

**THE FOUNDATION OF THE ROMAN CATHOLIC  
DIOCESE OF ALBANY, NEW YORK, INC.**

**Financial Statements as of  
June 30, 2022 and 2021  
Together with  
Independent Auditor's Report**

**Bonadio & Co., LLP**  
Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

May 11, 2023

To The Most Reverend Edward B. Scharfenberger  
and the Board of Trustees of The Foundation of the Roman Catholic Diocese  
of Albany, New York, Inc.:

### Opinion

We have audited the accompanying financial statements of The Foundation of the Roman Catholic Diocese of Albany, New York, Inc. (the Foundation) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, cash flows, and functional expenses, 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 The Foundation of the Roman Catholic Diocese of Albany, New York, Inc. as of June 30, 2022 and 2021, 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 The Foundation of the Roman Catholic Diocese of Albany, New York, Inc. 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.

### Uncertainties Regarding the Future Outcome of Litigation

As discussed in Note 8 to the financial statements, the Roman Catholic Diocese of Albany, New York (the Diocesan Corporation) and the Foundation are the subject of material claims associated with alleged inappropriate conduct on the part of individuals which the Diocesan Corporation and the Foundation may have had or have a relationship. The ultimate outcome of any lawsuits related to these claims cannot presently be determined, and consequently their financial impact, if any, on the Foundation is unknown. Accordingly, no provision for any liability that may result has been made in the financial statements. Nevertheless, due to uncertainties with these claims and related lawsuits, it is at least reasonably possible that management's view of the outcome will change in the near term. Our opinion is not modified with respect to that matter.

### 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.

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## **INDEPENDENT AUDITOR'S REPORT**

(Continued)

### **Responsibilities of Management for the Financial Statements (Continued)**

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 The Foundation of the Roman Catholic Diocese of Albany, New York, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **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 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 The Foundation of the Roman Catholic Diocese of Albany, New York, Inc.'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 The Foundation of the Roman Catholic Diocese of Albany, New York, Inc.'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.

**THE FOUNDATION OF THE ROMAN CATHOLIC DIOCESE OF  
ALBANY, NEW YORK, INC.**

**STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2022 AND 2021**

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	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 34,513	\$ 53,212
Investments	40,174,450	48,074,079
Accrued income	<u>140,745</u>	<u>143,152</u>
	<u>\$ 40,349,708</u>	<u>\$ 48,270,443</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 15,762	\$ 15,292
Donor funds	<u>32,461,074</u>	<u>39,123,273</u>
Total liabilities	<u>32,476,836</u>	<u>39,138,565</u>
<b>NET ASSETS:</b>		
Without donor restrictions	7,471,907	8,728,913
With donor restrictions	<u>400,965</u>	<u>402,965</u>
Total net assets	<u>7,872,872</u>	<u>9,131,878</u>
	<u>\$ 40,349,708</u>	<u>\$ 48,270,443</u>

The accompanying notes are an integral part of these statements.

**THE FOUNDATION OF THE ROMAN CATHOLIC DIOCESE OF  
ALBANY, NEW YORK, INC.**

**STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>WITHOUT DONOR RESTRICTIONS</b>		
REVENUE, GAINS AND OTHER SUPPORT:		
In-kind contributions from Diocesan Corporation	\$ 38,803	\$ 39,107
Administrative fees	184,487	184,006
Investment income (loss), net	(1,201,143)	1,843,336
Net assets released from donor restrictions	2,000	45,995
Miscellaneous income	<u>14,470</u>	<u>-</u>
Total revenue, gains, and other support	<u>(961,383)</u>	<u>2,112,444</u>
EXPENSES:		
Program:		
Distribution to Diocesan Corporation	152,000	256,800
Other grants	<u>85,000</u>	<u>131,995</u>
Total program	237,000	388,795
General and administrative	<u>58,623</u>	<u>134,652</u>
Total expenses	<u>295,623</u>	<u>523,447</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(1,257,006)	1,588,997
<b>WITH DONOR RESTRICTIONS</b>		
Retired priest fund	-	3,800
Net assets released from with donor restrictions	(2,000)	(45,995)
Parish assistance fund	<u>-</u>	<u>2,750</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	(2,000)	(39,445)
CHANGE IN NET ASSETS	(1,259,006)	1,549,552
NET ASSETS - beginning of year	<u>9,131,878</u>	<u>7,582,326</u>
NET ASSETS - end of year	<u>\$ 7,872,872</u>	<u>\$ 9,131,878</u>

The accompanying notes are an integral part of these statements.

