

Vermont Catholic Community Foundation, Inc.

Financial Statements
(With Independent Auditors' Report)

June 30, 2019 and 2018

Vermont Catholic Community Foundation, Inc.
June 30, 2019 and 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Vermont Catholic Community Foundation, Inc.
South Burlington, Vermont

We have audited the accompanying financial statements of Vermont Catholic Community Foundation, Inc. (the "Foundation"), which comprise the statement of financial position as of June 30, 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 auditors' 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2019, the changes in its net assets, the statement of functional expenses and its statement of 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 (1) to the financial statements, in 2019, the Foundation adopted ASU 2016-14, *Not-for-Profits (topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The most significant provisions of the update address classification of net assets, liquidity and functional expense disclosures.

Report on Summarized Comparative Information

We have previously audited the Foundation's 2018 financial statements, and in our report dated August 29, 2018, we expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.



South Burlington, Vermont
August 23, 2019
VT. Reg. No. 92-349

Vermont Catholic Community Foundation, Inc.

Statements of Financial Position

For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and cash equivalents	\$ 126,899	\$ 73,089
Investments	17,689,801	14,567,521
Contributions receivable	<u>50,000</u>	<u>100,000</u>
Total assets	<u>\$ 17,866,700</u>	<u>\$ 14,740,610</u>
Liabilities and Net Assets		
Liabilities:		
Nonprofit organization funds	<u>\$ 17,457,191</u>	<u>\$ 14,359,484</u>
Total liabilities	<u>17,457,191</u>	<u>14,359,484</u>
Net Assets:		
Without donor restrictions	359,509	281,126
With donor restrictions	<u>50,000</u>	<u>100,000</u>
Total net assets	<u>409,509</u>	<u>381,126</u>
Total liabilities and net assets	<u>\$ 17,866,700</u>	<u>\$ 14,740,610</u>

See accompanying notes to the statements.

Vermont Catholic Community Foundation, Inc.
 Statements of Activities
 For the Years Ended June 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues						
Contributions	2,740,840	\$ -	\$ 2,740,840	6,833,482	\$ -	\$ 6,833,482
Less contributions to nonprofit organization funds	<u>(2,722,371)</u>	<u>-</u>	<u>(2,722,371)</u>	<u>(6,828,232)</u>	<u>-</u>	<u>(6,828,232)</u>
Net contributions	18,469	-	18,469	5,250	-	5,250
Net realized and unrealized gains on investments	19,009	-	19,009	11,861	-	11,861
In-kind services	-	-	-	96,710	-	96,710
Other income	89,208	-	89,208	69,886	-	69,886
Net assets released from restrictions	<u>50,000</u>	<u>(50,000)</u>	<u>-</u>	<u>50,000</u>	<u>(50,000)</u>	<u>-</u>
 Total revenue	 <u>176,686</u>	 <u>(50,000)</u>	 <u>126,686</u>	 <u>233,707</u>	 <u>(50,000)</u>	 <u>183,707</u>
Expenses						
Program expenses:						
Grants approved, net	737,418	-	737,418	642,239	-	642,239
Less grants from nonprofit organization funds	<u>(733,585)</u>	<u>-</u>	<u>(733,585)</u>	<u>(639,550)</u>	<u>-</u>	<u>(639,550)</u>
Net grants	3,833	-	3,833	2,689	-	2,689
Grant administration and related program activities	<u>16,529</u>	<u>-</u>	<u>16,529</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total program expenses	<u>20,362</u>	<u>-</u>	<u>20,362</u>	<u>2,689</u>	<u>-</u>	<u>2,689</u>
Supporting services:						
Management and general	34,981	-	34,981	85,314	-	85,314
Development	<u>42,960</u>	<u>-</u>	<u>42,960</u>	<u>8,395</u>	<u>-</u>	<u>8,395</u>
Total supporting services	<u>77,941</u>	<u>-</u>	<u>77,941</u>	<u>93,709</u>	<u>-</u>	<u>93,709</u>
 Total expenses	 <u>98,303</u>	 <u>-</u>	 <u>98,303</u>	 <u>96,398</u>	 <u>-</u>	 <u>96,398</u>
Change in net assets	78,383	(50,000)	28,383	137,309	(50,000)	87,309
Net assets - beginning of year	<u>281,126</u>	<u>100,000</u>	<u>381,126</u>	<u>143,817</u>	<u>150,000</u>	<u>293,817</u>
Net assets - end of year	<u>\$ 359,509</u>	<u>\$ 50,000</u>	<u>\$ 409,509</u>	<u>\$ 281,126</u>	<u>\$ 100,000</u>	<u>\$ 381,126</u>

