

**CATHOLIC COMMUNITY FOUNDATION IN
THE ARCHDIOCESE OF SAINT PAUL AND MINNEAPOLIS**

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2011 AND 2010

**CATHOLIC COMMUNITY FOUNDATION IN
THE ARCHDIOCESE OF SAINT PAUL AND MINNEAPOLIS
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Catholic Community Foundation in
the Archdiocese of Saint Paul and Minneapolis
St. Paul, Minnesota

We have audited the accompanying consolidated statements of financial position of Catholic Community Foundation in the Archdiocese of Saint Paul and Minneapolis (Catholic Community Foundation) as of June 30, 2011 and 2010, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Catholic Community Foundation's management. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Catholic Community Foundation at June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

LarsonAllen LLP
LarsonAllen LLP

Minneapolis, Minnesota
September 27, 2011

**CATHOLIC COMMUNITY FOUNDATION IN
THE ARCHDIOCESE OF SAINT PAUL AND MINNEAPOLIS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2011 AND 2010**

ASSETS	<u>2011</u>	<u>2010</u>
Cash and Cash Equivalents	\$ 4,314,317	\$ 4,963,075
Receivables:		
Interest	658,294	153,664
Contributions (Note 3)	1,041,553	1,047,141
From Sale of Contributed Asset (Note 4)	209,486	359,353
Beneficial Interest in Lead Trust (Note 5)	101,835	138,208
Investments	180,684,512	146,033,331
Collateral Asset Pool - Securities Lending	-	8,654,450
Payable - Securities Lending	-	(9,030,432)
Assets Held in Charitable Remainder Trusts	8,816,639	7,771,068
Cash Surrender Value of Life Insurance (Note 9)	2,644,000	2,511,196
Property and Equipment, Net	<u>232,903</u>	<u>283,138</u>
Total Assets	<u>\$ 198,703,539</u>	<u>\$ 162,884,192</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Notes Payable	\$ 72,978	\$ 81,137
Accounts Payable	402,884	387,655
Accrued Expenses	204,814	161,129
Agency Funds	84,523,729	68,001,308
Beneficiary Endowments	18,497,336	13,783,958
Charitable Gift Annuity and Charitable Remainder Trust Obligations	<u>7,103,379</u>	<u>7,042,592</u>
Total Liabilities	110,805,120	89,457,779
Net Assets:		
Unrestricted	29,555,475	23,175,224
Temporarily Restricted (Note 11)	18,570,041	12,856,294
Permanently Restricted (Note 11)	<u>39,772,903</u>	<u>37,394,895</u>
Total Net Assets	<u>87,898,419</u>	<u>73,426,413</u>
Total Liabilities and Net Assets	<u>\$ 198,703,539</u>	<u>\$ 162,884,192</u>

See accompanying Notes to Consolidated Financial Statements.

**CATHOLIC COMMUNITY FOUNDATION IN
THE ARCHDIOCESE OF SAINT PAUL AND MINNEAPOLIS
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2011 AND 2010**

	2011			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
REVENUE, GAINS AND OTHER SUPPORT				
Contributions	\$ 6,351,612	\$ 565	\$ 1,695,703	\$ 8,047,880
Management Fees (Note 6)	632,580	-	-	632,580
Investment Income	153,209	275,075	-	428,284
Net Unrealized and Realized Gain on Investments	9,560,942	6,556,776	-	16,117,718
Gain (Loss) in Value of Split-Interest Agreements, Net	(1,590,160)	597,529	682,305	(310,326)
Release from Restrictions (Note 13)	1,716,198	(1,716,198)	-	-
Total Revenue (Losses), Gains and Other Support	16,824,381	5,713,747	2,378,008	24,916,136
EXPENSES				
Grants and Expenses:				
Family of Faith	971,168	-	-	971,168
Seminary	625,861	-	-	625,861
Parish and School	5,594,792	-	-	5,594,792
Community Service	1,639,710	-	-	1,639,710
Total Grants and Expenses	8,831,531	-	-	8,831,531
Operating Expenses:				
Development	910,333	-	-	910,333
Management and General	702,266	-	-	702,266
Total Operating Expenses	1,612,599	-	-	1,612,599
Total Expenses	10,444,130	-	-	10,444,130
CHANGE IN NET ASSETS	6,380,251	5,713,747	2,378,008	14,472,006
Beginning Net Assets	23,175,224	12,856,294	37,394,895	73,426,413
ENDING NET ASSETS	<u>\$ 29,555,475</u>	<u>\$ 18,570,041</u>	<u>\$ 39,772,903</u>	<u>\$ 87,898,419</u>

See accompanying Notes to Consolidated Financial Statements.

2010			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 6,367,136	\$ -	\$ 4,722,200	\$ 11,089,336
510,518	-	-	510,518
111,287	281,796	-	393,083
2,474,899	3,675,818	-	6,150,717
297,747	357,231	817,210	1,472,188
<u>2,344,984</u>	<u>(2,344,984)</u>	<u>-</u>	<u>-</u>
12,106,571	1,969,861	5,539,410	19,615,842
1,392,425	-	-	1,392,425
524,258	-	-	524,258
4,576,863	-	-	4,576,863
<u>1,619,584</u>	<u>-</u>	<u>-</u>	<u>1,619,584</u>
8,113,130	-	-	8,113,130
923,348	-	-	923,348
<u>575,048</u>	<u>-</u>	<u>-</u>	<u>575,048</u>
1,498,396	-	-	1,498,396
<u>9,611,526</u>	<u>-</u>	<u>-</u>	<u>9,611,526</u>
2,495,045	1,969,861	5,539,410	10,004,316
<u>20,680,179</u>	<u>10,886,433</u>	<u>31,855,485</u>	<u>63,422,097</u>
<u>\$ 23,175,224</u>	<u>\$ 12,856,294</u>	<u>\$ 37,394,895</u>	<u>\$ 73,426,413</u>