**THE FOUNDATION OF THE ROMAN CATHOLIC DIOCESE OF  
ALBANY, NEW YORK, INC.**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

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	<u>2022</u>	<u>2021</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (1,259,006)	\$ 1,549,552
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Losses (gains) on investments, net	1,345,852	(1,721,335)
Changes in:		
Parish assistance receivable	-	231,166
Accrued income	2,407	(23,446)
Accounts payable and accrued expenses	<u>470</u>	<u>(46,608)</u>
Net cash flow from operating activities	<u>89,723</u>	<u>(10,671)</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Net purchase of investments	<u>(108,422)</u>	<u>(84,510)</u>
Net cash flow from investing activities	<u>(108,422)</u>	<u>(84,510)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(18,699)	(95,181)
CASH AND CASH EQUIVALENTS - beginning of year	<u>53,212</u>	<u>148,393</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 34,513</u>	<u>\$ 53,212</u>

The accompanying notes are an integral part of these statements.

**THE FOUNDATION OF THE ROMAN CATHOLIC DIOCESE OF  
ALBANY, NEW YORK, INC.**

**STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>Program</u>	<u>General and Administrative</u>	<u>2022 Total</u>
Donations	\$ 237,000	\$ -	\$ 237,000
Salaries	-	32,458	32,458
Professional fees	-	14,973	14,973
Advertising	-	4,608	4,608
Benefits	-	3,183	3,183
Payroll taxes	-	3,163	3,163
Office supplies	-	206	206
Bank fees	-	32	32
	<u>\$ 237,000</u>	<u>\$ 58,623</u>	<u>\$ 295,623</u>

	<u>Program</u>	<u>General and Administrative</u>	<u>2021 Total</u>
Donations	\$ 388,795	\$ -	\$ 388,795
Bad debt expense	-	55,536	55,536
Salaries	-	32,474	32,474
Professional fees	-	30,300	30,300
Office supplies	-	8,737	8,737
Benefits	-	4,206	4,206
Payroll taxes	-	2,428	2,428
Consulting services	-	755	755
Advertising	-	189	189
Bank fees	-	27	27
	<u>\$ 388,795</u>	<u>\$ 134,652</u>	<u>\$ 523,447</u>

The accompanying notes are an integral part of these statements.

# THE FOUNDATION OF THE ROMAN CATHOLIC DIOCESE OF ALBANY, NEW YORK, INC.

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022, AND 2021

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### 1. THE ORGANIZATION

The Foundation of the Roman Catholic Diocese of Albany, New York, Inc. (the Foundation) was created in February 1995 by the Bishop of Albany. The Foundation's mission is to receive and administer gifts and bequests made for the benefit of the Roman Catholic Diocese of Albany, New York (Diocesan Corporation) and certain affiliates. In addition, the Foundation acts as a long-term investment vehicle for various Catholic organizations within the geographical boundaries of the Roman Catholic Diocese of Albany by providing an opportunity for individuals and organizations to ensure the ongoing and long-term financial stability and vitality of the Diocese's various Catholic entities.

The Foundation fulfills its mission by:

- Seeking endowment funds, quasi-endowment funds, and current funds, which foster and support the programs, services, aims, and goals of the Church of Albany;
- Assisting parishes, schools, service organizations, and other Catholic organizations in meeting their ongoing and long-term financial needs;
- Assisting donors in achieving their charitable and financial goals;
- Providing responsible and effective financial management of Foundation investments, thus relieving leaders and administrators of a portion of their funding and funds management efforts; and
- Distributing net earnings and income according to the wishes of participating entities, donors, and the distribution policy of the Foundation.

Currently, and as further described in Note 2, the Foundation's primary activity is to receive, invest, and disburse contributions received on behalf of various religious and nonprofit organizations in the Diocese, as a long-term investment vehicle for those organizations.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Accounting**

The Foundation's financial statements have been prepared in accordance with accounting principles generally accepted in the United States. Net assets and support, revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets without donor restrictions are amounts not subject to donor-imposed stipulations and are available for operations.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Use of Estimates**

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenue and expenses during the reporting period. Items subject to such estimates and assumptions include the valuation of investments and accounts receivable. Actual results could differ from those estimates.

### **Cash and Cash Equivalents**

The Foundation considers all bank demand deposit accounts, money market funds and highly liquid debt instruments with an original maturity of less than three months to be cash equivalents. The Foundation's cash balances may at times exceed federally insured limits. The Foundation has not experienced any losses in these accounts and believes it is not exposed to any significant risk with respect to cash and cash equivalents.

