



**THE CATHOLIC FOUNDATION OF CENTRAL FLORIDA, INC.**

Financial Statements

June 30, 2010 and 2009

(With Independent Auditors' Report Thereon)



**KPMG LLP**  
Suite 1600  
111 North Orange Avenue  
PO Box 3031  
Orlando, FL 32802-3031

## **Independent Auditors' Report**

The Board of Directors  
The Catholic Foundation of Central Florida, Inc.:

We have audited the accompanying statements of financial position of The Catholic Foundation of Central Florida, Inc. (the Foundation) as of June 30, 2010 and 2009, and the related statements of activities and changes in net assets, and statements of cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Catholic Foundation of Central Florida, Inc. as of June 30, 2010 and 2009, and the results of its operations and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

**KPMG LLP**

November 18, 2010  
Certified Public Accountants

**The Catholic Foundation of Central Florida, Inc.**  
**Statements of Financial Position**  
**June 30, 2010 and June 30, 2009**

	<b>June 2010</b>	<b>June 2009</b>
<i>Assets</i>		
Cash and cash equivalents	\$ 11,089,564	11,346,726
Leadership gifts receivable	4,562,045	3,743,534
Fundraising fees receivable	1,232,036	741,028
Deposits	2,425	9,671
Property and equipment	26,708	40,773
	<hr/>	<hr/>
<b>Total assets</b>	<b>\$ 16,912,778</b>	<b>15,881,732</b>
<i>Liabilities and net assets</i>		
<i>Liabilities</i>		
Indebtedness	\$ 194,165	1,157,452
Assets held for others	2,003,132	1,433,353
Accrued expenses	60,488	54,292
	<hr/>	<hr/>
Total liabilities	2,257,785	2,645,097
<i>Net assets</i>		
Unrestricted	2,823,702	2,484,903
Temporarily restricted	4,319,855	5,078,416
Permanently restricted	7,511,436	5,673,316
	<hr/>	<hr/>
	14,654,993	13,236,635
	<hr/>	<hr/>
<b>Total liabilities and net assets</b>	<b>\$ 16,912,778</b>	<b>15,881,732</b>

*See accompanying notes.*

(continued)

**The Catholic Foundation of Central Florida, Inc.**  
**Statements of Activities and Changes in Net Assets**  
**For the Years Ended June 30, 2010 and 2009**

	<b>June 2010</b>	<b>June 2009</b>
<b><i>Changes in unrestricted net assets:</i></b>		
Operating revenue and support		
Fundraising fees	\$ 2,175,113	1,715,219
Development and stewardship fees	600,000	600,000
Unrestricted leadership gifts	576,269	1,505,368
Interest income	27,633	22,615
Total operating revenue and support	3,379,015	3,843,202
Operating expenses		
Alive in Christ campaign	1,667,351	2,005,635
Our Catholic Appeal	546,939	725,686
Major and Planned Giving	159,780	121,825
Management and administration	666,146	591,187
Total operating expenses	3,040,216	3,444,333
	338,799	398,869
<b><i>Restricted asset distributions</i></b>		
Temporary restrictions expired	1,502,813	205,000
Temporarily restricted assets distributed	(1,502,813)	(205,000)
	338,799	398,869
<b><i>Changes in unrestricted net assets</i></b>	<b>338,799</b>	<b>398,869</b>
<b><i>Net unrestricted assets, beginning of the year</i></b>	<b>2,484,903</b>	<b>2,086,034</b>
<b><i>Net unrestricted assets, end of the year</i></b>	<b>\$ 2,823,702</b>	<b>2,484,903</b>
<b><i>Changes in temporarily restricted net assets</i></b>		
Leadership gifts	\$ 668,616	4,828,575
Restrictions expired	(1,502,813)	(205,000)
Interest income	75,636	15,660
	(758,561)	4,639,235
<b><i>Changes in temporarily restricted net assets</i></b>	<b>(758,561)</b>	<b>4,639,235</b>
<b><i>Net temporarily restricted net assets, beginning of the year</i></b>	<b>5,078,416</b>	<b>439,181</b>
<b><i>Net temporarily restricted net assets, end of the year</i></b>	<b>\$ 4,319,855</b>	<b>5,078,416</b>
<b><i>Changes in permanently restricted net assets</i></b>		
Leadership gifts	\$ 457,126	4,393,792
Alive in Christ campaign distributions received	1,351,483	1,057,593
Interest income	29,511	3,982
	1,838,120	5,455,367
<b><i>Changes in permanently restricted net assets</i></b>	<b>1,838,120</b>	<b>5,455,367</b>
<b><i>Net permanently restricted net assets, beginning of the year</i></b>	<b>5,673,316</b>	<b>217,949</b>
<b><i>Net permanently restricted net assets, end of the year</i></b>	<b>\$ 7,511,436</b>	<b>5,673,316</b>
<b><i>Increase in net assets</i></b>	<b>\$ 1,418,358</b>	<b>10,493,471</b>
<b><i>Net assets, beginning of the year</i></b>	<b>13,236,635</b>	<b>2,743,164</b>
<b><i>Net assets, end of the year</i></b>	<b>\$ 14,654,993</b>	<b>13,236,635</b>