**CATHOLIC COMMUNITY FOUNDATION IN
THE ARCHDIOCESE OF SAINT PAUL AND MINNEAPOLIS
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2011 AND 2010**

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 14,472,006	\$ 10,004,316
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	50,235	52,622
Contributions Received, Held for Long-Term Investment	(1,695,703)	(4,722,200)
Change in Cash Surrender Value of Insurance Policies	(132,804)	(184,994)
Net Realized and Unrealized Gain on Investments	(16,117,718)	(6,150,717)
(Gain) Loss in Value of Split Interest Agreements and Other	310,326	(1,472,188)
Change in Assets and Liabilities:		
Interest Receivable	(504,630)	(31,851)
Contributions Receivable	155,455	112,510
Beneficial Interest in Lead Trust	36,373	44,947
Other Receivable	-	234
Assets Held for Sale	-	1,070,000
Accounts Payable	15,229	259,889
Accrued Expenses	43,685	21,038
Net Agency and Beneficiary Endowment Deposits	308,099	609,211
Securities Lending Agreement Collateral and Payable	(375,982)	(180,498)
Net Cash Used by Operating Activities	(3,435,429)	(567,681)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	83,400,651	42,197,975
Purchase of Investments	(82,362,311)	(47,817,613)
Purchases of Fixed Assets	-	(6,790)
Net Cash Provided (Used) by Investing Activities	1,038,340	(5,626,428)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions Received, Held for Long-Term Investment	1,695,703	4,722,200
Additions to Annuity and Trust Agreement Obligations	1,815,910	(423,664)
Payments on Annuities and Trust Obligations	(1,755,123)	(407,577)
Payments on Notes Payable	(8,159)	(8,596)
Net Cash Provided by Financing Activities	1,748,331	3,882,363
NET DECREASE IN CASH AND CASH EQUIVALENTS	(648,758)	(2,311,746)
Cash and Cash Equivalents - Beginning of Year	4,963,075	7,274,821
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,314,317	\$ 4,963,075

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

Agency and Beneficiary Endowment Unrealized/Realized Gains and Losses and Fees	\$ 20,146,949	\$ 8,989,535
Noncash Contributions	\$ 3,641,860	\$ 1,677,000
Cash Paid for Interest	\$ 2,841	\$ 3,404

See accompanying Notes to Consolidated Financial Statements.

**CATHOLIC COMMUNITY FOUNDATION IN
THE ARCHDIOCESE OF SAINT PAUL AND MINNEAPOLIS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010**

NOTE 1 ORGANIZATION

Nature of Organization

The Catholic Community Foundation in The Archdiocese of Saint Paul and Minneapolis (the Foundation) was incorporated in November 1992 and commenced operations in July 1993 with the mission to support financially, the spiritual, educational and social needs of the Catholic community. The Foundation fulfills this mission by:

1. Seeking endowment funds that support its mission.
2. Helping donors achieve their charitable and financial goals.
3. Helping parishes, schools, and Catholic organizations meet their long-term financial needs.
4. Providing responsible and effective financial management.
5. Distributing earnings according to community priorities and donor intent.

Programs

The Foundation accomplishes its mission through the following programs.

Endowments

The endowment funds are recorded as net assets on the statements of financial position.

The Family of Faith Endowments provides income for Catholic schools, religious education, ministerial enrichment, and social outreach programs within the Archdiocese of Saint Paul and Minneapolis (the Archdiocese).

The Seminary Endowments provide tuition support for the spiritual and educational development for those in ministry.

Parish and School Endowments provide tuition aid and program support for parishes and schools within the Archdiocese.

Community Service Endowments are established to provide support for social needs in the community.

Split Interest Agreements – Charitable Gift Annuities and Charitable Remainder

Trusts

Charitable gift annuities and charitable remainder trusts are offered to donors wishing to make a deferred gift to the Family of Faith endowments, parish and school endowments, operating funds, or other charitable causes. Donors receive life income payments and the gift remainder is restricted for Foundation endowments or other charitable causes. Net earnings on charitable remainder trust investments in excess of the payments made to donors are also restricted for Foundation endowment programs or other charitable causes selected by the donor in the original gift instrument.

**CATHOLIC COMMUNITY FOUNDATION IN
THE ARCHDIOCESE OF SAINT PAUL AND MINNEAPOLIS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010**

NOTE 1 ORGANIZATION (CONTINUED)

Programs (Continued)

Donor Advised Funds

The Foundation offers funds whereby the donor has the privilege of recommending, and the Foundation has final authority of selecting, within the mission and the policies of the Foundation, the grant recipients. These funds may be established as endowments or may be provisional funds, in which instance both principal and income may be expended.

Agency Funds

The Foundation manages funds as an agent for parishes, schools and service organizations within the Archdiocese and in other Minnesota dioceses. As agent, the Foundation establishes, manages, and invests the funds on behalf of the other organization. Distributions are made in accordance with the agency agreements or directions from the organization. Either party may cancel an agency agreement at any time.

Beneficiary Endowments

Beneficiary endowments represent funds that have been legally transferred to the Foundation for the long-term investment purposes in which the transferring organization is the beneficiary. These funds are generally recorded as liabilities on the statements of financial position.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements are presented on a consolidated basis. The Foundation has control, through voting rights, of the Arthur J. Popehn Family Foundation, a supporting organization of the Foundation. The net assets of the Arthur J. Popehn Family Foundation are included in unrestricted net assets of the Foundation. Intercompany transactions have been eliminated in consolidation.

The consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), as codified by the Financial Accounting Standards Board.

Financial Statement Presentation

Net assets and revenues, gains and losses are classified based on donor imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted – Resources over which the board of directors has discretionary control. Designated amounts represent those revenues, which the board has set aside for a particular purpose.

**CATHOLIC COMMUNITY FOUNDATION IN
THE ARCHDIOCESE OF SAINT PAUL AND MINNEAPOLIS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

Temporarily Restricted – Those resources subject to donor imposed restrictions, which will be satisfied by actions of the Foundation or passage of time.

Permanently Restricted – Those resources subject to a donor imposed restriction that they be maintained permanently by the Foundation. The donors of these resources permitted the Foundation to use all or part of the income earned, including capital appreciation of related investments for unrestricted or temporarily restricted purposes.

Certain trust agreements contain variance power language which allows the Foundation to redirect the use of funds to third parties other than those designated in the original trust agreements if the Foundation determines that the originally designated third parties are no longer in operation or are operating in a manner inconsistent with the teachings of the Catholic Church. During the years ended June 30, 2011 and 2010, the Foundation reviewed all trust agreements for proper presentation of net assets as unrestricted, temporarily restricted, and permanently restricted.

These financial statements are limited to the fair presentation of the financial position and activities of the Foundation. These statements do not include the accounts and activities of the Archdiocese, or other organizations within the Archdiocese community, which are separate legal entities apart from the Foundation.

Cash and Cash Equivalents

The Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Cash and cash equivalents included in investments on the statements of financial position are not available for use in operations and are not considered cash for the purpose of presenting cash flows. The Foundation maintains its cash accounts primarily at one financial institution. Included in cash is a money market account totaling approximately \$4,020,000 and \$3,800,000 at June 30, 2011 and 2010, respectively

Contributions Receivable

Pledges that are expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of the amount expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the pledge is received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Foundation provides an allowance for uncollectible contributions based on management's best estimate.

**CATHOLIC COMMUNITY FOUNDATION IN
THE ARCHDIOCESE OF SAINT PAUL AND MINNEAPOLIS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are carried at either deposit value or fair value. Donated investments are initially recorded at estimated fair value at the date of donation. Realized and unrealized gains and losses are recognized in the period in which they occur. Realized and unrealized gains and losses for investments, other than agency obligations, beneficiary endowments, and charitable remainder trusts, are recorded in the statements of activities. Investment income and gains and losses on agency obligations and beneficiary endowment investments are reported as a direct increase or decrease to the obligations on the statements of financial position. Investment income and gains and losses for charitable remainder trusts are recorded within the trust activity.

The Foundation invests most of the endowments and agency funds in four investment pools managed by various investment managers exclusively for the Foundation. Investment income and realized and unrealized gains and losses from investments within the investment pools as well as investment costs are allocated monthly to the individual funds based on the relationship of the market value of each fund to the total market value of the pool as adjusted for additions to or distributions from those funds.

For the purpose of evaluating annual distributions from endowed funds, the Foundation has a policy to recognize changes in the purchasing power of the historical value of contributions. Adjustments for fiscal years are based on the Gross Domestic Product (GDP) deflator rate of 1.24% for the year ended June 30, 2010, .47% for the year ended June 30, 2009 and 2.82% for the year ended June 30, 2008.

Investment Income

The Foundation accounts for investment income recorded in the statements of activities, including gains and losses on investments, as unrestricted, temporarily restricted, or permanently restricted revenue depending on the existence and/or nature of any donor restrictions related to the original contribution. When the donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as satisfaction of donor restrictions.

Property and Equipment

Property and Equipment are stated at the lower of cost or estimated fair value. Depreciation and amortization are provided over estimated useful lives (shorter of asset life or lease term for leasehold improvements) by use of the straight-line method. Maintenance and repairs are expensed as incurred; major improvements and betterments are capitalized.

**CATHOLIC COMMUNITY FOUNDATION IN
THE ARCHDIOCESE OF SAINT PAUL AND MINNEAPOLIS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions, unconditional promises to give, and other assets are recognized at fair values and are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. All other donor-restricted contributions are reported as increases in temporary or permanently restricted net assets, depending on the nature of the restrictions. When these restrictions expire, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

The Foundation accepts gifts of life insurance whereby a donor designates the Foundation as a full or partial beneficiary of a life insurance policy or transfers all incidence of ownership in a policy to the Foundation. The majority of these gifts represent permanently restricted contributions for the Family of Faith Endowment.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Development costs as shown in the accompanying statements of activities represent the Foundation's cost of fund-raising activities.

Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state income tax laws. The Foundation is a non-private foundation and contributions to the Foundation qualify as a charitable tax deduction by the contributor. It is the policy of the Foundation, in accordance with U.S. GAAP, to assess any uncertain tax provisions and, if necessary, record a tax asset or liability, and the related income tax expense, for any uncertain tax provisions. The Foundation does not have any uncertain tax positions or unrelated business income.

The Foundation follows the accounting standards for contingencies in evaluating uncertain tax positions. This guidance prescribes recognition threshold principles for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. The Foundation's tax returns are subject to review and examination by federal and state authorities. The tax returns for the years 2008 through 2010 are open to examination by federal and state authorities.

**CATHOLIC COMMUNITY FOUNDATION IN
THE ARCHDIOCESE OF SAINT PAUL AND MINNEAPOLIS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Fair Value Measurement

The Foundation follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the Foundation has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.