### **Due from Affiliates**

Amounts due from affiliates are stated net of an allowance for doubtful accounts, when applicable. As of June 30, 2022 and 2021, an allowance for doubtful accounts was recorded for a promissory note receivable from one affiliate (see Note 4).

### **Parish Assistance Fund Receivable, Net**

Parish assistance fund receivables are stated net of an allowance for doubtful accounts in the amount of \$95,641 and \$119,025 as of June 30, 2022 and 2021, respectively.

### **Investments**

All investments have been reported in the financial statements at fair value, except for certain investments which are stated at Net Asset Value (NAV). Fair value represents the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date. Financial instruments measured and reported at fair value are classified and disclosed in one of the following categories based on the lowest level input that is significant to the fair value measurement in its entirety.

- Level 1 inputs are quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities.

The Foundation's equities and money market funds are primarily valued utilizing Level 1 inputs.

- Level 2 inputs are observable prices that are based on inputs not quoted in active markets but corroborated by market data.

The Foundation's fixed income bonds and foreign bonds are valued utilizing Level 2 inputs.

- Level 3 inputs are unobservable inputs that are used when little or no market data is available.

The Foundation does not have any investments utilizing Level 3 inputs.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Investments (Continued)**

Fair values for securities, including mutual funds and corporate equity securities, are based on quoted market prices or dealer quotes, where available. When quoted market prices are not available, including fixed income and foreign bonds, fair values are based on quoted market prices of comparable instruments or, when necessary, the Foundation utilizes matrix pricing from a third-party pricing vendor to determine fair value pricing. Matrix prices are based on quoted prices for securities with similar coupons, ratings, and maturities, rather than on specific bids and offers for the designated security. Shares in mutual funds are based on share values reported by the funds as of the last business day of the fiscal year.

Net investment income earned on amounts received and invested on behalf of other organizations is recognized as an increase in investments with a corresponding increase in the donor funds liability. At June 30, 2022 and 2021, the Foundation held \$32,461,074 and \$39,123,273, respectively, in investments classified as donor funds. Income from investments other than donor funds, as well as realized and unrealized gains and losses on these investments is recognized in the accompanying statements of activities. The net increase or decrease in fair value during the year is included in investment income in the accompanying statements of activities, except those related to donor funds.

Investments are pooled and are assigned a unit value. Unit values are based on the market value of the investment to the total market value of the pool of investments held on behalf of the Foundation. Investment earnings are allocated between Foundation owned investments and managed donor funds on a monthly basis based on units held within the total pool of investments.

The Foundation utilizes the NAV reported by alternative investment fund managers, including common collective trust funds, as a practical expedient for determining the value of the investment (See Note 5). These investments are redeemable at NAV under the original terms of the subscription agreements and operations of the underlying funds. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. Due to the nature of the investments held by these funds, changes in market conditions and the economic environment may significantly impact the NAV of the funds and, consequently, the recorded value of the Foundation's interests in the funds.

Furthermore, changes to the liquidity provisions of the funds may significantly impact the value of the Foundation's interest in the funds. Additionally, although certain investments may be sold in a secondary market transaction, subject to meeting certain requirements of the governing documents of the funds, the secondary market is not active and individual transactions are not necessarily observable. It is therefore reasonably possible that if the Foundation were to sell a fund in the secondary market, the sale could occur at an amount different from the reported value, and the difference could be material. The Foundation has no plans to sell a fund in a secondary market.

### **Donor Funds**

The Foundation manages investments on behalf of various religious and nonprofit organizations within the Diocese. All contributions received and corresponding investment returns thereon from such organizations are ultimately payable to those organizations in accordance with the donor's intentions net of any distributions previously made.

### **Financial Reporting**

In the accompanying financial statements, net assets that have similar characteristics have been combined into two net asset categories: without donor restrictions and with donor restrictions.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Financial Reporting (Continued)**

Net assets without donor restrictions include resources which are available for the support of the Foundation's operating activities.

As of June 30, 2022 and 2021, net assets with donor restrictions consists of funds to be used specifically for parish assistance and retired priest funds.

### **Contributed Services**

The Foundation receives contributions of services from the Diocesan Corporation. Contributed services are recorded at cost as in-kind contributions and expense in the statements of activities.