*See accompanying notes.*

(continued)

**The Catholic Foundation of Central Florida, Inc.**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2010 and 2009**

	<b>June 2010</b>	<b>June 2009</b>
<b><i>Cash flows from operating activities</i></b>		
Cash received from		
Fees	\$ 2,284,105	2,203,562
Unrestricted leadership gifts	635,500	1,235,320
Interest income	132,780	54,912
Cash used for		
Operating expenses less non-cash items	(3,021,352)	(3,428,550)
<i>Net cash provided before fundraising transactions</i>	31,033	65,244
Alive in Christ campaign		
Campaign gifts received	11,163,572	6,424,949
Campaign gifts distributed	(10,593,793)	(7,304,034)
Planned giving gifts		
Planned giving gifts received	128,275	2,015,819
Planned giving gifts distributed	(128,275)	(2,015,819)
Interest income distributed	-	(12,655)
<i>Net cash provided from (used for) operating activities</i>	600,812	(826,496)
<b><i>Cash flows from investing activities</i></b>		
Temporarily restricted gifts		
Leadership gifts received	100,750	3,534,000
Leadership gifts distributed	(1,502,813)	(205,000)
Permanently restricted gifts		
Leadership gifts received	147,250	4,231,500
Alive in Christ campaign distributions received	1,351,483	1,057,593
Property and equipment sales proceeds and purchases costs, net	1,397	(36,542)
Deposits	7,246	23,270
<i>Net cash provided from (used for) investing activities</i>	105,313	8,604,821
<b><i>Cash flows from financing activities</i></b>		
Indebtedness		
Proceeds from working capital debt	2,386,713	2,827,257
Payments on working capital debt	(3,350,000)	(2,750,000)
<i>Net cash provided from (used for) financing activities</i>	(963,287)	77,257
<b><i>Net increase (decrease) in cash and cash equivalents</i></b>	<b>(257,162)</b>	<b>7,855,582</b>
<b><i>Cash and cash equivalents, beginning of the year</i></b>	<b>11,346,726</b>	<b>3,491,144</b>
<b><i>Cash and cash equivalents, end of the year</i></b>	<b>\$ 11,089,564</b>	<b>11,346,726</b>

*See accompanying notes.*

# THE CATHOLIC FOUNDATION OF CENTRAL FLORIDA, INC.

## Notes to Financial Statements

June 30, 2010 and 2009

### (1) The Foundation

The Catholic Foundation of Central Florida, Inc. (the Foundation) was established under the auspices of the General Synod for the Diocese of Central Florida (the Synod) to raise, manage and distribute funds to provide long-term, sustainable support for the parishes, schools, agencies and other ministries in the Diocese of Orlando (the Diocese). The Synod was conceived as a response to the changing demographics of the nine-county Diocese. After more than eighteen months of deliberations, studies and discussions, the Foundation was established from the Office of Development of the Diocese for all stewardship and development functions within the Diocese and incorporated in the State of Florida on August 31, 2007. The Foundation provides a fundraising platform for diocesan-wide initiatives that will strengthen the people and parishes in the Diocese and secure the financial resources to achieve the vision of the Synod, to be fully *Alive in Christ*.

The Foundation is governed by five Members and a Board of Directors. The five members include the Bishop of the Diocese of Orlando, two members appointed by the Bishop, and the Chairman and Treasurer of the Foundation's Board of Directors. The Members have broad authority, including the authority to appoint and remove Members of the Foundation's Board of Directors, dissolve the Foundation and approve the Foundation's annual budgets as described in the Foundation's bylaws.

The Foundation's Board of Directors is responsible for the management and control of the Foundation's operations, affairs, property and funds. The Board has the authority to establish supporting committees and currently has seated executive, audit and investment committees.

### (2) Fundraising and Asset Management

The Foundation develops and administers capital campaigns, annual appeals and other programs to further its fundraising goals, and is developing an asset management function as further described in the following paragraphs.

The *Alive in Christ* campaign is a multi-wave, multi-year capital campaign with a goal to raise \$150 million, of which \$90 million will be returned to the participating parishes for capital improvements, debt reduction, parish or school endowments, and other projects. The remaining \$60 million will be used to establish capital and endowment funds to support Diocesan wide initiatives. The campaign began in spring 2008 and the fundraising phase is projected to continue through early 2011. The *Alive in Christ* campaign is the platform for numerous parish and Diocesan initiatives.