Level 2 – Financial assets and liabilities are valued using inputs quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data. Level 2 includes private collateralized mortgage obligations, municipal bonds, and corporate debt securities.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the assets, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset. Level 3 includes private equity, venture capital, hedge funds and real estate.

**CATHOLIC COMMUNITY FOUNDATION IN
THE ARCHDIOCESE OF SAINT PAUL AND MINNEAPOLIS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments

At June 30, 2011 and 2010, the fair value of all financial instruments approximates carrying value. The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Investments – Investments, other than cash and cash equivalents are carried at fair value. Publicly traded investments are valued at fair value based on quoted market prices. A substantial portion of the fair value measurements included within investments are provided to the Foundation by third parties and are not calculated by the Foundation. These valuations are based on the fair value based on quoted market prices, financial models of hypothetical transactions, or net asset value as determined by the fund manager. Some valuations may also be determined and approved by the managers or valuation committees of the funds in which the Foundation invests. The fair value assigned to a particular security by the fund management does not necessarily reflect the amount that would be realized. In addition, in light of the judgment involved in fair value decisions, there can be no assurance that a fair value assigned to a particular security by the fund management is accurate.

Contributions Receivable – Carrying value, which approximates fair value, is based on the face amount of the gift, time remaining to maturity, and the interest rate applicable to determine the net present value of the receivable at June 30 (see Note 3).

Beneficial Interest in Lead Trust – Carrying value, which approximates fair value, is based on the face amount of the gift, time remaining to maturity, and the interest rate applicable to determine the net present value of the receivable at June 30 (see Note 5).

Obligations for Agency Funds and Endowments – Carrying value, which approximates fair value, of obligations for agency funds and beneficiary endowments is based on the related fair values of investments discussed above and the beneficiaries' shares of the related investment assets.

Obligations for Charitable Gift Annuities and Remainder Trusts – Carrying value, which approximates fair value, of obligations of charitable gift annuities and charitable remainder trusts is based on the life expectancies of the beneficiaries, mortality tables, and interest rates imputed at the inception date of the obligations (see Note 8).

Financial Instruments and Concentration of Credit Risk

The Foundation holds its investments in a variety of investment funds. In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the Foundation's investment holdings and the amounts reported on the statements of financial position.

**CATHOLIC COMMUNITY FOUNDATION IN
THE ARCHDIOCESE OF SAINT PAUL AND MINNEAPOLIS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform with current year presentation. The reclassifications had no effect on the change in net assets or total net assets as previously reported.

Subsequent Events

The Foundation has evaluated events and transactions for potential recognition or disclosure in these financial statements through September 27, 2011, the date the consolidated financial statements were available to be issued.

NOTE 3 CONTRIBUTIONS RECEIVABLE

Contributions receivable are recorded at their estimated fair value, calculated using a present value factor of 4%. Expected collections of contributions receivable in future periods are as follows:

	<u>2011</u>	<u>2010</u>
Unconditional Promise to Give Before Unamortized		
Discount and Allowance for Uncollectibles	\$ 1,500,000	\$ 1,500,000
Less: Unamortized Discount	<u>(458,447)</u>	<u>(452,859)</u>
Net Contributions Receivable	<u>\$ 1,041,553</u>	<u>\$ 1,047,141</u>

The contribution receivable of \$1,500,000 at June 30, 2011 and 2010 is due from one donor and is not expected to be collected within the next five years. The present value of the pledge is based on the life expectancy of the donors providing funds to the family foundation making the pledge to the Foundation.

NOTE 4 RECEIVABLE FROM SALE OF DONATED ASSETS

Amounts receivable from the sale of donated assets bear interest at 8%. Expected future payments are as follows.

	<u>2011</u>	<u>2010</u>
Amounts Due In:		
Less Than One Year	\$ 151,500	\$ 151,475
One to Five Years	<u>57,986</u>	<u>207,878</u>
Totals	<u>\$ 209,486</u>	<u>\$ 359,353</u>

**CATHOLIC COMMUNITY FOUNDATION IN
THE ARCHDIOCESE OF SAINT PAUL AND MINNEAPOLIS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010**

NOTE 5 CHARITABLE LEAD TRUST

During 2003, a donor established a trust with a local bank naming the Foundation as a lead beneficiary of a charitable lead trust. Under the terms of the split-interest agreement, the Foundation is to receive 6% of the trust assets for 10 years. The trust assets are valued at the beginning of the calendar year and the distributions are made quarterly. At the time of termination, the remaining assets are to be distributed to others.

Using a discount rate of 4%, the present value of future benefits to be received by the Foundation was estimated to be \$101,835 and \$138,208 at June 30, 2011 and 2010, respectively, and was reported as a permanently restricted contribution. The Foundation received payments from the trust totaling \$36,364 and \$44,571 during the years ended June 30, 2011 and 2010, respectively.

NOTE 6 INVESTMENTS

Investment securities, which are managed and held in safekeeping by others, are recorded at fair market value. A significant portion of the investments are held in five investment pools. Agency funds, beneficiary endowments, and other endowments are invested in four of the investment pools, and charitable gift annuities are invested in a fifth pool. Charitable remainder trusts, certain agency funds and certain donor advised funds are separately invested.

