transfer of assets and the nature of the related transactions. CFBQ considers whether a contribution is conditional based on whether an agreement includes a barrier that must be overcome and a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The presence of both indicates that the recipient is not entitled to the transferred assets or a future transfer of assets until it has overcome any barriers in the agreement.

The adoption of these ASUs resulted in changes in presentation of the financial statements and the related disclosures in the notes to the financial statements.

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and the amount of revenue and expenses recognized during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents include highly liquid investments with initial maturities when acquired of three months or less.

Investments and Restricted Investments at Fair Value

Investments are stated at the readily determinable fair market value in accordance with the Not-for-Profit Entities topic of FASB Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurement*, which exempts investments measured using the net asset value ("NAV") practical expedient in FASB ASC Topic 820, from categorization within the fair value hierarchy.

Investments consist of interests in the Compostela Fund of the Diocese of Brooklyn (the "Fund"). Restricted investments represent donor-restricted endowment funds. Interest, dividend income, realized and unrealized gains and losses are allocated monthly to CFBQ based on pro-rata participation in the Fund.

Contributions and Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. 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. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts has been included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. Contributions and pledges receivable have been discounted over the payment period using a discount rate of 1.58%. Contributions receivable are due at December 31, 2019 as follows:

Less than one year	$ 28,751,461
One to five years	28,723,762
	57,475,223
Less: Discount to present value	446,776
Less: Allowance for uncollectible amounts	40,959,131
Total	$ 16,069,316

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Allowance for Doubtful Accounts

CFBQ determines whether an allowance for doubtful accounts should be provided for contributions and pledges receivable. Such estimates are based on management's assessment of the aged basis of the receivables, current economic conditions and historical information. Contributions and pledges receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. Interest is not charged on outstanding receivables. Bad debt expense is charged if the receivable is determined to be uncollectible based on periodic review by management. CFBQ has recorded an allowance for doubtful accounts of $40,959,131 at December 31, 2019.

Grants Payable

Grant distributions authorized but unpaid at year-end are reported as liabilities and are expected to be paid in the next year.

Funds Held as Agency Endowments

CFBQ receives and distributes assets under certain agency arrangements. When CFBQ accepts a contribution from a not-for-profit organization to establish a fund that specifies itself or other unaffiliated beneficiary of that fund, CFBQ will account for that transfer of such assets as a liability. The liability is valued at fair value of the funds received, adjusted for investment earnings, fees, gains and losses. CFBQ maintains legal ownership of agency endowment funds, and as such, continues to report the funds as assets of CFBQ. At December 31, 2019, CFBQ cumulatively raised $106,783,181, net of allowances and discounts, through the capital campaign, of which $18,746,885 represents purpose restricted contributions, and $88,036,296 represents 116 various agency endowment funds. As of December 31, 2019, CFBQ cumulatively disbursed $60,983,891 to parishes and others (including campaign expenses) from inception of the capital campaign, leaving a remaining balance of $27,052,405, net of allowances and discounts, as funds held for agency endowments.

Net Assets

Net assets without donor restrictions include operating activities, which are amounts that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of CFBQ, and board designated activities that are amounts designated by the board of directors for a specific grant making purpose. During the year ended December 31, 2019, the Board of Directors designated $1,625,185 for the purpose of future grant applications.

Net assets with donor restrictions are amounts that are restricted by donors for specific purposes (purpose restricted) or are those which are established by donor restricted gifts and bequests to provide an endowment (endowments).

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Contributions

Contributions are provided to CFBQ either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
Conditional gifts, with or without restriction	
Gifts that depend on CFBQ overcoming a donor imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, i.e., the donor imposed barrier is met
Unconditional gifts, with or without restriction	
Received at date of gift - cash and other assets	Fair value
Received at date of gift - property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor 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. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue with donor restrictions and then released from restriction.

Annual Catholic Appeal Contributions

Beginning January 1, 2018, the administration of the Annual Catholic Appeal ("ACA") was transferred from the Diocese of Brooklyn to CFBQ. This includes both the collection of pledges and the distribution of the amount collected. Contributions received are restricted for purpose and released in the same year for charitable grant making.

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Furniture and Equipment

Furniture and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Repairs and maintenance are charged to expense in the period incurred.