The Foundation development staff provides continuing assistance to the Diocese and individual parishes for current and future development activities through its *Diocesan Stewardship and Development services*, including *Our Catholic Appeal*, the parish based annual collection to support the operations of the Chancery and its programs and ministries. *Our Catholic Appeal* is based on a schedule of assessments prepared by the Chancery in conjunction with the pastoral leadership of the Diocese. The annual goal for *Our Catholic Appeal* was \$12 million and \$11 million in 2010 and 2009, respectively.

*Diocesan Stewardship and Development services* extend beyond the management and administration of *Our Catholic Appeal* to include increased offertory and stewardship education and planned giving fundraising programs at the parishes; annual events to build school endowments; and development efforts to support Campus Ministry programs.

# THE CATHOLIC FOUNDATION OF CENTRAL FLORIDA, INC.

## Notes to Financial Statements

June 30, 2010 and 2009

*Planned giving* is one of the greatest opportunities for the Diocese to advance a strong, comprehensive giving program throughout the ninety one parishes and missions in the Diocese. Planned giving is a natural outgrowth of the donor relationships that are being developed through the *Alive in Christ* campaign and *Our Catholic Appeal*. The Foundation has employed a highly qualified planned giving officer to manage this program, and plans to launch an aggressive planned giving program in all parishes within the next two years that will continue in perpetuity.

The Foundation expects to be actively engaged in a variety of fundraising activities to support the ongoing needs of the Diocese, including ongoing management of annual *Capital campaigns* at the parishes, schools and other Diocesan entities.

The Foundation is developing an *Asset Management* function that will be the investment platform for the portfolios of the Foundation and the Diocese. The Foundation expects to gain operating economies of scale for the investment portfolios of all the participants, by reducing operating expenses and increasing expected investment returns; providing access to “best-in-class” investment strategies and managers to all Diocesan investment portfolios, regardless of individual size; and reducing operational and oversight burden of Diocesan investment operations. An investment committee has been created to develop and monitor the investment policies of the Foundation to ensure that both its long-term and short-term investment and liquidity goals are achieved, and develop and implement the Asset Management function.

### (3) Summary of Significant Accounting Policies and Practices

#### (a) *Basis of Reporting*

The basic financial statements of the Foundation have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The Foundation’s financial statements have been prepared in accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205, *Not-for-Profit Entities Presentation of Financial Statements* to focus on the Foundation as a whole and classify net assets, revenues, expenses, gains and losses based on the existence or absence of donor imposed restrictions.

#### (b) *Campaign Distributions*

Gifts collected under the *Alive in Christ* capital campaign are held in trust until distributed to the participating parishes and the Diocese. Unrestricted gifts are distributed on a 65:35 share allocation for dollars collected up to the individual parish goal of twice average annual parish offertory, and on a 90:10 share allocation thereafter. Gifts designated for specific purposes by donors are not subject to the share allocation. Distributions begin about six months after completion of the fundraising campaign for each parish and continue quarterly thereafter.

Under the share design of the campaign, distributions to the Diocese are allocated to five capital priorities and eight endowment priorities (also referred to as specific endowments). These funds are held and invested by the Diocese and will be used for their designated purpose. Capital distributions designated for Catholic Charities of Central Florida are paid directly to and controlled entirely by management and the Board of Directors of Catholic Charities. Funds designated for endowment priorities for the Foundation are held and invested by the Foundation with leadership gifts also

# THE CATHOLIC FOUNDATION OF CENTRAL FLORIDA, INC.

## Notes to Financial Statements

June 30, 2010 and 2009

designated for Foundation endowment priorities (also referred to as general endowments). The Foundation endowment funds are recognized as permanently restricted funds in the accompanying financial statements as further described in footnote 11 below.

Income earned on the permanently restricted (endowment) funds that have been designated by donors for unrestricted Foundation operating purposes and temporarily restricted purposes is recognized as revenue in the fund type corresponding to the donor's designation. Income earned on temporarily and permanently restricted funds will be distributed for their designated purpose once the specified targeted balances have been reached, about 2013. Endowment allocation committees will be established as needed for the different priorities with membership from the interested parties.

### (c) *Revenue Recognition*

The Foundation recognizes revenue when earned. Contributions received, including unconditional promises to give, are recognized as revenues in the period received at their fair market value in accordance with the standards specified in FASB ASC 958-310, *Not-for-Profit Entities Receivables*. That standard also requires organizations to distinguish between contributions received that increase unrestricted net assets, temporarily restricted net assets and permanently restricted net assets, and the recognition of expired donor imposed restrictions in the period the restrictions expire. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risk involved and discount is accreted annually as a component of contribution revenue.