Investments consist of the following at June 30:

	2011	2010
Cash and Cash Equivalents	\$ 9,124,457	\$ 7,721,198
United States Government Securities	305,163	1,195,052
Corporate Bonds	24,149,871	24,688,351
Corporate Stocks	131,928,456	97,480,442
Hedge Equity	14,374,029	14,240,164
Real Estate	10,277,469	8,632,856
Totals	<u>\$ 190,159,445</u>	<u>\$ 153,958,063</u>
As presented on the Statement of Financial Position:		
Investments	\$ 180,684,512	\$ 146,033,331
Assets Held in Charitable Remainder Trust	8,816,639	7,771,068
Interest Receivable	658,294	153,664
	<u>\$ 190,159,445</u>	<u>\$ 153,958,063</u>

**CATHOLIC COMMUNITY FOUNDATION IN
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NOTE 6 INVESTMENTS (CONTINUED)

Amounts invested for agency depository funds and for long-term purposes at June 30, 2011 and 2010 are as follows:

	<u>2011</u>	<u>2010</u>
Agency Funds	\$ 82,131,434	\$ 65,639,280
Long-Term Investments:		
Beneficiary Endowments	18,494,503	13,747,157
Charitable Gift Annuities	8,451,331	6,583,756
Charitable Remainder Trusts	8,816,639	7,771,068
Endowments and Other	72,265,538	60,216,802
Totals	<u>\$ 190,159,445</u>	<u>\$ 153,958,063</u>

Individual investments and mutual funds that exceeded 5% of the Foundation's net assets at year-end were as follows:

	<u>2011</u>	<u>2010</u>
Artisan International Value Fund	\$ 15,974,253	\$ -
Prudential PRISA Fund	5,118,189	4,247,508
Nuveen Core Plus Bond Fund	5,877,505	6,129,000
Loomis Sayles	5,914,380	6,482,752
Brandywine Global	6,853,544	6,940,123
Bailard REIT, Inc,	4,740,217	4,410,274
LSV International Value Equity Fund LP	-	7,474,473
Artio Global	-	7,621,134

Artisan International Value Fund pursues long-term capital growth by investing in undervalued, non-U.S. companies. Bailard REIT, Inc. and the Prudential Prisa Fund are equity based Real Estate Income Trusts which consist of a diversified portfolio of commercial property. Nuveen Core Plus Bond Fund focuses on security selection, sector rotation, and yield curve positioning, while diversifying with respect to risk exposure. Loomis Sayles seeks high current income with a secondary objective of capital growth. They invest in income-producing securities, including below-investment-grade bonds. Brandywine Global invests in global bonds with the highest real yield, managing currency to protect and increase return, rotating among countries and controlling risk by purchasing undervalued securities. The LSV International Value Equity Fund Limited Partnership and Artio Global (international equity managers) were terminated during fiscal year 2011.

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NOTE 6 INVESTMENTS (CONTINUED)

Investment income and net appreciation or depreciation in investments of agency depository funds and beneficiary endowments are recorded as additions or deductions to the agency deposit or beneficiary endowment liability. Investment income earned on the agency deposit and beneficiary endowment investments was \$1,236,646 and \$1,243,428 for the years ended June 30, 2011 and 2010, respectively. The market value of the agency deposit and beneficiary endowment investments appreciated in value by \$20,166,898 and \$8,820,392 for the years ended June 30, 2011 and 2010, respectively.

The Foundation charges the various agency programs a quarterly management fee as reimbursement for certain administrative and investment costs. These fees are charged to the programs based on market value of their investments. In the accompanying statements of activities, management fees are as follows:

	2011	2010
Management Fees Charged on Agency and Beneficiary Endowments	\$ 543,533	\$ 444,490
Management Fees Charged on Trusts	89,047	66,028
Management Fee Income	\$ 632,580	\$ 510,518

Management fees charged on owned assets, other than trusts, were \$912,077 and \$798,712 as of June 30, 2011 and 2010, respectively. These fees have been eliminated from the revenue and expense in the statements of activities.

Investment fees other than management fees charged on all funds were \$923,965 and \$876,948 for the years ended June 30, 2011 and 2010, respectively.

NOTE 7 SECURITIES LENDING

During the year ended June 30, 2010, the Foundation participated in a securities lending program run by its custodial bank. The Foundation ceased participation in this program during fiscal year 2011. Under the program, the Foundation lent certain investment securities to registered broker-dealers. Interest and dividends on the loaned securities reverted to the Foundation. In these programs, the borrower provided collateral in the form of cash, U.S. Government securities or a bank letter of credit in an amount equal to or in excess of the loaned security's value. The cash collateral was then reinvested on behalf of the Foundation by the custodial bank.

**CATHOLIC COMMUNITY FOUNDATION IN
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NOTE 7 SECURITIES LENDING (CONTINUED)

As of June 30, 2010, the Foundation had securities with a fair value of \$8,566,981 on loan. The Foundation retained the market risk for all securities on loan which are reported within investments in the statements of financial position. At June 30, 2010, the fair value of the Foundation's portion of the collateral asset pool was \$8,654,450 compared with the Foundation's obligation to return collateral of \$9,030,432. The Foundation recorded an unrealized gain related to the securities lending program of \$180,498 during the year ended June 30, 2010 due to market fluctuations that increased their portion of the collateral asset pool and, therefore, reduced their net liability relating to this program. For the year ended June 30, 2010, fair value of the collateral asset pool is included as Level 3 assets described in the Fair Value Measurement footnote (see Note 15). Within the Asset Collateral Pool – Securities Lending, 85% of the underlying assets were money market funds.

NOTE 8 SPLIT-INTEREST AGREEMENTS – CHARITABLE GIFT ANNUITY AND CHARITABLE REMAINDER TRUST OBLIGATIONS

The Foundation has entered into various charitable gift annuities and charitable remainder trust agreements with its donors. The Foundation is obligated to make payments to the annuitants and trust recipients for the remainder of their lives. The contributed funds for charitable gift annuities immediately become part of the general assets and liabilities of the Foundation. The Foundation's policy directs 100% of the asset value of annuities to be invested in a separate pool.

