

CATHOLIC FOUNDATION FOR BROOKLYN AND QUEENS
FINANCIAL STATEMENTS
DECEMBER 31, 2024

CATHOLIC FOUNDATION FOR BROOKLYN AND QUEENS

CONTENTS

	<u>Page</u>
<u>Independent Auditors' Report</u>	1-2
<u>Financial Statements</u>	
Statement of Financial Position at December 31, 2024	3
Statement of Activities for the Year Ended December 31, 2024	4
Statement of Functional Expenses for the Year Ended December 31, 2024	5
Statement of Cash Flows for the Year Ended December 31, 2024	6
Notes to Financial Statements	7-18



INDEPENDENT AUDITORS' REPORT

To The Board of Directors
Catholic Foundation for Brooklyn and Queens
Brooklyn, New York

Opinion

We have audited the accompanying financial statements of Catholic Foundation for Brooklyn and Queens, which comprise the statement of financial position at December 31, 2024, and the related statements of activities, functional expenses and cash flows for the year 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 Catholic Foundation for Brooklyn and Queens at December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Catholic Foundation for Brooklyn and Queens and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 the 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 Catholic Foundation for Brooklyn and Queens' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 judgment 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 risks 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 Catholic Foundation for Brooklyn and Queens' 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 Catholic Foundation for Brooklyn and Queens' 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.

Grassi & Co., CPAs, P.C.

GRASSI & CO., CPAs, P.C.

Jericho, New York
April 11, 2025

CATHOLIC FOUNDATION FOR BROOKLYN AND QUEENS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024

ASSETS

Cash and cash equivalents	\$ 27,607,374
Investments	3,845,770
Restricted investments	57,912,382
Contributions and pledges receivable, net	3,033,550
Grants receivable, net	979,529
Due from Futures in Education	173,007
Prepaid expenses and other assets	575,661
Operating lease right-of-use assets	<u>179,573</u>
 TOTAL ASSETS	 <u><u>\$ 94,306,846</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES:	
Accrued expenses	\$ 543,895
Annual Catholic Appeal payable	8,016,672
Grants payable	1,465,356
Operating lease liabilities	216,294
Funds held as agency endowments	<u>4,779,765</u>
 Total Liabilities	 <u>15,021,982</u>
 COMMITMENTS AND CONTINGENCIES	
NET ASSETS:	
Without donor restrictions:	
Operating	9,982,734
Board designated	<u>3,136,130</u>
Total without donor restrictions	13,118,864
 With donor restrictions:	
Purpose restricted	8,253,618
Endowments	<u>57,912,382</u>
 Total Net Assets	 <u>79,284,864</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 94,306,846</u></u>

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, 2024

	Without Donor Restrictions		With Donor Restrictions		
	Operating	Board Designated	Purpose Restricted	Endowments	Total
REVENUE, GAINS AND SUPPORT:					
Investment income, net	\$ 780,782	\$ 96,970	\$ 375,838	\$ 5,009,508	\$ 6,263,098
Contributions	4,293,817	-	293,755	1,647,081	6,234,653
Contributions - Annual Catholic Appeal	-	-	10,846,187	-	10,846,187
Grant income	-	-	3,600,000	-	3,600,000
Fundraising events, net of direct costs of \$107,979	170,651	-	100,000	-	270,651
Management fee income	1,277,214	-	-	-	1,277,214
Other fees	814,765	-	-	-	814,765
Net assets released from donor restrictions	19,816,508	-	(14,540,866)	(5,275,642)	-
Total Revenue, Gains and Support	27,153,737	96,970	674,914	1,380,947	29,306,568
EXPENSES:					
Program service - charitable grant making	15,958,518	1,705,692	-	-	17,664,210
Supporting services:					
Management and general	973,852	-	-	-	973,852
Fundraising	1,378,052	-	-	-	1,378,052
Total Expenses	18,310,422	1,705,692	-	-	20,016,114
CHANGE IN NET ASSETS BEFORE OTHER CHANGES	8,843,315	(1,608,722)	674,914	1,380,947	9,290,454
BOARD DESIGNATION - GRANK MAKING	(3,822,759)	3,822,759	-	-	-
CHANGE IN NET ASSETS	5,020,556	2,214,037	674,914	1,380,947	9,290,454
NET ASSETS:					
Beginning of year	4,962,178	922,093	7,578,704	56,531,435	69,994,410
End of year	\$ 9,982,734	\$ 3,136,130	\$ 8,253,618	\$ 57,912,382	\$ 79,284,864