Leadership gifts received under the *Alive in Christ* capital campaign are gifts of one million dollars or more and are reported as unrestricted, temporarily restricted or permanently restricted contribution revenues in the accompanying statements of activities and changes in net assets in accordance with the terms of the underlying gift award letters. Leadership gifts received from founding board members that have been designated to be used for "seed funding" the operations of the Foundation are recorded as unrestricted contributions, in the amount of the cash received plus the present value of the gift payments to be received in future periods.

As funding of the Foundation and growth permits, the Foundation may, in its discretion and with the approval of the Board of Directors of the Foundation, establish endowments in the amounts of the leadership gifts designated for use by the Foundation for its unrestricted (operating) purposes. Those endowments will reflect the interests and intentions of the donors, further the Foundation's exempt purpose and may bear the name of the donors or remain anonymous at the wish of the donors.

The Foundation assesses fees for the administration of its fundraising campaigns, appeals and programs. The fundraising fees for the *Alive in Christ* campaign are based on the average annual offertory of the individual parishes and revenue is recognized when parishes enter the distribution phase of their campaign, when they receive their first distribution. The campaign fundraising fees are payable from the quarterly distributions to the individual parishes. Leadership gifts are assessed a fee that is payable from the annual gifts collected.

### (d) *Asset Restrictions*

*Unrestricted net assets* are available for the Foundation to use and are not subject to donor-imposed restrictions.

## THE CATHOLIC FOUNDATION OF CENTRAL FLORIDA, INC.

### Notes to Financial Statements

June 30, 2010 and 2009

*Assets held for others* represent gifts that have been received from donors that are designated for the use of specific beneficiaries and are held by the Foundation as an agent and not reported as a component of Foundation revenues.

The Foundation acts as an agent for and on behalf of donors, receiving assets from the donors and agreeing to use those assets on behalf of or transfer those assets, the return on investment of those assets or both to the beneficiaries specified in the *Alive in Christ* capital campaign, Our Catholic Appeal, and other fundraising programs as described in FASB ASC 958-20, *Not-for-Profit Entities Interrelated Entities*. In that capacity the Foundation recognizes a liability to the beneficiary with the receipt of cash or other assets that is measured at fair value. These assets are included in the accompanying financial statements as *Assets held for others*, a liability.

*Temporarily restricted* net assets are subject to donor-imposed restrictions that will be met either by actions of the Foundation or the passage of time. When donor restrictions expire, the temporarily restricted net assets are reclassified and reported in the statement of activities and changes in net assets as assets released from restrictions. Temporarily restricted net assets total \$4,319,855 and \$5,078,416 at June 30, 2010 and 2009, respectively.

Permanently restricted net assets are maintained in perpetuity and subject to donor-imposed restrictions. Income earned on permanently restricted net assets may be used entirely or in part for the general or specific purpose specified by the donor. Permanently restricted net assets are \$7,511,436 and \$5,673,316 at June 30, 2010 and 2009, respectively.

(e) ***Fair Value Measurements***

The Foundation values its financial assets and financial liabilities at fair value in accordance with FASB ASC 958-820, *Fair Value Measurements and Disclosures*. Accordingly, each major class of assets or liabilities is valued at its fair value at the reporting date within a three tier fair value hierarchy including quoted prices in active markets (Level 1), significant other observable inputs (Level 2) and significant unobservable inputs (Level 3).

The values of lasses of assets and liabilities categorized as Level 1 are determined by quoted market values in active markets for identical assets and liabilities that are accessible to the Foundation. The Level 2 assets and liabilities are valued from inputs observable for those assets and liabilities other than quoted market prices, including quoted prices for similar assets and liabilities in active markets, and other observable inputs, such as interest rates and yield curves. Level 3 assets and liabilities are those assets and liabilities where there is little, if any, market activity, or observable market inputs, to assign a valuation. For some of these assets and liabilities the fair value is determined using the lowest level of input that is significant to the fair value measurement.

(f) ***Cash and Cash Equivalents***

Cash and cash equivalents include deposits in bank sweep and money market accounts and highly liquid investments having maturities of three months or less. Distributions for general endowment priorities under the *Alive in Christ* capital campaign are held on deposit in the Diocesan Savings Fund that is managed by the finance office of the Diocese. These general endowment funds, including interest, totals \$1,890,000 and \$819,838 at June 30, 2010 and 2009, respectively.

**THE CATHOLIC FOUNDATION OF CENTRAL FLORIDA, INC.**

Notes to Financial Statements

June 30, 2010 and 2009

Cash and cash equivalents expose the Foundation to various interest rate, market and credit risks and it is reasonably possible that changes in the values could occur and have a material affect on the balances reported in the Foundation's financial statements. The balances held at June 30, 2010 and 2009 exceed FDIC insurance coverage.