Depreciation of furniture and equipment is provided utilizing the straight-line method over their estimated useful lives of three to five years.

Accumulated depreciation is $27,783 at December 31, 2019.

Functional Expenses

The costs of providing the various programs and other activities of CFBQ have been summarized on a functional basis in the accompanying statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the program service and supporting services benefitted. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of Allocation
Grants	Time and effort
Salaries and benefits	Time and effort
Education and awareness	Time and effort
Occupancy	Square footage
Professional fees	Full-time equivalent
Printing	Full-time equivalent
Information technologies	Full-time equivalent
Travel	Time and effort
Depreciation	Square footage
Other	Time and effort

Accounting for Uncertainty in Income Taxes

CFBQ applies the provisions pertaining to uncertain tax provisions (FASB ASC Topic 740) and has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Management Fee and Other Income

CFBQ receives funding from the provision of management services to an unrelated organization. Revenue is reported at the amount that reflects the consideration to which CFBQ expects to be entitled in exchange for providing the support and services. CFBQ bills for the services as they are performed or they have completed their portion of the contract, on a monthly basis. Receivables are due in full when billed, and revenue is recognized as performance obligations are satisfied.

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Management Fee and Other Income (cont'd.)

Performance obligations are determined based on the nature of the services provided by CFBQ in accordance with the contract. Revenue for performance obligations satisfied over time is recognized as the services are provided.

New Accounting Pronouncement

ASU No. 2016-02

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This ASU is the result of a joint project of the FASB and the International Accounting Standards Board ("IASB") to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements for U.S. GAAP and International Financial Reporting Standards ("IFRS"). The guidance in this ASU affects any entity that enters into a lease (as that term is defined in this ASU), with some specified scope exemptions. The guidance in this ASU will supersede FASB ASC Topic 840, *Leases*.

The ASU provides that lessees should recognize lease assets and lease liabilities on the balance sheet for leases previously classified as operating leases that exceed 12 months, including leases existing prior to the effective date of this ASU. It also calls for enhanced leasing arrangement disclosures.

For private not-for-profit entities, the amendments of ASU No. 2016-02 are effective for annual reporting periods beginning after December 15, 2021, and interim periods within annual periods beginning after December 15, 2022. Early application is permitted for all entities.

CFBQ has not yet determined if this ASU will have a material effect on its financial statements.

Note 3 - Investments

CFBQ is an investor in the Fund, which is a separately incorporated, nonregulated investment fund of equities and bonds. The fair value of CFBQ's investment in the Fund at December 31, 2019 is as follows:

Compostela Funds:		
Equities	$	39,584,049
Bonds		19,974,495
	$	59,558,544

These funds are comprised of equities and fixed income investments. Redemptions are made on the valuation date (monthly) immediately following the date the Fund receives all documentation necessary to process the redemption order.

Note 3 - Investments (cont'd.)

In accordance with FASB ASC Subtopic 820-10, certain investments that were measured at NAV per share have not been classified in the fair value hierarchy. The following table summarizes investments for which fair value is measured using the net asset value per share practical expedient as of December 31, 2019:

		Valuation Technique	Range of Inputs
Compostela Funds	$ 59,558,544	NAV	N/A

Investment Strategies, Liquidity and Risk

The Fund pursues multiple strategies to diversify risks and reduce volatility. The investment objective of the Fund is maximizing total long-term rate of return with reasonable risk by seeking capital appreciation and, secondarily, income. The Bond Fund's composite portfolio for this class includes investments in investment grade fixed income securities, high-yield fixed income securities, and cash. The Equities Fund's composite portfolio for this class includes investments of U.S. large-cap, mid-cap, and small-cap stocks, international stocks, real estate equities (real estate investment trust securities), and cash.

The Fund has a redemption notice period of 90 days and is redeemable on a semi-annual basis. The Fund's composite portfolio for this class includes investments in U.S. equities and bonds.

Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the net assets of CFBQ.

Note 4 - Net Assets with Donor Restrictions

At December 31, 2019, purpose restricted net assets consist of the following:

Youth Ministry Initiative	$ 7,159,106
Other donor restricted funds	436,389
	$ 7,595,495

Note 4 - Net Assets with Donor Restrictions (cont'd.)

