

Financial Statements and Report of  
Independent Certified Public Accountants

**Archdiocese of Philadelphia**  
**Heritage of Faith ~ Vision of Hope**  
**Archdiocesan Capital Campaign**

June 30, 2018 and 2017

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Board of Directors  
Archdiocese of Philadelphia  
Heritage of Faith ~ Vision of Hope Archdiocesan Capital Campaign

We have audited the accompanying financial statements of the Archdiocese of Philadelphia, Heritage of Faith ~ Vision of Hope Archdiocesan Capital Campaign, which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and changes in net assets and cash flows for the years 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.

**Auditor's responsibility**

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 from material misstatement.

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Archdiocese of Philadelphia, Heritage of Faith ~ Vision of Hope Archdiocesan Capital Campaign as of June 30, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Grant Thornton LLP*

Philadelphia, Pennsylvania  
July 31, 2019

Archdiocese of Philadelphia  
Heritage of Faith ~ Vision of Hope Archdiocesan Capital Campaign

**STATEMENTS OF FINANCIAL POSITION**

June 30,

	2018	2017
<b>ASSETS</b>		
Cash and cash equivalents	\$ 24,799,560	\$ 24,781,332
Other accounts receivable	3,336	-
Pledges receivable, net of allowance for doubtful accounts of \$580,482 and \$654,021 at June 30, 2018 and 2017, respectively	1,146,573	2,065,024
Investments	22,006,723	21,327,059
 Total assets	 \$ 47,956,192	 \$ 48,173,415
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accrued expenses and other payables	\$ 11,134	\$ 12,163
Due to Archdiocesan parishes	7,035,473	5,868,432
 Total liabilities	 7,046,607	 5,880,595
 <b>Net assets</b>		
Temporarily restricted	20,473,196	22,419,590
Permanently restricted	20,436,389	19,873,230
 Total net assets	 40,909,585	 42,292,820
 Total liabilities and net assets	 \$ 47,956,192	 \$ 48,173,415

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

Archdiocese of Philadelphia  
Heritage of Faith ~ Vision of Hope Archdiocesan Capital Campaign

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

Years ended June 30,

	2018			2017				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains, and other support								
Contributions	\$ -	\$ 14,278	\$ -	\$ 14,278	\$ -	\$ 60,179	\$ -	\$ 60,179
Change in present value discount	-	-	-	-	-	106,877	-	106,877
Interest and dividend income	-	505,907	-	505,907	-	448,832	-	448,832
Net realized and unrealized gain on investments	-	1,240,099	-	1,240,099	-	1,878,406	-	1,878,406
Net assets released from restrictions	3,143,519	(3,143,519)	-	-	3,521,664	(3,521,664)	-	-
Total revenues, gains, and other support	<u>3,143,519</u>	<u>(1,383,235)</u>	<u>-</u>	<u>1,760,284</u>	<u>3,521,664</u>	<u>(1,027,370)</u>	<u>-</u>	<u>2,494,294</u>
Expenses								
Bad debt (recovery) expense	(72,538)	-	-	(72,538)	844,589	-	-	844,589
Disbursements to campaign beneficiaries	3,040,491	-	-	3,040,491	2,466,823	-	-	2,466,823
Support office expenses	175,566	-	-	175,566	210,252	-	-	210,252
Total expenses	<u>3,143,519</u>	<u>-</u>	<u>-</u>	<u>3,143,519</u>	<u>3,521,664</u>	<u>-</u>	<u>-</u>	<u>3,521,664</u>
Change in net assets	-	(1,383,235)	-	(1,383,235)	-	(1,027,370)	-	(1,027,370)
Reclassification and other transfers of net assets	-	(563,159)	563,159	-	-	(19,873,230)	19,873,230	-
Net assets at beginning of year	<u>-</u>	<u>22,419,590</u>	<u>19,873,230</u>	<u>42,292,820</u>	<u>-</u>	<u>43,320,190</u>	<u>-</u>	<u>43,320,190</u>
Net assets at end of year	<u>\$ -</u>	<u>\$ 20,473,196</u>	<u>\$ 20,436,389</u>	<u>\$ 40,909,585</u>	<u>\$ -</u>	<u>\$ 22,419,590</u>	<u>\$ 19,873,230</u>	<u>\$ 42,292,820</u>