See accompanying notes to the statements.

Vermont Catholic Community Foundation, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2019
(Summarized For the Year Ended June 30, 2018)

	<u>Program</u>	<u>Development</u>	<u>Management and General</u>	<u>2019 Total</u>	<u>2018 Summarized</u>
Disbursement expenses	\$ 2,471	\$ -	\$ -	\$ 2,471	\$ 2,689
Fund expenses	1,362	-	-	1,362	-
Legal fees	462	-	116	578	5,755
Professional fees	12,898	31,898	34,710	79,506	66,517
Supplies	697	697	155	1,549	13,042
Development expenses	-	6,462	-	6,462	8,395
Marketing expenses	-	3,903	-	3,903	-
Charitable gifts	2,472	-	-	2,472	-
	<u>20,362</u>	<u>42,960</u>	<u>34,981</u>	<u>98,303</u>	<u>96,398</u>
Total expenses	<u>\$ 20,362</u>	<u>\$ 42,960</u>	<u>\$ 34,981</u>	<u>\$ 98,303</u>	<u>\$ 96,398</u>

See accompanying notes to the statements.

Vermont Catholic Community Foundation, Inc.

Statements of Cash Flows

For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flow from Operating Activities:		
Change in net assets	\$ 28,383	\$ 87,309
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized gains on investments	(19,009)	(11,861)
Change in assets and liabilities		
Contributions receivable	50,000	50,000
Nonprofit organization funds	<u>3,097,707</u>	<u>6,948,883</u>
Net cash provided by operating activities	<u>3,157,081</u>	<u>7,074,331</u>
Cash Flow from Investing Activities:		
Purchases of investments	(7,860,722)	(12,420,938)
Proceeds from sale of investments	<u>4,757,451</u>	<u>5,419,696</u>
Net cash used in investing activities	<u>(3,103,271)</u>	<u>(7,001,242)</u>
Net change in cash and cash equivalents	53,810	73,089
Cash and cash equivalents, beginning of year	<u>73,089</u>	<u>-</u>
Cash and cash equivalents, end of year	<u>\$ 126,899</u>	<u>\$ 73,089</u>

See accompanying notes to the statements.

Vermont Catholic Community Foundation, Inc.

Notes to Financial Statements

June 30, 2019 and 2018

(1) Nature of Activities

The Vermont Catholic Community Foundation, Inc., (the “Foundation”) was incorporated under Vermont law on December 23, 2015. The Foundation was established to support and serve apostolic activities of the Catholic Church in Vermont and make grants to nonprofit organizations statewide that reflect the compassion of Christ in service to the community.

The Foundation has two types of funds:

- Donor-restricted endowment funds – funds restricted by purpose or time by the donor
- Funds functioning as endowments – funds designated by the Board of Directors (the “Board”) to function as endowments

Both the donor-restricted endowments and funds functioning as endowments are subject to variance power which allows the Foundation’s Board of Directors unilateral power to redirect the use of a donor’s contribution to a charitable purpose if conditions or circumstances are such or have so changed since a restriction by a donor as to purpose, manner of distribution, use, or investment was imposed that such restriction or condition is unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community or area served. The Board has adopted a policy describing the criteria and limited circumstances under which the Foundation would exercise this power.