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, 2024

	Program Service	Supporting Services		Direct Costs	
	Charitable Grant Making	Management and General	Fundraising	of Special Events	Total
Charitable grant making	\$ 5,726,673	\$ -	\$ -	\$ -	\$ 5,726,673
Charitable grant making - Annual Catholic Appeal	9,305,517	-	-	-	9,305,517
Salaries	488,691	464,112	769,530	-	1,722,333
Fringe benefits	93,130	156,398	231,190	-	480,718
Professional fees	1,121,602	247,563	26,255	-	1,395,420
Occupancy	34,070	26,933	44,656	-	105,659
Printing and postage	645,273	885	28,763	-	674,921
Office expenses	78,692	77,305	5,064	-	161,061
Contribution expense	1,284	656	168,427	-	170,367
Advertising	86,400	-	63,761	-	150,161
Bad debt	-	-	500	-	500
Catering and facility rental	82,878	-	39,906	107,979	230,763
Total Expenses	17,664,210	973,852	1,378,052	107,979	20,124,093
Direct costs of special events	-	-	-	(107,979)	(107,979)
Total Expenses Reported by Function on the Statement of Activities	<u>\$ 17,664,210</u>	<u>\$ 973,852</u>	<u>\$ 1,378,052</u>	<u>\$ -</u>	<u>\$ 20,016,114</u>

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, 2024

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 9,290,454
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Net unrealized and realized gain on investments	(5,489,325)
Contributions restricted for endowments	(1,647,081)
Noncash lease expense	62,953
Bad debt expense	500
Reduction in annuity payable	(1,265,217)
Changes in operating assets and liabilities:	
Contributions and pledges receivable, net	(3,023,475)
Grants receivable, net	1,620,471
Due from Futures in Education	66,805
Prepaid expenses and other assets	(60,199)
Accrued expenses	(24,521)
Annual Catholic Appeal payable	182,779
Grants payable	66,107
Operating lease liabilities	(73,356)
Funds held as agency endowments	<u>(1,748,087)</u>
Net Cash Used In Operating Activities	<u>(2,041,192)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales of investments	3,730,155
Collections of loan receivables	<u>723,333</u>
Net Cash Provided By Investing Activities	<u>4,453,488</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Contributions restricted for endowments	<u>1,647,081</u>
Net Cash Provided By Financing Activities	<u>1,647,081</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS 4,059,377

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 23,547,997

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 27,607,374

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

CATHOLIC FOUNDATION FOR BROOKLYN AND QUEENS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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 financially support 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 contributions 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

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").

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 the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurement*, which exempts investments measured using the net asset value ("NAV") practical expedient from categorization within the fair value hierarchy.

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

CATHOLIC FOUNDATION FOR BROOKLYN AND QUEENS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

Contributions, Pledges, and Grants 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 at December 31, 2024 are due within one year.

Grants receivable as of December 31, 2024 are due in the following periods:

Years Ending December 31:

2025	\$ 500,003
2026	500,002
	<hr/> 1,000,005
Less: Discount to net present value at 4.27%	<hr/> (20,476)
	<hr/> <u>\$ 979,529</u>

Allowance for Doubtful Accounts

CFBQ determines whether an allowance for doubtful accounts should be provided for contributions, pledges, and grants receivable. Such estimates are based on management's assessment of the aged basis of the receivables, current economic conditions and historical information. Receivables 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 adjusted based upon management's estimate of future credit losses as of December 31, 2024. CFBQ has recorded an allowance for doubtful accounts of \$2,500,000 on contributions and pledges receivable at December 31, 2024.