At June 30, 2010 and 2009, the Foundation's cash and cash equivalents were all Level 1 assets.

**(g) Investments**

The Foundation occasionally receives gifts of investments and other property from donors. Those assets are valued at fair value at the date of receipt. It is the policy of the Foundation to convert noncash contributions received to cash as soon as practical. There are no significant investments held at June 30, 2010 and 2009.

**(h) Deposits**

Deposits are funds held on account to pay for merchant processing fees for credit and debit card transactions.

**(i) Property and Equipment**

Property and equipment includes furniture, computer equipment, software (website development costs) and an automobile that are carried at cost and depreciated or amortized on the straight-line method over the estimated useful lives of the assets. Depreciation and amortization expense was \$10,954 and \$7,516 in fiscal years 2010 and 2009, respectively.

**(j) Legacies, Bequests and Beneficial Interest in Trusts**

The Foundation may be the beneficiary under various wills, the total realizable value of which is not presently determinable. Such amounts are recorded as contributions when clear title is established and the proceeds are clearly measurable.

The Foundation may also be the income beneficiary under various term and perpetual trusts, the corpus of which is not controlled by the management of the Foundation. In the absence of donor-imposed conditions, the Foundation recognizes its beneficial interest in a trust as a contribution in the period in which it receives notice that the trust agreement conveys an unconditional right to receive benefits. There were no contributions recognized for legacies, bequests and beneficial trusts in fiscal years 2010 and 2009.

**(k) Functional Allocation of Expenses**

The cost of providing capital campaigns, annual appeals and other programs has been summarized on a functional basis in footnote 13 below. Certain costs are allocated based on management's estimates.

**THE CATHOLIC FOUNDATION OF CENTRAL FLORIDA, INC.**

Notes to Financial Statements

June 30, 2010 and 2009

**(l) Income Taxes**

The Foundation is recognized as exempt from federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3) and, therefore, related income is generally not subject to federal or state income taxes.

**(m) Compensated Absences**

Employees of the Foundation accrue vacation at varying rates ranging from 10 to 25 days per year to a maximum of 25 days per year. The maximum accrued vacation leave time payable upon separation of service may not exceed twice the number of vacation days earned annually. At June 30, 2010 and 2009 accrued expenses of \$60,488 and \$54,292, respectively, were recorded for the estimated obligation for vacation leave time and reported as accrued expenses in the statements of financial position.

**(n) Use of Estimates**

Management of the Foundation has made a number of estimates and assumptions in the preparation of the accompanying financial statements relating to the reporting of assets and liabilities and the disclosures, and the reporting of revenues and expenses, gains and losses during the period. Actual results could differ from the amounts reflected in the financial statements and the differences could be material.

**(4) Leadership Gifts**

Leadership pledges receivable at June 30, 2010 and 2009 consist of the following:

	<u>2010</u>	<u>2009</u>
Current year leadership gifts:		
Gifts committed	\$ 2,212,000	12,078,300
Cash received	<u>250,000</u>	<u>8,678,300</u>
Gifts to be received in subsequent years	1,962,000	3,400,000
Unearned discount	<u>279,375</u>	<u>615,528</u>
Present value of gifts receivable	1,682,625	2,784,472
Prior year leadership gifts:		
Gifts receivable at the beginning of the year	4,025,305	2,168,408
Less prior year gift designated for other purposes	188,844	—
Accreted discount on prior year(s) receivable	86,338	72,425
Less collections on prior year(s) receivable	<u>700,000</u>	<u>1,000,000</u>
	4,905,424	4,025,305
Less leadership gift fees receivable	<u>343,379</u>	<u>281,771</u>
Leadership gifts receivable	\$ <u><u>4,562,045</u></u>	\$ <u><u>3,743,534</u></u>

**THE CATHOLIC FOUNDATION OF CENTRAL FLORIDA, INC.**

Notes to Financial Statements

June 30, 2010 and 2009

Leadership gifts totaling \$2,212,000 and \$3,500,000 were received from members of the board of directors and or members of the Foundation during the years ended June 30, 2010 and 2009, respectively. In October 2010, an unrestricted leadership gift received in a prior year was designated for other Diocesan purposes by the donor. The present value of that gift was \$188,844 at June 30, 2009.