(2) Summary of Significant Accounting Policies

(a) Method of Accounting

The financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America.

During 2019, the Foundation adopted ASU 2016-14, *Not-for-Profit Entities (Topic 958)*, which requires the Foundation to modify the financial statement presentation of not-for-profit organizations. Some of the key changes in the new standard reduces net asset classifications from three to two, increases disclosures over board-designated net assets, and requires new liquidity and availability disclosures in the notes to the financial statements.

(b) Financial Statement Presentation

The Foundation follows ASC 958-205, *Endowments of Not-For-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*, which sets forth the net asset classifications of donor-restricted endowment funds in accordance with the State of Vermont’s enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). This standard also requires additional disclosures concerning an organizations endowment funds whether or not the organization has funds that are subject to UPMIFA.

Vermont Catholic Community Foundation, Inc.

Notes to Financial Statements

June 30, 2019 and 2018

Summary of Significant Accounting Policies (continued)

Based on the review of the Foundation's governing documents and consistent with the guidance as outlined in UPMIFA, the Board classifies the endowment funds based on whether or not the donor restricts the access to the principal. If these restrictions will be satisfied with the passage of time, the net assets are classified as with donor restriction until appropriated, at which time the appropriation is reclassified to net assets without donor restrictions. If these restrictions are not satisfied with the passage of time, the Foundation would classify the net assets as with donor restrictions.

Based on the review of the restrictions associated with the Endowment Funds, the accounts of the Foundation are reported in the following net asset categories:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a long-term investment.

Net Assets with Donor Restrictions

Net assets with donor restrictions are subject to donor, or certain grantor, imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

(c) Investments and Spending Policy Guidance

The Foundation manages and invests the endowment funds in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. The Foundation considers the following factors as prescribed by UPMIFA in making a determination to appropriate or accumulate the endowment funds:

- The duration and preservation of a fund;
- The purpose of the organization and the donor designations thereto;
- General economic conditions;
- The possible effects of inflation and deflation;
- The expected total return of the charitable assets;
- Investments in securities that conflict with official moral and social teachings of the Roman Catholic Church;

Vermont Catholic Community Foundation, Inc.

Notes to Financial Statements

June 30, 2019 and 2018

Summary of Significant Accounting Policies (continued)

The Foundation has adopted investment and spending policies for the Endowment Funds that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the Endowment Funds. The Endowment Funds are invested in a manner to combine growth of capital with income through high-quality investments with risk controlled through diversification. The Foundation expects its Endowment Funds, over time, to have a cumulative annual total rate of return over a five-year moving average of a balanced market index comprised of 60% S&P 500 and 40% Barclays Intermediate Government / Credit Bond Index. In addition, over any market cycle (generally 3-5 years), the investments are expected to produce a net total return, after management fees, exceeding the Consumer Price Index by 4-5%. Actual returns in any given year may vary from this amount.

The structure of the Endowment Fund has been designed to maximize return with specified risk constraints. Investment objectives are intended to provide quantifiable benchmarks to measure and evaluate return and risk. Performance expectations will be monitored over a full market cycle generally defined as a three-to-five year time period. Shorter periods may be used to determine the trend of out-performance or deficiencies.

The Foundation anticipates it will make withdrawals during the course of each year that will aggregate approximately 3-5% of the total portfolio value.

To satisfy its long-term rate-of-return objectives, the Foundation considered the long-term expected return on its Endowment Funds. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its funds to grow at least at the annual rate of inflation plus yearly spending. This is consistent with the Foundation's objective to maintain the purchasing power of the Endowment Fund's assets held for a specified term as well as to provide additional real growth through new gifts and investment return.

The Foundation employs two investment strategies that support the intended use of the funds. Non perpetual care cemetery funds are invested as 50% S&P 500 funds, 10% international equities, and 40% Intermediate Government/Credit Bonds. Perpetual care cemetery funds are invested as 70% Fixed Income Treasury Portfolio and 30% S&P 500 funds.