### **Revenue Recognition - Administrative Fees**

The Foundation earns an administrative fee for managing the investments held for other organizations within the Diocese. The administrative fee is calculated as one-half of 1% of the investment value. The Foundation records revenue in the period in which they satisfy performance obligations under contracts by transferring services to other entities. The Foundation's performance obligation is to manage the investments for these other entities. The performance obligation is satisfied over time on a monthly basis at which time the income is recognized. The Foundation recognizes revenue at amounts that reflect the consideration to which they expect to be entitled in exchange for services provided. The transaction price is based on established fees which the Foundation expects to fully collect. There are no implicit price concessions relating to these services as of June 30, 2022.

### **Functional Allocation of Expenses**

The costs of providing the Foundation's programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated amongst the programs and supporting services benefited. Expenses are allocated to program and supporting services based on time and effort and benefit received.

### **Income Taxes**

The Foundation is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income tax on related income.

### **Relationship to The Roman Catholic Diocese of Albany, New York and Other Catholic Sponsored Organizations**

The Foundation is affiliated with numerous other religious and nonprofit organizations sponsored by or affiliated with the Foundation. In addition, there are many other religious and nonprofit organizations in the United States that are sponsored by or affiliated with the Roman Catholic Church and other dioceses.

During the normal course of operations, the Foundation will have transactions and/or enter into agreements with several of these entities. All significant transactions with the Foundation are disclosed in the accompanying financial statements (see Note 4). In the opinion of management, the organizational structure of most other Catholic sponsored organizations does not satisfy the definition of controlled or affiliated entities under generally accepted accounting principles, and therefore, these other organizations are not considered related parties for financial statement reporting purposes.

### 3. LIQUIDITY

The Foundation is substantially supported by administrative fees and investment income. As of June 30, 2022 and 2021, the Foundation has the following liquid resources available to meet cash needs for general expenditure within one year of the statement of financial position date:

	<u>2022</u>	<u>2021</u>
Financial assets at June 30	\$ 40,349,708	\$ 48,270,443
Less: financial assets unavailable for general expenditures within one year:		
Donor funds liability included within investments	(32,461,074)	(39,123,273)
Net assets with donor restrictions	<u>(400,965)</u>	<u>(402,965)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 7,487,669</u>	<u>\$ 8,744,205</u>

Financial assets include cash and cash equivalents, investments, and accrued income. The Foundation's ability to meet its cash needs is dependent on continued contributions and investment market performance. The Foundation regularly monitors liquidity required to meet its operating needs.

### 4. RELATED PARTY TRANSACTIONS

Certain services are provided to the Foundation by the Diocesan Corporation. The Foundation has recorded the cost of these services provided as in-kind contributions and expense in the statements of activities. Such amounts were \$38,803 and \$39,107 for the years ended June 30, 2022 and 2021, respectively.

In July 2011, the Cathedral Restoration Corporation of Albany, New York entered into a promissory note with the Foundation for \$520,000, bearing interest at 4.75%, for the purpose of supporting the restoration of the Cathedral. During 2013, the agreement was amended to forgive future interest. During 2014, previously accrued interest and a principal payment of \$85,000 was received. The remaining balance on the promissory note is fully reserved as of June 30, 2022 and 2021.

## 5. INVESTMENTS

The following tables set forth the Foundation's financial assets that were accounted for at fair value on a recurring basis at June 30, 2022 and 2021. Financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total June 30, 2022</u>
Money market funds	\$ 654,776	\$ -	\$ 654,776
Fixed income bonds	-	15,552,824	15,552,824
Equities	19,266,924	-	19,266,924
Foreign bonds	-	485,403	485,403
	<u>\$ 19,921,700</u>	<u>\$ 16,038,227</u>	35,959,927
Investments measured at fair value			35,959,927
Investments measured at net asset value			<u>4,214,523</u>
			<u>\$ 40,174,450</u>

  

	<u>Level 1</u>	<u>Level 2</u>	<u>Total June 30, 2021</u>
Money market funds	\$ 767,922	\$ -	\$ 767,922
Fixed income bonds	-	17,078,391	17,078,391
Equities	23,220,158	-	23,220,158
Foreign bonds	-	378,928	378,928
	<u>\$ 23,988,080</u>	<u>\$ 17,457,319</u>	41,445,399
Investments measured at fair value			41,445,399
Investments measured at net asset value			<u>6,628,680</u>
			<u>\$ 48,074,079</u>

There were no changes in valuation techniques during 2022 or 2021.