Grants Payable

Unconditional grant distributions authorized but unpaid at year-end are reported as liabilities and are expected to be paid in the next year. Conditional grant distributions are not included in grants payable until conditions are substantially met.

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. Total amounts raised cumulatively through the campaign represent 111 various agency endowment funds. At December 31, 2024, CFBQ had a remaining balance of \$4,779,765, net of allowances, as funds held for agency endowments.

CATHOLIC FOUNDATION FOR BROOKLYN AND QUEENS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

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, 2024, the board of directors designated \$3,136,130 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).

Contributions and Grants

Contributions and grants 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 and grant is recognized as follows:

<u>Nature of the Gift</u>	<u>Value Recognized</u>
<u>Conditional gifts, with or without restriction</u>	
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
<u>Unconditional gifts, with or without restriction</u>	
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 donor 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.

CATHOLIC FOUNDATION FOR BROOKLYN AND QUEENS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

Annual Catholic Appeal Contributions

CFBQ administers the Annual Catholic Appeal (“ACA”). This includes both the collection of pledges and the distribution of the amount collected. Contributions received, net of related expenses, are restricted for purpose and released in the same year for charitable grant making.

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 CFBQ expects to receive in exchange for providing the support and services. CFBQ bills for the services as they are performed or when it has completed its portion of the contract, on a monthly basis. Receivables are due in full when billed, and revenue is recognized as performance obligations are satisfied.

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.

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. 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:

<u>Expense</u>	<u>Method of Allocation</u>
Grants	Time and effort
Salaries and benefits	Time and effort
Occupancy	Square footage
Professional fees	Full-time equivalent
Printing	Full-time equivalent
Other	Time and effort

Accounting for Uncertainty in Income Taxes

CFBQ has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

CATHOLIC FOUNDATION FOR BROOKLYN AND QUEENS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

Leases

Under FASB ASC Topic 842, *Leases*, CFBQ applies a two-model approach to all leases in which CFBQ is a lessee and classifies leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by CFBQ. Lease classification is evaluated at the inception of the lease agreement. Regardless of classification, CFBQ records a right-of-use asset and a lease liability for all leases with a term greater than 12 months.

In order to calculate the lease liability, certain assumptions related to lease terms and discount rates are made. Renewal options are evaluated in the determination of lease terms. When available, CFBQ uses the rate implicit in the lease or a borrowing rate based on similar debt to discount lease payments to present value. However, when a lease does not provide a readily determinable implicit rate, and CFBQ's existing debt does not have similar terms, CFBQ uses the U.S. Treasury rate constant maturity at each lease commencement date to discount lease payments. At December 31, 2024, CFBQ applied a discount rate of 1.64%.

CFBQ recognizes amortization of the right-of-use assets separately from interest on the lease liability for all finance leases. Operating lease expense is recognized on a straight-line basis over the term of the lease.

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, 2024 is as follows:

Compostela Funds:

Equities	\$ 40,021,411
Bonds	<u>21,736,741</u>
	<u><u>\$ 61,758,152</u></u>

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.

In accordance with FASB ASC Subtopic 820-10, investments in the Fund that are 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, 2024:

		<u>Valuation Technique</u>	<u>Range of Inputs</u>
Compostela Funds	<u>\$ 61,758,152</u>	NAV	N/A

CATHOLIC FOUNDATION FOR BROOKLYN AND QUEENS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 3 - Investments (cont'd.)