At December 31, 2019, endowment assets consist of the following:

The Bishop John Loughlin Fund for Religious Education and Evangelization	$ 3,510,200
The Bishop Charles McDonnell Fund for Vocations	2,303,600
The Pope John Paul II for Lay Leadership Formation	4,000,000
The Archbishop Thomas E. Molloy Fund for Senior and Infirm Priests	5,945,194
The Bishop Francis J. Mugavero Fund for the Elderly	4,520,345
The Saint Charles Barromeo Fund for Training and Development of Priests	2,000,000
The Cathedral Preparatory Seminary Fund	1,800,080
The Catholic Charities, Diocese of Brooklyn Fund	690,878
The Bishop Loughlin Memorial High School Fund	1,000,150
The Bishop Thomas Daily Fund for Migration Affairs	1,506,880
The Archbishop Bryan J. McEntegart Fund for Catholic Education	9,602,705
Other Funds	10,749,435
Accumulated earnings	10,380,189
	$ 58,009,656

Net Assets Released from Restrictions

For the year ended December 31, 2019, net assets released from restrictions consist of the following:

	Purpose Restricted	Endowments
The Bishop John Loughlin Fund for Religious Education and Evangelization	$ -	$ 365,336
The Bishop Charles McDonnell Fund for Vocations	-	189,683
The Pope John Paul II for Lay Leadership Formation	-	619,053
The Archbishop Thomas E. Molloy Fund for Senior and Infirm Priests	-	157,581
The Bishop Francis J. Mugavero Fund for the Elderly	-	255,698
The Saint Charles Barromeo Fund for Training and Development of Priests	-	37,303
The Cathedral Preparatory Seminary Fund	-	69,343
The Catholic Charities, Diocese of Brooklyn Fund	-	7,973
The Bishop Loughlin Memorial High School Fund	-	6,837
The Bishop Thomas Daily Fund for Migration Affairs	-	278,327
Youth Ministry Initiative	1,320,926	-
The Archbishop Bryan J. McEntegart Fund for Catholic Education	-	396,144
Generation of Faith Campaign	542,097	
Annual Catholic Appeal	10,019,120	-
Other restricted	631,152	686,750
	$ 12,513,295	$ 3,070,028

Note 5 - Concentration of Credit Risk

CFBQ maintains cash balances in several financial institutions which are insured by the Federal Deposit Insurance Corporation ("FDIC") for up to $250,000 per institution. From time to time, CFBQ's balances may exceed these limits.

Note 6 - Grant Expense

The following grants were awarded for the year ended December 31, 2019:

The Bishop John Loughlin Fund for Religious Education and Evangelization	$	185,825
The Bishop Charles McDonnell Fund for Vocations		121,953
The Pope John Paul II for Lay Leadership Formation		211,765
The Archbishop Thomas E. Molloy Fund for Senior and Infirm Priests		281,638
The Bishop Francis J. Mugavero Fund for the Elderly		233,234
The Saint Charles Barromeo Fund for Training and Development of Priests		98,289
The Bishop Thomas Daily Fund for Migration Affairs		79,776
The Archbishop Bryan J. McEntegart Fund for Catholic Education		484,116
Other donor restricted funds		2,535,806
	$	4,232,402

Note 7 - Endowment Funds

Endowment

CFBQ's endowment consists of various individual donor-restricted endowment funds. As required by U.S. GAAP, 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 CFBQ interprets New York State law, the New York Prudent Management of Institutional Funds Act ("NYPMIFA"), 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, CFBQ classifies as net assets with donor restrictions (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 remaining portion of the donor-restricted endowment fund that is not classified in endowments is classified as purpose restricted net assets until those amounts are appropriated for expenditure by CFBQ in a manner consistent with the standard of prudence prescribed by NYPMIFA.

Note 7 - Endowment Funds (cont'd.)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate objectives within the established risk parameters, CFBQ's assets are divided into asset classes consisting of cash, equities and fixed income investments.

Return Objectives and Risk Parameters

CFBQ's endowment investment policy is to invest in a multi-asset class portfolio based on an asset allocation to satisfy overall endowment financial and investment objectives such as to preserve the principal, protect against inflation, receive stable returns and achieve long-term growth. CFBQ 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).