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

Archdiocese of Philadelphia  
Heritage of Faith ~ Vision of Hope Archdiocesan Capital Campaign

**STATEMENTS OF CASH FLOWS**

Years ended June 30,

	2018	2017
Cash flows from operating activities		
Change in net assets	\$ (1,383,235)	\$ (1,027,370)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Bad debt (recovery) expense	(72,538)	844,589
Net realized and unrealized gain on investments	(1,240,099)	(1,878,406)
Change in due to Archdiocesan parishes and other receivables	1,163,705	(1,169,519)
Change in pledges receivable	990,989	704,745
Change in accrued expenses and other payables	(1,029)	(9,186)
Net cash used in operating activities	(542,207)	(2,535,147)
Cash flows from investing activities		
Purchase of investments	(2,869,850)	(3,959,864)
Proceeds from the sale of investments	3,430,285	4,511,606
Net cash provided by investing activities	560,435	551,742
Net increase (decrease) in cash	18,228	(1,983,405)
Cash and cash equivalents		
Beginning of year	24,781,332	26,764,737
End of year	\$ 24,799,560	\$ 24,781,332

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

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

### NOTE A - GENERAL DESCRIPTION

Heritage of Faith ~ Vision of Hope Archdiocesan Capital Campaign (HOF~VOH) is a charitable organization which conducted a capital campaign designed to raise funds to enable the Archdiocese of Philadelphia (the Archdiocese) to meet six goals: (1) provide financial support to parishes, (2) ensure access to high quality Catholic education, (3) restore the Cathedral Basilica of Saints Peter and Paul, (4) invest in priestly formation and campus infrastructure at St. Charles Borromeo Seminary, (5) care for retired clergy, and (6) minister to the needy by providing vital human services.

### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 1. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (US GAAP).

#### 2. Financial Statement Presentation

Information regarding the financial position and activities of HOF~VOH is reported according to three classes of net assets, based on the existence or absence of donor-imposed restrictions, as follows: unrestricted, temporarily restricted and permanently restricted net assets.

*Unrestricted net assets* - Net assets that are not subject to donor-imposed restrictions and may be expendable for any purpose in performing the primary objectives of HOF~VOH.

*Temporarily restricted net assets* - Gifts, pledges, income and appreciation that are either subject to a donor's explicit stipulation or from circumstances surrounding the receipt of the contribution that make clear the donor's implicit restriction on use. These restrictions may or will be met either by actions of HOF~VOH and/or through the passage of time. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying financial statements as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted contributions.

*Permanently restricted net assets* - Gifts, pledges, income and appreciation subject to donor-imposed stipulations that require that the amounts contributed be invested in perpetuity. In the absence of donor-imposed restrictions on the use of the income generated by permanently restricted net assets, income and gains generated from such contributions are available for the general operations.

The HOF~VOH campaign documents provided to potential donors explicitly refer to the intended use of the funds and, consequently, denote the contribution as restricted.

(Continued)



**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

June 30, 2018 and 2017

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3. Cash and Cash Equivalents

HOF~VOH considers all unrestricted highly liquid investments with an original maturity of three months or less, and that are not held as components of its respective investment portfolio, to be cash equivalents. At June 30, 2018, HOF~VOH had cash balances on deposit with financial institutions that exceeded the balance insured by the Federal Deposit Insurance Corporation (FDIC) of \$250,000. HOF~VOH has not experienced any losses in such accounts.

4. Pledges/Contributions

Unconditional promises to give (pledges) are recorded as receivables and revenues, within the appropriate net asset category, at fair value at the date the promise is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flow. The discounts on those amounts are computed using a risk-adjusted interest rate applicable to the years in which the promises are received.

5. Allowance for Doubtful Accounts

HOF~VOH recognizes an allowance for doubtful accounts when information is available, and indicates that it is probable that a pledge receivable has been impaired as of the date of the financial statements and the amount of loss can be reasonably estimated. The allowance for doubtful accounts is provided based upon management's judgments including such factors as prior collection history and the length of the capital campaign. The amount of expected impairment is based on management's best estimate. Pledges receivable balances are written off on a specific identification basis.