The spending rates for the Endowment Funds range from 5% to 100% based on the nature of the fund type. Donor-advised funds and nonprofit organization funds comprise 98% of the Foundation's investment balance and are not subject to spending limitations as these funds can be advised by the fund representative to grant the full balance.

(d) Contributions

Unconditional contributions are recognized when pledged or received, as applicable, and are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions receivable expected to be collected in more than one year are discounted to their present value, if significant.

Vermont Catholic Community Foundation, Inc.

Notes to Financial Statements

June 30, 2019 and 2018

Summary of Significant Accounting Policies (continued)

The Foundation reports contributions of cash and other assets as with donor restrictions if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, with donor restriction net assets are reclassified to without donor restriction net assets and reported in the statements of activities as net assets released from restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

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

Contributions to establish new designated or existing designated funds are evaluated to determine if they should be recognized as a contribution or a liability. Criteria for this evaluation includes the source, purpose and likelihood that the funds will be paid out as designated.

(e) Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between willing market participants at the measurement date.

Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net realized and unrealized gains (losses) include the Foundation's gains and losses on investments bought and sold as well as held during the year. Management determines the Foundations' valuation policies and procedures utilizing information provided by investment advisors. Management reviews the valuation policies and procedures with the Foundation's Board of Directors.

(f) Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

(g) Cash and Cash Equivalents/ Credit Risk

Cash and cash equivalents are defined as currency and highly liquid investments with original maturities of 90 days or less. The Foundation maintains deposits in financial institutions that may, at times, exceed federal depository insurance limits. Management believes that the Foundation's deposits are held by high-quality financial institutions and are not subject to significant credit risk.

Vermont Catholic Community Foundation, Inc.

Notes to Financial Statements

June 30, 2019 and 2018

Summary of Significant Accounting Policies (continued)

(h) Nonprofit Organization Funds

The Foundation receives and distributes assets for funds that have been established by unrelated nonprofit organizations from their own resources for the sole purpose of supporting their organization's operations.

The Foundation offers two types of nonprofit organization funds, reserve and endowment. The nonprofit organization reserve fund allows the nonprofit full access to the fund balance, while the nonprofit organization endowment fund permits access to the full fund balance only under certain circumstances. A distribution of the nonprofit organization endowment fund balance beyond spending policy and closing of the fund is made only after detailed due diligence occurs to ensure the purpose and restrictions, if any, for which the nonprofit fund was established, are being maintained. Further, the Board of the Foundation needs to approve any such request for distribution.

Amounts received and distributed under these relationships totaled \$2,722,371 and \$733,586, respectively, for the year ended June 30, 2019 and \$6,828,232 and \$639,550, respectively, for the year ended June 30, 2018.

The amounts received but not yet distributed totaled \$17,457,191 and \$14,359,484 at June 30, 2019 and 2018, respectively.

The Foundation does not include the change in the value of the nonprofit organization funds' investments in the statements of activities and statements of cash flows.

(i) Subsequent Events

The Foundation evaluated subsequent events through August 23, 2019, the date the Foundation's financial statements were available to be used.

(j) Functional Expenses and Allocation of Shared Costs

The costs of program and supporting services activities have been summarized on a functional basis as a separate statement in the financial statements. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated on the basis of predetermined percentages include wages and benefits, insurance, utilities, rent, building maintenance, office expenses, bank charges, computer operations and depreciation.

Vermont Catholic Community Foundation, Inc.

Notes to Financial Statements

June 30, 2019 and 2018

Summary of Significant Accounting Policies (continued)

(k) Income Taxes

The Foundation is exempt from federal and state income tax as an organization described in Section 501(c)(5) of the Internal Revenue Code. However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income (such as magazine advertising and the sale of membership lists). The Foundation did not incur tax expense for the years ended June 30, 2019 and 2018.