Spending Policy

Spending will be at the discretion of the Board of Directors of CFBQ as determined by the governing documents for the various restricted funds that make up the portfolio and applicable federal and state laws.

The following is a reconciliation of the activity in the donor-restricted endowment funds for the year ended December 31, 2019:

	Accumulated Earnings	Original Donor Gift	Total
Balance, January 1, 2019	$ 4,049,089	$ 47,291,842	$ 51,340,931
Net unrealized gains	9,758,621	-	9,758,621
Investment management fees	(357,493)	-	(357,493)
Contributions	-	337,625	337,625
Appropriations	(3,070,028)	-	(3,070,028)
Balance, December 31, 2019	$ 10,380,189	$ 47,629,467	$ 58,009,656

Note 8 - Lease Commitments

CFBQ leases space for its Brooklyn, New York office under a lease that is due to expire on September 30, 2027. The commitments are as follows:

Years Ending December 31:		
2020	$	60,283
2021		61,640
2022		63,026
2023		64,445
2024		65,895
Thereafter		188,807
	$	504,096

Rent expense was $83,885 for the year ended December 31, 2019.

Note 9 - Multiemployer Plans

CFBQ contributes to the Diocese of Brooklyn Pension Plan (the "Plan") , a multiemployer defined benefit pension plan, under the terms of a participation agreement for its employees. The risks of participating in this multiemployer plan are different from a single-employer plan in the following aspects:

a. Assets contributed to the plan by one employer may be used to provide benefits to employees of other participating employers.

b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

c. If CFBQ chooses to stop participating in its multiemployer plan, then it may be required to pay an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

CFBQ's participation in this plan for the annual period ended December 31, 2019, is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employer Identification Number ("EIN"). There have been no significant changes that affect the comparability of 2018 and 2019 contributions.

Plan information for the Diocese of Brooklyn Pension Plan is not publicly available. The Plan provides fixed, monthly retirement payments on the basis of the credits earned by the participating employees. To the extent that the Plan is underfunded, the future contributions to the Plan may increase and may be used to fund retirement benefits for employees related to other employers who have ceased operations. CFBQ could be assessed a withdrawal liability in the event that it decides to cease participating in the Plan. The Plan's assets as of January 1, 2019 indicated total assets of approximately $445,000,000; total actuarial present value of accumulated plan benefits of approximately $683,000,000; and total contributions for all participating employers of $12,889,598. The Plan's actuarial valuation report indicates that the Plan was 63.3 percent funded at December 31, 2019.

Note 9 - Multiemployer Plans (cont'd.)

Pension Fund	EIN/ Pension Plan Number	Pension Protection Act Zone Status	FIP/RP Status Pending / Implemented	Contributions for the Year Ended December 31, 2019	Surcharge Imposed	Expiration Date of Collective - Bargaining Agreement
Roman Catholic Diocese of Brooklyn Lay Pension Plan	13-3795042	N/A	N/A	$ 69,997	N/A	N/A

Note 10 - Availability and Liquidity

The following represents CFBQ's financial assets as of December 31, 2019, reduced by amounts not available for general use within one year. Total financial assets available to meet cash needs for general expenditures within one year at December 31, 2019 are as follows:

Financial assets at year-end:	
Cash and cash equivalents	$ 28,799,993
Investments	59,558,544
Contributions and pledges receivable, net	16,069,316
Total financial assets	104,427,853
Less amounts not available to be used within one year:	
Net assets with donor restrictions	(65,605,151)
Funds held as agency endowments	(27,052,405)
Board designations	(1,688,606)
Receivables scheduled to be collected in more than one year	(7,797,420)
Total amounts not available to be used within one year	(102,143,582)
Financial assets available to meet cash needs for general expenditures within one year	$ 2,284,271

CFBQ's goal is to maintain financial assets to meet one year of operating expenses. As part of its liquidity management, CFBQ's management has a policy to structure financial assets to be available as general expenditures, liabilities and other obligations come due.

Note 11 - Subsequent Events

CFBQ has evaluated all events or transactions that occurred after December 31, 2019 through June 9, 2020, which is the date that the financial statements were available to be issued. During this period, there were no material subsequent events requiring disclosure, except for the following:

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact the collection of receivables, the valuation of the investments and the recognition of contribution income. Other financial impact could occur, though such potential impact is unknown at this time.