Investments at June 30, 2022 and 2021 are allocated between the following:

	<u>2022</u>	<u>2021</u>
Foundation investments	\$ 7,713,376	\$ 8,950,806
Donor funds	<u>32,461,074</u>	<u>39,123,273</u>
	<u>\$ 40,174,450</u>	<u>\$ 48,074,079</u>

## 5. INVESTMENTS (Continued)

Donor investments are subject to administrative and management fees by the Foundation and the Foundation's investment managers, respectively. Administrative fees are reported in the statements of activities. Investment management fees were \$28,702 and \$26,227 during 2022 and 2021, respectively, and are included in the statement of activities within investment income, net.

The following investments are valued at net asset value per share (unitized basis) as of June 30, 2022 and 2021:

	Fair Value at 6/30/22	Fair Value at 6/30/21	2022 Unfunded Commitments	2021 Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Investments in international equity fund	<u>\$4,214,523</u>	<u>\$6,628,680</u>	<u>\$ -</u>	<u>\$ -</u>	Daily	7 days

This actively managed fund is a commingled trust which focuses on large and mid-cap equities across global growth industries. The value of this investment has been estimated using the daily net asset value per share of the investments.

## 6. DONOR FUNDS

Donor funds represent amounts held by the Foundation in its capacity as long-term investment vehicle for other organizations within the Diocese.

Donor funds activity was as follows for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Donor funds - beginning of year	\$ 39,123,273	\$ 32,851,321
Additions and contributions	285,188	-
Net investment gain (loss)	(5,082,654)	7,915,070
Withdrawals and distributions	<u>(1,864,733)</u>	<u>(1,643,118)</u>
Donor funds - end of year	<u>\$ 32,461,074</u>	<u>\$ 39,123,273</u>

Distributions are determined annually, subsequent to year-end, based upon the Investment and Distribution Policy and spending rate approved by the Trustees. Approved spending rate was 5.0% for the fiscal years ended June 30, 2022 and 2021, respectively. The distribution policy allows for a minimum distribution of the lesser of the earned income amount or the calculated distribution utilizing the previous three fiscal years average quarterly market values of the individual donor fund accounts for those accounts, which have been specified by the donor. Distributions are calculated utilizing these specified spending rates in conjunction with the general distribution policies set by the Foundation.

## 7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions due to time or purpose at June 30 represent donated gifts of cash designated for the following purposes:

	<u>2022</u>	<u>2021</u>
Parish assistance fund	\$ 350,165	\$ 350,165
Retired priest funds	<u>50,800</u>	<u>52,800</u>
Donor funds - end of year	<u>\$ 400,965</u>	<u>\$ 402,965</u>

## 8. COMMITMENTS AND CONTINGENCIES

On February 14, 2019, New York State signed into law the Child Victims Act (CVA). As a result of the passage of the CVA, through the date these financial statements were available to be issued, the Diocesan Corporation along with other religious organizations and institutions have been named in over 400 CVA related claims. More specific to the Foundation, there are six claims naming the Foundation which are being actively defended. Aggregate demands for damages from these claims cannot be estimated at this time. During the timeframe of the alleged abuses the Diocesan Corporation had a combination of commercial insurance coverage and self-insurance programs. At present, the Diocesan Corporation and the Foundation are not certain as to the amount of commercial coverage available to assist it in meeting its obligations for these matters. Accordingly, it is possible the ultimate resolution of any litigation could have a material adverse impact on the Diocesan Corporation's and the Foundation's results of operations, liquidity, and financial position. The Diocesan Corporation was actively engaged in a mediation process to address and resolve these claims with oversight of the court. The Diocesan Corporation and the Foundation has and continues to work with its engaged coverage counsel to reach resolution. As the Diocesan Corporation has assets held with the Foundation on its behalf, it is possible that these funds could be withdrawn to meet the liquidity needs of the Diocesan Corporation in the near term.

## 9. SUBSEQUENT EVENTS

The Foundation considers events or transactions that occur after the statement of financial position date, but before the financial statements are issued, to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. These financial statements were available to be issued on May 11, 2023, and subsequent events have been evaluated through that date.

### **The Roman Catholic Diocese of Albany Reorganization**

On March 15, 2023, the Diocesan Corporation filed for reorganization under Chapter 11 of the United States Bankruptcy Code. The Foundation is separately incorporated corporation and is not part of this filing. Therefore, the financial impact of this reorganization to the Foundation, if any, cannot be readily determined as of the date these financial statements were issued.