(l) Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with United States generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2018 from which the summarized information was derived.

(m) Recently Issued Accounting Standards

In June 2018, the FASB issued ASU 2018-08, *Not-For-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies and improves the scope and accounting guidance for both contributions received and made to assist all entities in evaluating whether a transaction should be accounted for as a contribution or exchange transaction. This standard should be applied on a modified prospective basis. Retrospective application is permitted.

The new standard is effective for the Organization for fiscal years beginning after December 15, 2018, with early adoption permitted.

(3) Fair Value Measurements

Generally accepted accounting principles in the United States of America establishes a framework for measuring fair value. That framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Vermont Catholic Community Foundation, Inc.

Notes to Financial Statements

June 30, 2019 and 2018

Fair Value Measurements (continued)

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodology used at June 30, 2019:

Short-term investments: Investments consist of short-term treasury securities, checking accounts and money market holdings with daily liquidity.

Fixed income: Fixed income investments consist of both domestic and foreign issuances of debt instruments and include both government and corporate holdings including Treasury Inflation Protection Securities (TIPS). Also included in the fixed income asset class are mission-related community investment promissory notes that reflect debt agreements with Vermont-based community development financial institutions (CDFIs) community banks and other nonprofits. Management uses a discounted cash flow analysis to determine the fair value of these notes.

Equities: The Foundation accesses both domestic and international equities through mutual funds, commingled funds and separate accounts. Domestic and international equities, including international emerging market equities, accessed through mutual funds and separate accounts are listed securities traded on public exchanges, at various market capitalizations, and are priced daily by the underlying managers. Interest in both domestic and international equities, including international emerging markets, through commingled funds are valued using net asset value as determined by the investment manager of the fund.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Vermont Catholic Community Foundation, Inc.

Notes to Financial Statements

June 30, 2019 and 2018

Fair Value Measurements (continued)

The following tables sets forth by level, within the fair value hierarchy, the Foundation's investments at fair value as of June 30, 2019.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Short-term investments	\$ 184,785	\$ -	\$ -	\$ 184,785
Fixed income	-	7,516,521	-	7,516,521
Equities:				
Consumer Discr	1,224,166	-	-	1,224,166
Cons. Staples	762,185	-	-	762,185
Energy	533,154	-	-	533,154
Financials	2,065,484	-	-	2,065,484
Health Care	830,190	-	-	830,190
Industrials	1,034,918	-	-	1,034,918
Infor. Tech	1,971,927	-	-	1,971,927
Materials	275,277	-	-	275,277
Telecomm. Svcs	896,967	-	-	896,967
Utilities	<u>394,227</u>	<u>-</u>	<u>-</u>	<u>394,227</u>
 Total	 <u>\$ 10,173,280</u>	 <u>\$ 7,516,521</u>	 <u>\$ -</u>	 <u>\$ 17,689,801</u>

The following tables sets forth by level, within the fair value hierarchy, the Foundation's investments at fair value as of June 30, 2018.

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>	<u>Total</u>
Short-term investments	\$ 282,925	\$ -	\$ -	\$ 282,925
Fixed income	-	5,955,292	-	5,955,292
Equities:				
Consumer Discr	1,472,311	-	-	1,472,311
Cons. Staples	593,598	-	-	593,598
Energy	490,636	-	-	490,636
Financials	1,594,155	-	-	1,594,155
Health Care	756,372	-	-	756,372
Industrials	875,474	-	-	875,474
Infor. Tech	1,815,201	-	-	1,815,201
Materials	248,264	-	-	248,264
Telecomm. Svcs	219,164	-	-	219,164
Utilities	<u>264,129</u>	<u>-</u>	<u>-</u>	<u>264,129</u>
 Total	 <u>\$ 8,612,229</u>	 <u>\$ 5,955,292</u>	 <u>\$ -</u>	 <u>\$ 14,567,521</u>

Vermont Catholic Community Foundation, Inc.