Assets received are recorded at fair value on the date the agreement or trust is recognized, and a liability is recorded equal to the present value of the estimated future obligations based on mortality rates derived from ordinary life annuity tables. The difference between the fair value of assets contributed and obligations recorded is recognized as contribution revenue, which totaled \$199,437 and \$200,334 in 2011 and 2010, respectively. The various deferred gift obligations have imputed interest rates between 5% and 10%.

The gain (loss) in value of split interest agreements consists of the following for the years ended June 30, 2011 and 2010:

	2011	2010
Investment Income	\$ 9,810	\$ 261,321
Net Realized Gains (Losses) on Charitable Remainder Trusts	(1,106)	322,857
Net Unrealized Gains on Charitable Remainder Trusts	324,003	945,491
Amortization of Discount on Charitable Remainder Trusts and Charitable Gift Annuities	(521,829)	(505,757)
Management Fees	(89,047)	(66,028)
Actuarial Adjustment	(32,157)	514,304
Totals	\$ (310,326)	\$ 1,472,188

**CATHOLIC COMMUNITY FOUNDATION IN
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NOTE 9 LIFE INSURANCE

The Foundation is owner and beneficiary of 38 life insurance policies at June 30, 2011 and 2010. These policies had a total face value at June 30, 2011 and 2010 of approximately \$17,000,000. Cash surrender values at June 30, 2011 and 2010 totaled \$2,644,000 and \$2,511,196, respectively.

NOTE 10 LEASES

The Foundation is committed under long-term operating leases for the rental of office space and office equipment. The terms of the leases range from three to five years.

Future minimum lease payments required under the above-described office space lease are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2012	\$ 132,218
2013	134,289
2014	<u>32,567</u>
Total	<u>\$ 299,074</u>

Rent expense for the years ended June 30, 2011 and 2010 was \$123,665 and \$113,147, respectively.

NOTE 11 NET ASSETS

Permanently restricted net assets are limited by donor-imposed stipulations to invest the principal in perpetuity and to expend the income for program activities. Temporarily restricted net assets are limited by donor restrictions to support certain program activities and include the undistributed income from and net appreciation on the restricted endowment accounts. Unrestricted net assets have no donor-imposed restrictions.

**CATHOLIC COMMUNITY FOUNDATION IN
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NOTE 11 NET ASSETS (CONTINUED)

Permanently restricted net assets represent endowment funds established for the following purposes at June 30:

	Permanently Restricted	
	2011	2010
Family of Faith Program	\$ 19,846,602	\$ 19,258,894
Seminary Program	4,386,755	4,386,755
Parish, School and Community Service	10,228,549	9,800,893
Donor Advised	311,263	273,761
Charitable Gift Annuities Contribution	1,344,583	909,437
Charitable Trusts	3,655,151	2,765,155
	<u>\$ 39,772,903</u>	<u>\$ 37,394,895</u>

Temporarily restricted net assets are available for the following purposes at June 30:

	Temporarily Restricted	
	2011	2010
Family of Faith Program	\$ 2,627,111	\$ 310,441
Seminary Program	2,985,295	1,959,276
Parish, School and Community Service	1,118,079	69,805
Donor Advised	106,371	33,092
Charitable Gift Annuities Contribution	655,408	374,491
Charitable Trusts	1,124,387	1,558,261
Growing in Faith Capital Campaign (Catholic Education)	9,953,390	8,550,928
	<u>\$ 18,570,041</u>	<u>\$ 12,856,294</u>

Unrestricted net assets, subject to the ultimate discretion of the Foundation's directors amounted to \$29,555,475 and \$23,175,224 for the years ended June 30, 2011 and 2010, respectively. Included in unrestricted net assets are approximately \$21,540,000 and \$19,780,000 of donor advised funds as of June 30, 2011 and 2010, respectively. Although grant recommendations are accepted from the donors or other advisors of these funds, the Foundation has ultimate discretion of these funds.

NOTE 12 SATISFACTION OF DONOR RESTRICTIONS

Temporarily restricted net assets of \$1,716,198 and \$2,344,984 were used in accordance with donor restrictions and recorded as program expenses for the years ended June 30, 2011 and 2010, respectively.

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NOTE 13 RELATED-PARTY TRANSACTIONS

The Foundation, whose mission is to support the needs of the Catholic Community, is related to the Archdiocese of Saint Paul and Minneapolis through some common directors who are a minority of the Foundation board. The Foundation is also related to essentially all Catholic Churches and other beneficiary agencies within the Archdiocese through overlap of certain board members.

The Foundation distributed grants to specific programs of the Archdiocese of Saint Paul and Minneapolis totaling \$407,291 and \$472,481 from beneficiary endowments and net asset accounts in 2011 and 2010, respectively.

The Foundation participates in the defined benefit pension plan sponsored by the Archdiocese and organized as a trust with an independent trustee board, for all lay employees of certain organizations related to the Archdiocese who are full-time and have completed one year of service, and are at least 21 years of age. The actuarial present values of accumulated plan benefits and net assets available for benefits are not available on an individual organization participation basis. The contributions for the plan are expensed as incurred. Contributions to the pension plan in 2011 and 2010 were \$55,824 and \$32,851, respectively.

The Foundation also participates in a Medical Benefit Plan, sponsored by the Archdiocese and organized as a trust, which provides medical benefits for full-time employees of certain organizations related to the Archdiocese. Medical insurance expense was \$123,740 and \$110,971 in 2011 and 2010, respectively.

The Foundation has entered into agreements with parishes and schools within the Archdiocese for management of endowment and investment funds.