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, 2024, purpose restricted net assets consist of the following:

Youth Ministry Initiative	\$ 3,486,762
Other donor-restricted funds	<u>4,766,856</u>
	<u><u>\$ 8,253,618</u></u>

At December 31, 2024, 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	2,933,600
The Pope John Paul II for Lay Leadership Formation	4,000,000
The Archbishop Thomas E. Molloy Fund for Senior and Infirm Priests	7,510,640
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	12,000,228
Accumulated earnings	<u>6,836,676</u>
	<u><u>\$ 57,912,382</u></u>

CATHOLIC FOUNDATION FOR BROOKLYN AND QUEENS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

Net Assets Released from Restrictions

For the year ended December 31, 2024, net assets released from restrictions consist of the following:

	Purpose Restricted	Endowments
The Bishop John Loughlin Fund for Religious Education and Evangelization	\$ -	\$ 453,633
The Bishop Charles McDonnell Fund for Vocations	-	327,446
The Pope John Paul II for Lay Leadership Formation	-	516,651
The Archbishop Thomas E. Molloy Fund for Senior and Infirm Priests	-	912,419
The Bishop Francis J. Mugavero Fund for the Elderly	-	584,469
The Saint Charles Barromeo Fund for Training and Development of Priests	-	258,550
The Cathedral Preparatory Seminary Fund	-	13,378
The Catholic Charities, Diocese of Brooklyn Fund	-	10,503
The Bishop Loughlin Memorial High School Fund	-	56,895
The Bishop Thomas Daily Fund for Migration Affairs	-	194,619
The Archbishop Bryan J. McEntegart Fund for Catholic Education	-	1,241,307
Youth Ministry Initiative	868,928	-
Annual Catholic Appeal	11,038,625	-
Other restricted	2,633,313	705,772
	<u>\$ 14,540,866</u>	<u>\$ 5,275,642</u>

Note 5 - Concentration of Credit Risk

CFBQ maintains cash balances in several financial institutions. Such balances are insured by the Federal Deposit Insurance Corporation ("FDIC") for up to \$250,000 per institution. At December 31, 2024, and from time to time during the year then ended, CFBQ's balances exceeded these limits.

Note 6 - Youth Ministry Grants Payable

CFBQ provides grants to various parishes within the Diocese of Brooklyn through its Catholic Youth Ministry Initiative program. The grant awards are paid over time, as conditions outlined in the grant award are met. The conditions are reviewed by CFBQ semi-annually. As the conditions are met, CFBQ releases funds from purpose restricted net assets to provide funding to the parishes. At December 31, 2024, conditional grants awards not included in the statement of financial position totaled \$1,399,135. This amount is estimated to be paid over the next four years to the parishes within the Diocese of Brooklyn.

CATHOLIC FOUNDATION FOR BROOKLYN AND QUEENS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 6 - Youth Ministry Grants Payable (cont'd.)

The following represents the anticipated future commitment at December 31, 2024:

<u>Distribution Period</u>	<u># of Parishes</u>	<u>Amount</u>
2024-2025	57	\$ 542,260
2025-2026	37	487,500
2026-2027	23	305,625
2027-2028	8	63,750
		<u>\$ 1,399,135</u>

Note 7 - Grant Expense

The following grants were awarded for the year ended December 31, 2024:

The Bishop John Loughlin Fund for Religious Education and Evangelization	\$ 175,510
The Bishop Charles McDonnell Fund for Vocations	115,180
The Pope John Paul II for Lay Leadership Formation	200,000
The Archbishop Thomas E. Molloy Fund for Senior and Infirm Priests	333,505
The Bishop Francis J. Mugavero Fund for the Elderly	226,017
The Saint Charles Barromeo Fund for Training and Development of Priests	100,000
The Bishop Thomas Daily Fund for Migration Affairs	75,344
The Archbishop Bryan J. McEntegart Fund for Catholic Education	480,136
Other donor-restricted funds	<u>4,020,981</u>
	<u>\$ 5,726,673</u>

Note 8 - 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.

CATHOLIC FOUNDATION FOR BROOKLYN AND QUEENS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 8 - Endowment Funds (cont'd.)

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.