6. Investments

Included within the investments balance are amounts held in seven U.S. Bank investment accounts, each one applicable to an account administered through the HOF~VOH capital campaign. The investments held by U.S. Bank are allocated among cash and mutual funds (equity and fixed income) and, as such, are measured at their fair market value as of the fiscal years ended June 30, 2018 and 2017. The realized and unrealized gains and losses, as well as interest and dividends, related to the U.S. Bank investments are reported as such on the statements of activities and changes in net assets.

(Continued)

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

June 30, 2018 and 2017

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

SEI, a provider of institutional asset management services, created two publicly traded Catholic Values mutual funds: the Catholic Values Equity Fund and the Catholic Values Fixed Income Fund (Catholic Values Funds), which provide Catholic institutions with high quality investment products that align with their core values, without sacrificing diversification or return potential. Specifically, the Catholic Values Funds align with the investment directives set forth by the United States Conference of Catholic Bishops (USCCB). The Archdiocese appointed SEI Private Trust Company to act as custodian (the Custodian) of the investments, which consist of certain cash and securities and are more fully described in Note C. Investment allocation decisions are the responsibility of the applicable Archdiocesan entity's board or finance council.

Investments are reported at fair value. Realized and unrealized gains and losses are included in the statements of activities and changes in net assets as net realized and unrealized gain on investments.

7. Charitable Gift Annuities Payable

HOF~VOH enters into charitable gift annuity arrangements, whereby the assets are included in the investments in the Catholic Values Funds described above at June 30, 2018 and 2017. Periodic annuity payments are made to the donor or their beneficiaries until death. Upon receipt of the assets, a liability is recorded at the present value of the estimated future payments to be distributed over the donor's and/or other beneficiaries' expected life, based on the GAM-2000 Mortality Tables and discount rates set when the annuity agreement is established, which range between 2.00% and 4.51%. The liability at June 30, 2018 and 2017 was \$11,134 and \$11,397, respectively, and is classified in accrued expenses and other payables on the statements of financial position.

8. Due to Archdiocesan Parishes

As part of the HOF~VOH capital campaign, a portion of all of the funds collected are designated for the benefit of the parishes within the Archdiocese. The portion allocated in this manner is recorded as a liability on the financial statements until disbursed to each respective parish.

9. Income Tax Status

HOF~VOH is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code through its inclusion in the USCCB group ruling and listing in the Official Catholic Directory.

Under US GAAP, enterprises are required to assess an income tax position to determine whether the benefit of the position can be recognized in the financial statements. The benefit recognition threshold requires that the position be more likely than not to be sustained based upon its technical merit under applicable tax laws. This threshold or standard is defined as a likelihood of more than 50 percent. This position must then be measured to determine the amount that is recorded in the financial statements. HOF~VOH does not believe its financial statements include any material uncertain tax positions.

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**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

June 30, 2018 and 2017

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

10. Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make significant estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts or revenue and expenses during the reporting period. These significant estimates include the allowance for doubtful accounts, fair values of investments and accrued expenses. Actual results could differ from these estimates.

NOTE C - INVESTMENTS

The total investments of HOF~VOH at June 30, 2018 and 2017 are detailed as follows:

	2018	2017
Mutual Funds - U.S. Bank	\$ 21,980,460	\$ 21,301,650
Mutual Funds - SEI Catholic Values Funds	26,263	25,409
Total investments	\$ 22,006,723	\$ 21,327,059

At June 30, 2018, HOF~VOH investments are summarized and classified as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Mutual Funds - U.S. Bank	\$ -	\$ 2,107,230	\$ 19,873,230	\$ 21,980,460
Mutual Funds - SEI Catholic Values Funds	-	26,263	-	26,263
Total investments	\$ -	\$ 2,133,493	\$ 19,873,230	\$ 22,006,723

At June 30, 2017, HOF~VOH investments are summarized and classified as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Mutual Funds - U.S. Bank	\$ -	\$ 1,428,420	\$ 19,873,230	\$ 21,301,650
Mutual Funds - SEI Catholic Values Funds	-	25,409	-	25,409
Total investments	\$ -	\$ 1,453,829	\$ 19,873,230	\$ 21,327,059

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

June 30, 2018 and 2017

NOTE D - FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements*, establishes a single authoritative definition of fair value, sets a framework for measuring fair value, and requires additional disclosures about fair value measurements. The framework provides a fair value 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 under ASC 820 are described as follows:

- Level 1 Quoted prices in active markets for identical assets or liabilities.
- Level 2 Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities.
- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

A financial instrument's 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.