Leadership gifts are receivable in subsequent fiscal years at June 30, 2010 are as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Annual installments by fiscal year:				
2011	\$ 345,650	266,600	155,000	767,250
2012	358,050	269,700	162,750	790,500
2013	254,200	203,050	124,000	581,250
2014	220,100	252,650	131,750	604,500
2015	46,500	209,250	23,250	279,000
Thereafter	<u>627,750</u>	<u>1,615,410</u>	<u>93,000</u>	<u>2,336,160</u>
	1,852,250	2,816,660	689,750	5,358,660
Less discount	<u>235,444</u>	<u>515,038</u>	<u>46,133</u>	<u>796,615</u>
Total leadership gifts receivable	<u>\$ 1,616,806</u>	<u>2,301,622</u>	<u>643,617</u>	<u>4,562,045</u>

Gifts receivable in subsequent periods are discounted at the daily treasury yield curve rate as of the end of the fiscal year during which the gift was received. Discount is accreted annually as leadership gifts receivable and leadership gift income. The discount rates at June 30, 2010 and 2009 were 1.79% and 2.54%, respectively. The daily treasury yield curve rate is used in many statutorily determined loan and credit programs as well as for setting interest rates on nonmarketable government securities. The receivable is evaluated periodically, at least annually, for collectability of the expected installments. At June 30, 2010 and 2009 an allowance for uncollectible leadership gifts has not been established.

**THE CATHOLIC FOUNDATION OF CENTRAL FLORIDA, INC.**

Notes to Financial Statements

June 30, 2010 and 2009

Leadership gift revenue includes the following:

	<u>2010</u>	<u>2009</u>
Revenue components:		
Cash received	\$ 250,000	8,678,300
Present value of gifts receivable	1,682,626	2,784,474
Less prior year gift designated for other purposes	188,844	—
Accreted discount on prior year(s) receivable	86,338	72,425
	<u>1,830,120</u>	<u>11,535,199</u>
Less foundation leadership gift fees revenue	<u>128,108</u>	<u>807,464</u>
Total leadership gift revenue	<u>\$ 1,702,012</u>	<u>10,727,735</u>
Nature of revenue:		
Unrestricted	\$ 576,269	1,505,368
Temporarily restricted	668,617	4,828,575
Permanently restricted	457,126	4,393,792
Total leadership gift revenue	<u>\$ 1,702,012</u>	<u>10,727,735</u>

Leadership gift fees revenue and receivable are reported as a component of fundraising fees revenue and receivable, respectively, in the accompanying financial statements see footnote 5 below.

**(5) Fundraising Fees**

Fundraising fees receivable at June 30, 2010 and 2009 and revenue consist of the following:

	<u>2010</u>	<u>2009</u>
Alive in Christ campaign fees	\$ 888,657	459,257
Leadership gift fees	343,379	281,771
Fundraising fees to be received in subsequent years	<u>\$ 1,232,036</u>	<u>741,028</u>

**THE CATHOLIC FOUNDATION OF CENTRAL FLORIDA, INC.**

Notes to Financial Statements

June 30, 2010 and 2009

Fundraising fees are receivable in subsequent fiscal years at June 30, 2010 are as follows:

	<u>Alive in Christ campaign</u>	<u>Leadership gifts</u>	<u>Total</u>
Annual installments by fiscal year:			
2011	\$ 628,232	57,750	685,982
2012	260,425	59,500	319,925
2013	—	43,750	43,750
2014	—	45,500	45,500
2015	—	21,000	21,000
Thereafter	—	175,840	175,840
	<u>888,657</u>	<u>403,340</u>	<u>1,291,997</u>
Less discount	<u>—</u>	<u>59,961</u>	<u>59,961</u>
Total leadership gifts receivable	<u>\$ 888,657</u>	<u>343,379</u>	<u>1,232,036</u>

Fundraising fees receivable are evaluated periodically, at least annually, for collectability of the expected installments. At June 30, 2010 and 2009 an allowance for uncollectible leadership gifts has not been established.

Fund raising fee revenue for the years ended June 30, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Alive in Christ campaign fees	\$ 2,034,177	745,925
Foundation leadership gift fees	128,108	807,464
Planned giving gift fees	12,828	161,830
Fundraising fee revenue	<u>\$ 2,175,113</u>	<u>1,715,219</u>

**(6) Property and Equipment**

Property and equipment at June 30, 2010 and 2009 consist of the following:

	<u>2010</u>	<u>2009</u>
Furniture	\$ 6,987	6,987
Computer equipment	15,626	8,023
Software	21,129	21,129
Automobile	—	13,300
Cost of assets	<u>43,742</u>	<u>49,439</u>
Less accumulated depreciation and amortization	<u>17,034</u>	<u>8,666</u>
Net book value	<u>\$ 26,708</u>	<u>40,773</u>

**THE CATHOLIC FOUNDATION OF CENTRAL FLORIDA, INC.**

Notes to Financial Statements

June 30, 2010 and 2009

During fiscal year 2010, the Foundation sold an automobile with a book value of \$10,714 that resulted in a loss of \$1,714.