NOTE 14 FAIR VALUE MEASUREMENTS

The Foundation uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Foundation values all other assets and liabilities refer to Note 2 – Summary of Significant Accounting Policies.

**CATHOLIC COMMUNITY FOUNDATION IN
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NOTE 14 FAIR VALUE MEASUREMENTS (CONTINUED)

Assets measured at fair value on a recurring basis as of June 30:

	2011			Total
	Level 1	Level 2	Level 3	
Investments and Assets:				
U.S. Government Securities	\$ 305,163	\$ -	\$ -	\$ 305,163
Corporate Bonds	5,504,442	18,645,429	-	24,149,871
Corporate Stocks	128,189,480	3,738,976	-	131,928,456
Hedge Equity	-	11,831,585	2,542,444	14,374,029
Real Estate	804,666	-	9,472,803	10,277,469
Collateral Asset Pool - Securities Lending (Note 7)	-	-	-	-
	<u>\$ 134,803,751</u>	<u>\$ 34,215,990</u>	<u>\$ 12,015,247</u>	<u>\$ 181,034,988</u>

Assets measured at fair value on a recurring basis as of June 30:

	2010			Total
	Level 1	Level 2	Level 3	
Investments and Assets:				
U.S. Government Securities	\$ 1,195,052	\$ -	\$ -	\$ 1,195,052
Corporate Bonds	5,136,867	19,551,484	-	24,688,351
Corporate Stocks	82,383,294	15,097,148	-	97,480,442
Hedge Equity	1,330,916	10,873,080	2,036,168	14,240,164
Real Estate	425,914	-	8,206,942	8,632,856
Collateral Asset Pool - Securities Lending (Note 7)	-	-	8,654,450	8,654,450
	<u>\$ 90,472,043</u>	<u>\$ 45,521,712</u>	<u>\$ 18,897,560</u>	<u>\$ 154,891,315</u>

Level 3 Assets

The following table provides a summary of changes in fair value of the Foundation's Level 3 financial assets for the years ended June 30, 2011 and 2010:

	Hedge Equity	Real Estate	Collateral Asset Pool
Balances as of July 1, 2010:	\$ 2,036,168	\$ 8,206,942	\$ 8,654,450
Net Investment Income, Gains and Losses	371,618	1,611,282	(369,969)
Net Purchases (Sales) of Investments	134,658	(345,421)	(8,284,481)
Transfers from Level 3 to Level 2	-	-	-
Balances as of June 30, 2011	<u>\$ 2,542,444</u>	<u>\$ 9,472,803</u>	<u>\$ -</u>

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NOTE 14 FAIR VALUE MEASUREMENTS (CONTINUED)

Level 3 Assets (Continued)

	<u>Hedge Equity</u>	<u>Real Estate</u>	<u>Collateral Asset Pool</u>
Balances as of July 1, 2009:	\$ 6,158,895	\$ 9,381,691	\$ 14,339,030
Net Investment Income, Gains and Losses	264,331	(851,178)	180,498
Net Purchases (Sales) of Investments	1,771,840	(323,571)	(5,865,078)
Transfers from Level 3 to Level 2	(6,158,898)	-	-
Balances as of June 30, 2010	<u>\$ 2,036,168</u>	<u>\$ 8,206,942</u>	<u>\$ 8,654,450</u>

The Foundation invests primarily in investment funds, limited partnerships, or non-U.S. corporations referred to collectively for this purpose as investment funds. Investment funds are presented in the accompanying financial statements at fair value as determined under FASB Accounting Standards Codification ASC 820: Fair Value Measurements and Disclosures. In situations where the investment fund does not have a readily determinable fair value and meets other eligibility criteria, the Foundation measures fair value based on net asset value per share or its equivalent. The adoption of authoritative guidance on fair value measurements and disclosure did not have a material impact on the accompanying financial statements.

Level 2 and 3 Assets by Major Category

The following table lists level 2 and 3 investment funds by major category:

	<u>Net Asset Value</u>		<u>Unfunded Commitments at June 30, 2011</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Period</u>
	2011	2010			
Corporate Bonds	\$ 18,645,429	\$ 19,551,484	\$ -	Daily - Monthly	1 day to 10 days
Corporate Stock	3,738,976	15,097,148	-	Daily - Monthly	1 day to 30 days
Hedge Equity	11,831,585	10,873,080	-	Quarterly	45 days to 75 days
Hedge Equity	2,542,444	2,036,168	589,000	Not Applicable	Not Applicable
Real Estate	9,472,803	8,206,942	5,533,000	Not Applicable	Not Applicable

NOTE 15 ENDOWMENTS

The Foundation's endowment consists of various individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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NOTE 15 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted the State's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation 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. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with the UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowed assets to provide a predictable stream of funding for programs supported by its endowments, while seeking to maintain the purchasing power of gifts values at the time they are received. Endowed assets include donor restricted funds that the Foundation will hold in perpetuity or for a donor specified period, as well as board designated funds.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

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NOTE 15 ENDOWMENTS (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year between 4% and 5% of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 4% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Endowment Activity