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, 2024:

	Accumulated Earnings	Original Donor Gift	Total
Balance, January 1, 2024	\$ 7,029,810	\$ 49,501,625	\$ 56,531,435
Net unrealized gains	5,379,810	-	5,379,810
Investment management fees	(370,302)	-	(370,302)
Contributions	-	1,647,081	1,647,081
Appropriations	(5,202,642)	(73,000)	(5,275,642)
Balance, December 31, 2024	<u>\$ 6,836,676</u>	<u>\$ 51,075,706</u>	<u>\$ 57,912,382</u>

CATHOLIC FOUNDATION FOR BROOKLYN AND QUEENS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 9 - Lease Commitments

CFBQ's right-of-use assets and lease liabilities primarily relate to office space.

Lease components in CFBQ's leases are accounted for following the guidance in ASC 842 for the capitalization of long-term leases. At December 31, 2024, the lease liability is equal to the present value of the remaining lease payments, discounted using the U.S. Treasury rate constant maturity at each lease commencement date.

Lease activity for the year ended December 31, 2024 was as follows:

Operating lease cost	\$ 67,156
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 77,559
Weighted-average remaining lease term - operating leases	2.75 years
Weighted-average discount rate - operating leases	1.64%

Future minimum lease payments as of December 31, 2024 are as follows:

<u>Years Ending December 31:</u>	
2025	\$ 79,142
2026	80,761
2027	61,496
Total future minimum undiscounted lease payments	221,399
Less: amount representing interest	(5,105)
Total lease liabilities	\$ 216,294

Note 10 - Retirement Plans

Multiemployer Plan

CFBQ contributes to the Roman Catholic Diocese of Brooklyn Lay Employee 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.

CATHOLIC FOUNDATION FOR BROOKLYN AND QUEENS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 10 - Retirement Plans (cont'd.)

Multiemployer Plan (cont'd.)

CFBQ's participation in this Plan for the year ended December 31, 2024, 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 2024 and 2023 contributions.

Plan information for the 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 stop participating in the Plan.

Benefits under the Plan were frozen on December 31, 2021, and employees are not accruing additional benefits.

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status	FIP/RP Status Pending/ Implemented	Contributions for the Year Ended December 31, 2024	Surcharge Imposed	Expiration Date of Collective-Bargaining Agreement
Roman Catholic Diocese of Brooklyn Lay Employee Pension Plan	13-3795042	N/A	N/A	<u>\$ 39,532</u>	N/A	N/A

Defined Contribution Plan

CFBQ has a federally qualified Internal Revenue Code Section 403(b) defined contribution plan covering substantially all employees who meet certain eligibility requirements. All employees are eligible to participate in this plan but must have been employed with CFBQ for at least one year, be 21 years of age and work a minimum of 17.5 hours weekly in order to receive employer-based contributions. The amount contributed to the plan is a fixed percentage of participants' compensation. The plan expense amounted to \$46,009 for the year ended December 31, 2024.

CATHOLIC FOUNDATION FOR BROOKLYN AND QUEENS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note 11 - Availability and Liquidity

The following represents CFBQ's financial assets available to meet cash needs for general expenditures within one year at December 31, 2024, reduced by amounts not available for general use within one year:

Financial assets at year-end:

Cash and cash equivalents	\$ 27,607,374
Investments	61,758,152
Contributions and pledges receivable, net	3,033,550
Grants receivable, net	979,529
Total financial assets	<u>93,378,605</u>

Less amounts not available to be used within one year:

Receivables due in more than one year	(500,002)
Net assets with donor restrictions	(66,166,000)
Funds held as agency endowments	(4,779,765)
Board designations	<u>(3,136,130)</u>
Total amounts not available to be used within one year	<u>(74,581,897)</u>

Financial assets available to meet cash needs for
general expenditures within one year

\$ 18,796,708

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 12 - Subsequent Events

CFBQ has evaluated all events or transactions that occurred after December 31, 2024 through April 11, 2025, which is the date that the financial statements were available to be issued. During this period, there were no material subsequent events requiring disclosure.