The following tables present the fair values of the investments held by HOF~VOH by level within the fair value hierarchy, as of June 30, 2018 and 2017:

	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant inputs supported by little or no market activity (Level 3)	Total fair value
<u>June 30, 2018</u>				
Assets				
Investments:				
Mutual Funds - U.S. Bank	\$ 21,980,460	\$ -	\$ -	\$ 21,980,460
Mutual Funds - SEI Catholic Values Funds	<u>26,263</u>	<u>-</u>	<u>-</u>	<u>26,263</u>
Total assets at June 30, 2018	<u>\$ 22,006,723</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,006,723</u>

(Continued)

Archdiocese of Philadelphia  
Heritage of Faith ~ Vision of Hope Archdiocesan Capital Campaign

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

June 30, 2018 and 2017

NOTE D - FAIR VALUE MEASUREMENTS - Continued

	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant inputs supported by little or no market activity (Level 3)	Total fair value
<u>June 30, 2017</u>				
Assets				
Investments:				
Mutual Funds - U.S. Bank	\$ 21,301,650	\$ -	\$ -	\$ 21,301,650
Mutual Funds - SEI Catholic Values Funds	25,409	-	-	25,409
Total assets at June 30, 2017	\$ 21,327,059	\$ -	\$ -	\$ 21,327,059

NOTE E - PLEDGES RECEIVABLE

A summary of gross pledges receivable as of June 30, 2018 and 2017 is as follows:

	2018	2017
Pledges receivable expected to be collected in:		
Less than one year	\$ 341,606	\$ 951,018
One year to five years	1,385,449	1,768,027
Pledges receivable, end of year	\$ 1,727,055	\$ 2,719,045

Pledge activity for 2018 and 2017 is as follows:

	2018	2017
Pledges receivable, beginning of year	\$ 2,719,045	\$ 34,851,860
New pledges	14,278	60,179
Collections	(899,424)	(861,054)
Bad debt recovery	(89,691)	-
Write-offs	(17,153)	(31,331,940)
Pledges receivable, end of year	1,727,055	2,719,045
Less allowance for doubtful accounts	(580,482)	(654,021)
Net pledges receivable balance, end of year	\$ 1,146,573	\$ 2,065,024

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

June 30, 2018 and 2017

NOTE F - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

During the year ended June 30, 2018, endowments in the amount of \$19,873,230 were reclassified from temporarily restricted to permanently restricted net assets in the accompanying statement of activities and changes in net assets for the year ended June 30, 2017 to correct a classification error. This reclassification did not impact the total change in net assets for the year ended June 30, 2017, nor the total assets, liabilities and net assets.

Temporarily restricted net assets at June 30, 2018 and 2017 are restricted for:

	<u>2018</u>	<u>2017</u>
Clergy retirement, Cathedral Preservation Fund, Philadelphia Seminarians - Hispanic Ministry Training Fund and operation capital projects	<u>\$ 20,473,196</u>	<u>\$ 22,419,590</u>

Permanently restricted net assets at June 30, 2018 and 2017 are restricted for:

	<u>2018</u>	<u>2017</u>
Investment to be held in perpetuity, the income from which is expendable to support operation of specific endowment		
Inter-Parochial Cooperation Commission	\$ 5,454,604	\$ 5,375,520
Elementary School Tuition Assistance	9,829,193	9,399,642
Special Education Tuition Assistance	1,104,784	1,104,405
St. Charles Borromeo Seminary Scholarship	2,820,083	2,783,769
Catholic Housing and Community Services		
St. John Neumann	409,242	403,298
Kensington Area Retirement Community	545,656	537,731
Community Food Program	<u>272,827</u>	<u>268,865</u>
	<u>\$ 20,436,389</u>	<u>\$ 19,873,230</u>

NOTE G - NET ASSETS RELEASED FROM RESTRICTIONS

During the years ended June 30, 2018 and 2017, \$3,143,519 and \$3,521,664, respectively, was released from donor restrictions by incurring expenses satisfying the specific restricted purpose.