**(7) Transactions with the Diocese of Orlando and Indebtedness**

The Diocese provides facilities, personnel and other resources to the Foundation at rates that approximate local market prices. Personnel and other resources include back office support services that the Foundation purchases from the Diocese, including human resources, pension administration, payroll and accounts payable processing, building and mailroom services, information technology, communications, public relations and administration.

During the fiscal years ended June 30, 2010 and 2009 the Foundation paid the Diocese \$85,548 and \$80,464, respectively, for the aforementioned services.

Indebtedness represents a short term working capital note between the Foundation and the Diocese that temporarily funds overhead and operating costs, as discussed in the preceding paragraphs. The note is unsecured and bears interest at the Diocese short term borrowing rate of 5.35% at June 30, 2010 and 2009. The working capital debt outstanding at June 30, 2010 and 2009 was \$194,165 and \$1,157,452, respectively.

**(8) Assets Held for Others**

Assets held for others at June 30, 2010 and 2009 consist of the following:

	<u>2010</u>	<u>2009</u>
Diocese of Orlando	\$ 893,283	511,403
Parishes	774,062	748,743
Others	<u>335,787</u>	<u>173,207</u>
Total assets held for others	<u>\$ 2,003,132</u>	<u>1,433,353</u>

Assets held for others were received in connection with the *Alive in Christ* campaign and represent funds that the Foundation holds in trust until distribution to the ultimate recipients. Gifts collected are recorded at fair value at the date of receipt and a corresponding liability, assets held for others.

**THE CATHOLIC FOUNDATION OF CENTRAL FLORIDA, INC.**

Notes to Financial Statements

June 30, 2010 and 2009

*Alive in Christ* capital campaign distributions through June 30, 2010 are summarized as follows:

Fiscal year ended June 30, 2010

<u>Distribution</u>	<u>Parishes</u>	<u>Capital priorities</u>	<u>Endowment priorities</u>	<u>Foundation fees</u>	<u>Total</u>
October 2009	\$ 1,049,792	212,788	297,904	134,657	1,695,141
January 2010	1,424,309	197,684	278,368	431,671	2,332,032
April 2010	1,681,633	281,916	394,038	296,664	2,654,251
June 2010	2,451,397	272,865	381,173	792,735	3,898,170
Total	\$ <u>6,607,131</u>	<u>965,253</u>	<u>1,351,483</u>	<u>1,655,727</u>	10,579,594
Distributions to other Diocesan ministries					<u>14,199</u>
					<u>\$ 10,593,793</u>

Fiscal year ended June 30, 2009

<u>Distribution</u>	<u>Parishes</u>	<u>Capital priorities</u>	<u>Endowment priorities</u>	<u>Foundation fees</u>	<u>Total</u>
October 2008	\$ 1,629,684	281,684	394,358	251,228	2,556,954
January 2009	359,114	87,825	122,955	32,336	602,230
April 2009	1,109,489	158,114	219,259	215,895	1,702,757
June 2009	1,299,782	229,300	321,021	264,791	2,114,894
Total	\$ <u>4,398,069</u>	<u>756,923</u>	<u>1,057,593</u>	<u>764,250</u>	6,976,835
Distributions to other Diocesan ministries					<u>327,199</u>
					<u>\$ 7,304,034</u>

**(9) Planned Giving**

During the years ended June 30, 2010 and 2009, the Foundation received planned gifts totaling \$128,275 and \$2,015,819, respectively, that were designated for Diocesan needs. Planned gifts are assessed a processing fee by the Foundation that is withheld from the distributions to the ultimate recipients. Under an agreement with the Diocese, the Foundation has waived the fees for certain gifts.

**(10) Temporarily Restricted Net Assets**

Gifts designated for specific purposes by the donors over time or upon the occurrence of an event, or events, are categorized as temporarily restricted net assets in the accompanying financial statements. At June 30, 2010 and 2009 these restrictions included specific parish or other Diocesan ministry activities and Diocesan community charitable purposes.

**THE CATHOLIC FOUNDATION OF CENTRAL FLORIDA, INC.**

Notes to Financial Statements

June 30, 2010 and 2009

Temporarily restricted net assets at June 30, 2010 and 2009 consist of the following:

	<u>2010</u>	<u>2009</u>
Leadership gifts, including interest earned	\$ 3,726,046	3,549,660
Leadership gifts receivable	<u>2,301,622</u>	<u>1,733,756</u>
	6,027,668	5,283,416
Less restrictions expired	<u>1,707,813</u>	205,000
	<u>\$ 4,319,855</u>	<u>5,078,416</u>

During fiscal years 2010 and 2009, temporarily restricted assets were distributed to Catholic Charities of Central Florida (\$1,402,313), Second Harvest Food Bank (\$100,000), Beta Center (\$100,000) and others for the purposes designated by the donor.