Notes to Financial Statements

June 30, 2019 and 2018

(4) Contributions Receivable

The unconditional contributions receivable of \$50,000 as of June 30, 2019 is to be received in less than one year.

(5) Related Party Transactions

During the year ended June 30, 2018, the Foundation received in-kind administrative and accounting services from an organization who employs members on the Board of the Foundation and paid some expense on behalf of the Foundation. During 2018, the in-kind services were recognized in the statements of activities as a revenue and expense in the amount of \$96,710. During 2019, the Foundation paid all expenses and did not receive an in-kind donation. In addition, this same organization transferred \$1,500,000 during 2019 and \$3,533,021 during 2018 in assets representing contributions and beneficial interest liabilities.

(6) Net Assets With Donor Restrictions

Net assets with donor restrictions represent contributions that have time restrictions specified by the donor. At June 30, 2019 and 2018, net assets with donor restrictions are comprised of a pledge receivable in the amount of \$50,000 and \$100,000, respectively.

(7) Endowment

The Foundation's endowment includes both donor-restricted endowment funds and funds functioning as endowments (collectively called endowment funds). As described more fully in Note 1, net assets associated with endowment funds are classified and reported based on the existence or absence of donor or time restrictions.

Vermont Catholic Community Foundation, Inc.

Notes to Financial Statements

June 30, 2019 and 2018

Endowment (continued)

Endowment Net Assets

Endowment net asset composition by type of fund is as follows as of June 30, 2019 and 2018:

2019	Without Donor Restrictions	With Donor Restriction	Total
Donor-restricted endowments	\$ -	\$ 50,000	\$ 50,000
Funds functioning as endowments	<u>359,509</u>	<u>-</u>	<u>359,509</u>
Total	<u>\$ 359,509</u>	<u>\$ 50,000</u>	<u>\$ 409,509</u>
2018	Without Donor Restrictions	With Donor Restriction	Total
Donor-restricted endowments	\$ -	\$ 100,000	\$ 100,000
Funds functioning as endowments	<u>281,126</u>	<u>-</u>	<u>281,126</u>
Total	<u>\$ 281,126</u>	<u>\$ 100,000</u>	<u>\$ 381,126</u>

Changes in endowment net assets for the years ended June 30, 2019 are as follows:

	Unrestricted	Temporarily Restricted	Total
Endowment net assets - July 1, 2018	\$ 281,126	\$ 100,000	\$ 381,126
Investment return	<u>19,009</u>	<u>-</u>	<u>19,009</u>
Contributions	<u>18,469</u>	<u>-</u>	<u>18,469</u>
Appropriation of endowment assets for expenditure	<u>(98,303)</u>	<u>-</u>	<u>(98,303)</u>
Net assets released from restrictions	<u>50,000</u>	<u>(50,000)</u>	<u>-</u>
Other income	<u>89,208</u>	<u>-</u>	<u>89,208</u>
Endowment net assets - June 30, 2019	<u>\$ 359,509</u>	<u>\$ 50,000</u>	<u>\$ 409,509</u>

Vermont Catholic Community Foundation, Inc.

Notes to Financial Statements

June 30, 2019 and 2018

Endowment (continued)

Changes in endowment net assets for the years ended June 30, 2018 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Endowment net assets - July 1, 2017	\$ 143,817	\$ 150,000	\$ 293,817
Investment return	<u>11,863</u>	<u>-</u>	<u>11,863</u>
Contributions	<u>5,250</u>	<u>-</u>	<u>5,250</u>
Appropriation of endowment assets for expenditure	<u>(96,398)</u>	<u>-</u>	<u>(96,398)</u>
Net assets released from restrictions	<u>50,000</u>	<u>(50,000)</u>	<u>-</u>
Other income	<u>166,594</u>	<u>-</u>	<u>166,594</u>
Endowment net assets - June 30, 2018	<u>\$ 281,126</u>	<u>\$ 100,000</u>	<u>\$ 381,126</u>