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

June 30, 2018 and 2017

NOTE H - ENDOWMENTS

HOF~VOH endowments consist of donor-restricted endowment funds established for a variety of purposes. The endowment includes donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

1. Interpretation of Relevant Law

In accordance with Commonwealth of Pennsylvania Act 141, HOF~VOH classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Pennsylvania law permits the Archdiocese to release a percentage, which is elected annually, of the market value of its endowment funds into unrestricted income. The spending rate percentage, between 2% and 7%, is applied to the three-year average of the market value of the endowment funds' assets.

2. Return Objectives and Risk Parameters

HOF~VOH has adopted investment and spending policies for endowment assets 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 assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period. Under this policy, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of plus 3% over the consumer price index while assuming a moderate level of investment risk. HOF~VOH expects its endowment funds, over time, to provide an average rate of return of between 6% and 7% annually. Actual returns in any given year may vary from that amount.

3. Spending Policy

In accordance with state law, net realized and unrealized gains on permanently restricted investments are included as temporarily restricted net assets, even absent donor restrictions on the use of gains. Commonwealth of Pennsylvania law permits HOF~VOH to adopt a spending policy for endowment earnings, subject to certain limitations. HOF~VOH follows the total return concept of endowment investment and spending. Under this concept, a prudent amount of appreciation earned on the investments may be spent in the event that the interest and dividends earned are insufficient to meet that period's spending rate. The Archdiocese's spending policy for the years ended June 30, 2018 and 2017 allowed for a 5% draw of the three-year average market value of the permanently restricted endowments, estates and trusts.

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Archdiocese of Philadelphia  
Heritage of Faith ~ Vision of Hope Archdiocesan Capital Campaign

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

June 30, 2018 and 2017

NOTE H - ENDOWMENTS - Continued

Changes in endowment net assets for the year ended June 30, 2018:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 1,428,420	\$ 19,873,230	\$ 21,301,650
Investment income	-	391,913	-	391,913
Net appreciation (realized and unrealized gains)	<u>-</u>	<u>1,238,425</u>	<u>-</u>	<u>1,238,425</u>
Total investment return	-	1,630,338	-	1,630,338
Fees	-	(62,641)	-	(62,641)
Appropriation of endowment assets for expenditure	-	(888,887)	-	(888,887)
Transfer	<u>-</u>	<u>-</u>	<u>563,159</u>	<u>563,159</u>
	<u>\$ -</u>	<u>\$ 2,107,230</u>	<u>\$ 20,436,389</u>	<u>\$ 22,543,619</u>

Changes in endowment net assets for the year ended June 30, 2017:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ -	\$ -	\$ -
Investment income	-	373,255	-	373,255
Net appreciation (realized and unrealized gains)	<u>-</u>	<u>1,875,698</u>	<u>-</u>	<u>1,875,698</u>
Total investment return	-	2,248,953	-	2,248,953
Fees	-	(59,903)	-	(59,903)
Appropriation of endowment assets for expenditure	-	(865,185)	-	(865,185)
Reclassification of net assets	<u>-</u>	<u>104,555</u>	<u>19,873,230</u>	<u>19,977,785</u>
	<u>\$ -</u>	<u>\$ 1,428,420</u>	<u>\$ 19,873,230</u>	<u>\$ 21,301,650</u>



**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

June 30, 2018 and 2017

**NOTE I - RELATED PARTY TRANSACTIONS**

During the fiscal years ended June 30, 2018 and 2017, \$3,040,491 and \$2,466,823, respectively, was disbursed from the HOF~VOH cash account to campaign beneficiaries with approval of the Board of Directors of the HOF~VOH entity.

On July 1, 2017, the Archdiocese of Philadelphia - Office for Financial Services began providing administrative and management services for an annual fixed fee of \$47,903. For the year ended June 30, 2017, the Catholic Foundation of Greater Philadelphia (CFGP) charged a fixed fee of \$76,448 plus expenses of \$133,804 for those services. This expense is included in support office expenses in the statements of activities and changes in net assets.

**NOTE J - SUBSEQUENT EVENTS**

FASB ASC 855, *Subsequent Events*, establishes the principles and requirements for evaluating and reporting subsequent events, including: the period subject to evaluation for subsequent events; the circumstances requiring recognition of subsequent events in the financial statements; and the required disclosures. HOF~VOH has evaluated events subsequent to June 30, 2018 and through July 31, 2019, the date the financial statements were available to be issued. HOF~VOH is not aware of any subsequent event that would require recognition or disclosure in the financial statements.