**(11) Permanently Restricted Net Assets**

Gifts designated under the *Alive in Christ* capital campaign or leadership gifts to be held in perpetuity and the income thereon to be used for designated purposes are categorized as permanently restricted net assets in the accompanying financial statements. At June 30, 2010 and 2009 these endowments include Diocesan ministries, tuition assistance, Diocesan community charities and the Foundation.

Permanently restricted net assets at June 30, 2010 and 2009 consist of the following:

	<u>2010</u>	<u>2009</u>
Specific endowments:		
Cash:		
Leadership gifts, including interest earned	\$ 4,425,250	4,278,000
Alive in Christ campaign distributions	<u>552,569</u>	<u>241,737</u>
	4,977,819	4,519,737
Leadership gifts receivable	<u>643,617</u>	<u>333,741</u>
	5,621,436	4,853,478
General endowments:		
Alive in Christ campaign distributions	<u>1,890,000</u>	<u>819,838</u>
	<u>\$ 7,511,436</u>	<u>5,673,316</u>

**THE CATHOLIC FOUNDATION OF CENTRAL FLORIDA, INC.**

Notes to Financial Statements

June 30, 2010 and 2009

**(12) Commitments**

The Foundation leases certain office equipment under short term operating leases and has contracted for professional fundraising services that have annual commitments as follows:

Short term lease and professional services commitments by fiscal year ending June 30:	
2011	\$ 166,600
2012	3,600
2013	3,600
2014	900
	<u>174,700</u>
	<u>\$ 174,700</u>

The operating lease and professional fundraising service costs under the aforementioned contracts totaled \$70,900 and \$92,000 during the years June 30, 2010 and 2009, respectively.

**(13) Program-Related Expenses**

Program related costs for the year ended June 30, 2010 are as follows:

	<u>Alive in Christ campaign</u>	<u>Our Catholic Appeal</u>	<u>Major and planned giving</u>	<u>Management</u>	<u>Total</u>
Labor costs	\$ 1,063,773	186,248	121,586	179,604	1,551,211
Contractual services	105,994	28,370	12,098	68,184	214,646
Program and development costs	429,680	268,082	25,274	44,583	767,619
Travel costs	9,301	—	—	73,708	83,009
Professional fees	—	—	—	70,962	70,962
Other	2,240	7,876	822	171,034	181,972
	<u>1,610,988</u>	<u>490,576</u>	<u>159,780</u>	<u>608,075</u>	<u>2,869,419</u>
Overhead allocation	28,231	28,231	—	29,086	85,548
Interest expense	28,132	28,132	—	28,985	85,249
Total expense	\$ <u>1,667,351</u>	<u>546,939</u>	<u>159,780</u>	<u>666,146</u>	<u>3,040,216</u>

**THE CATHOLIC FOUNDATION OF CENTRAL FLORIDA, INC.**

Notes to Financial Statements

June 30, 2010 and 2009

Program related costs for the year ended June 30, 2009 are as follows:

	<u>Alive in Christ campaign</u>	<u>Our Catholic Appeal</u>	<u>Major and planned giving</u>	<u>Management</u>	<u>Total</u>
Labor costs	\$ 935,002	189,703	95,850	109,853	1,330,408
Contractual services	636,280	165,214	—	146,802	948,296
Program and development costs	338,570	308,511	9,817	43,222	700,120
Travel costs	26,947	145	—	78,998	106,090
Professional fees	665	—	16,158	50,815	67,638
Other	6,204	147	—	99,529	105,880
	<u>1,943,668</u>	<u>663,720</u>	<u>121,825</u>	<u>529,219</u>	<u>3,258,432</u>
Overhead allocation	26,821	26,821	—	26,822	80,464
Interest expense	35,146	35,145	—	35,146	105,437
Total expense	\$ <u>2,005,635</u>	<u>725,686</u>	<u>121,825</u>	<u>591,187</u>	<u>3,444,333</u>

**(14) Alive in Christ Campaign Gifts Collected**

*Alive in Christ* campaign gifts collected by the Foundation included in the accompanying and prior year financial statements are as follows:

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>Total</u>
Gifts from parishioners	\$ 11,163,572	6,424,949	2,312,438	19,900,959
Leadership gifts	950,000	9,678,300	2,150,000	12,778,300
Planned gifts	128,275	2,021,905	—	2,150,180
	\$ <u>12,241,847</u>	<u>18,125,154</u>	<u>4,462,438</u>	<u>34,829,439</u>

**(15) Subsequent Events**

The Foundation has evaluated the events subsequent to June 30, 2010 to assess the requirement for potential recognition in these financial statements or disclosure in these footnotes through November 18, 2010, the date these financial statements were available for issuance.