Endowment asset activity and type of fund for the years ended June 30, 2011 and 2010:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Assets, July 1, 2010	\$ (22,243)	\$ 4,175,179	\$ 37,394,895	\$ 41,547,831
Earnings:				
Investment Expense, Net	(429,399)	(225,650)	-	(655,049)
Realized and Unrealized Gains	<u>5,445,179</u>	<u>3,206,378</u>	<u>682,305</u>	<u>9,333,862</u>
Total Investment Returns	5,015,780	2,980,728	682,305	8,678,813
Transfers to Non-Endowed Funds	(275,878)	(220,831)	-	(496,709)
Contributions	2,065	565	1,695,703	1,698,333
Appropriations for Expenditure	(564,948)	(459,846)	-	(1,024,794)
Other Changes:				
Reclass of Donor-Restricted Endowment Funds with Deficiencies	<u>(1,693,177)</u>	<u>1,693,177</u>	-	-
Endowment Assets, June 30, 2011	<u>\$ 2,461,599</u>	<u>\$ 8,168,972</u>	<u>\$ 39,772,903</u>	<u>\$ 50,403,474</u>

**CATHOLIC COMMUNITY FOUNDATION IN
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NOTE 15 ENDOWMENTS (CONTINUED)

Endowment Activity (Continued)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Assets, July 1, 2009	\$ (404,733)	\$ 2,574,756	\$ 31,855,485	\$ 34,025,508
Earnings:				
Investment Expense, Net	(149,452)	(256,748)	-	(406,200)
Realized and Unrealized Gains	2,169,960	1,603,672	817,210	4,590,842
Total Investment Returns	2,020,508	1,346,924	817,210	4,184,642
Contributions	159,246	20,000	4,722,200	4,901,446
Appropriations for Expenditure	(955,735)	(608,030)	-	(1,563,765)
Other Changes:				
Reclass of Donor-Restricted Endowment Funds with Deficiencies	(841,529)	841,529	-	-
Endowment Assets, June 30, 2010	<u>\$ (22,243)</u>	<u>\$ 4,175,179</u>	<u>\$ 37,394,895</u>	<u>\$ 41,547,831</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Fund Assets by Type of Fund as of June 30, 2011:				
Donor-Restricted Endowment Funds	\$ (597,214)	\$ 8,168,972	\$ 39,772,903	\$ 47,344,661
Board Restricted Endowment Funds	3,058,813	-	-	3,058,813
Total Endowment Funds	<u>\$ 2,461,599</u>	<u>\$ 8,168,972</u>	<u>\$ 39,772,903</u>	<u>\$ 50,403,474</u>
Endowment Fund Assets by Type of Fund as of June 30, 2010:				
Donor-Restricted Endowment Funds	\$ (2,960,236)	\$ 4,175,179	\$ 37,394,895	\$ 38,609,838
Board Restricted Endowment Funds	2,937,993	-	-	2,937,993
Total Endowment Funds	<u>\$ (22,243)</u>	<u>\$ 4,175,179</u>	<u>\$ 37,394,895</u>	<u>\$ 41,547,831</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$597,214 and \$2,960,235 as of June 30, 2011 and 2010, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the board of directors.

**CATHOLIC COMMUNITY FOUNDATION IN
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NOTE 16 GRANTS AND EXPENSES

The Foundation's grants and expenses were classified as follows for the years ended June 30, 2011 and 2010:

	Year Ended June 30, 2011						
	Program Grants and Expenses				Operating Expenses		Total
	Family of Faith	Seminary	Parish and School	Community Service	Development	Management and General	
PROGRAM GRANTS	\$ 809,211	\$ 625,861	\$ 5,478,482	\$ 1,521,622	\$ -	\$ -	\$ 8,435,176
OPERATING EXPENSES							
Professional Fees	15,724	-	-	-	40,862	118,357	174,943
Salaries and Benefits	-	-	116,310	116,310	534,158	466,257	1,233,035
Publications and Marketing	-	-	-	-	172,195	-	172,195
Life Insurance Payments	105,017	-	-	-	-	-	105,017
Office Supplies and Services	22,666	-	-	-	81,733	46,019	150,418
Occupancy	18,550	-	-	-	61,832	43,282	123,664
Miscellaneous	-	-	-	1,778	19,553	28,351	49,682
Total Operating Expenses	<u>161,957</u>	<u>-</u>	<u>116,310</u>	<u>118,088</u>	<u>910,333</u>	<u>702,266</u>	<u>2,008,954</u>
TOTAL EXPENSES	<u>\$ 971,168</u>	<u>\$ 625,861</u>	<u>\$ 5,594,792</u>	<u>\$ 1,639,710</u>	<u>\$ 910,333</u>	<u>\$ 702,266</u>	<u>\$ 10,444,130</u>
	Year Ended June 30, 2010						
	Program Grants and Expenses				Operating Expenses		
	Family of Faith	Seminary	Parish and School	Community Service	Development	Management and General	Total
PROGRAM GRANTS	\$ 1,273,041	\$ 524,258	\$ 4,493,134	\$ 1,533,947	\$ -	\$ -	\$ 7,824,380
OPERATING EXPENSES							
Professional Fees	11,204	-	-	-	39,402	95,944	146,550
Salaries and Benefits	-	-	83,729	83,728	529,530	363,035	1,060,022
Publications and Marketing	-	-	-	-	189,684	-	189,684
Life Insurance Payments	68,101	-	-	-	-	-	68,101
Office Supplies and Services	23,107	-	-	-	87,156	46,708	156,971
Occupancy	16,972	-	-	-	56,574	39,601	113,147
Miscellaneous	-	-	-	1,909	21,002	29,760	52,671
Total Operating Expenses	<u>119,384</u>	<u>-</u>	<u>83,729</u>	<u>85,637</u>	<u>923,348</u>	<u>575,048</u>	<u>1,787,146</u>
TOTAL EXPENSES	<u>\$ 1,392,425</u>	<u>\$ 524,258</u>	<u>\$ 4,576,863</u>	<u>\$ 1,619,584</u>	<u>\$ 923,348</u>	<u>\$ 575,048</u>	<u>\$ 9,611,526</u>