

ST. JOSEPH FOUNDATION

Financial Statements

From Inception August 5, 2021
Through June 30, 2023

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Independent Auditor's Report

**To the Most Reverend Paul D. Etienne
Catholic Archbishop of Seattle
St. Joseph Foundation
Seattle, Washington**

Opinion

We have audited the financial statements of St. Joseph Foundation (the Foundation), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the period from inception, August 5, 2021 through June 30, 2023 and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2023, and the changes in its net assets and its cash flows for the period from inception, August 5, 2021 through June 30, 2023 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.



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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Clark Nuber P.S.

Certified Public Accountants
April 15, 2024

ST. JOSEPH FOUNDATION

Statement of Financial Position June 30, 2023 (In Thousands)

Assets:

Current assets-		
Cash	\$	7,954
Investments		2,429
Contributions receivable		<u>364</u>
Total current assets		10,747
Contributions receivable, net of current portion		<u>810</u>
Total Assets	\$	<u>11,557</u>

Liabilities and Net Assets

Liabilities:

Current liabilities-		
Grants payable	\$	1,434
Accounts payable, related parties		<u>20</u>
Total current liabilities		1,454
Grants payable, net of current portion		<u>105</u>
Total Liabilities		1,559
Net Assets:		
Without donor restrictions		3,676
With donor restrictions		<u>6,322</u>
Total Net Assets		<u>9,998</u>
Total Liabilities and Net Assets	\$	<u>11,557</u>

See accompanying notes.

ST. JOSEPH FOUNDATION**Statement of Activities****For the Period From Inception August 5, 2021 Through June 30, 2023****(In Thousands)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and Support:			
Contributions	\$ 3,436	\$ 8,280	\$ 11,716
Investment income, net	409	-	409
Net assets released from restrictions	<u>1,958</u>	<u>(1,958)</u>	<u>-</u>
Total Revenue and Support	5,803	6,322	12,125
Expenses:			
Program services	2,068	-	2,068
Management and general	35	-	35
Fundraising	<u>24</u>	<u>-</u>	<u>24</u>
Total Expenses	<u>2,127</u>	<u>-</u>	<u>2,127</u>
Change in Net Assets	3,676	6,322	9,998
Net assets, beginning of period	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets, End of Period	<u>\$ 3,676</u>	<u>\$ 6,322</u>	<u>\$ 9,998</u>

See accompanying notes.

ST. JOSEPH FOUNDATION

Statement of Functional Expenses

For the Period From Inception August 5, 2021 Through June 30, 2023

(In Thousands)

	<u>Programs Service</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Beneficiary grants	\$ 2,068	\$ -	\$ -	\$ 2,068
Professional fees	-	32	24	56
Mailings and other expenses	-	3	-	3
Total Functional Expenses	<u><u>\$ 2,068</u></u>	<u><u>\$ 35</u></u>	<u><u>\$ 24</u></u>	<u><u>\$ 2,127</u></u>

See accompanying notes.

ST. JOSEPH FOUNDATION

Statement of Cash Flows

For the Period From Inception August 5, 2021 Through June 30, 2023

(In Thousands)

Cash Flows From Operating Activities:

Reconciliation of change in net assets to

net cash flows from operating activities-

Change in net assets

\$ 9,998

Adjustments to reconcile change in net assets
to net cash flows from operating activities:

Unrealized investment gains

(110)

Realized investment gains

(32)

Changes in operating assets and liabilities-

Contributions receivable

(1,174)

Grants payable

1,539

Accounts payable

20

Net Cash Flows From Operating Activities

10,241

Cash Flows From Investing Activities:

Proceeds from sales of investments

77

Purchase of investments

(2,364)

Net Cash Flows Used In Investing Activities

(2,287)

Net Change in Cash

7,954

Cash, at beginning of period

-

Cash, at End of Period

\$ 7,954

See accompanying notes.

ST. JOSEPH FOUNDATION

Notes to Financial Statements

For the Period From Inception August 5, 2021 Through June 30, 2023

Note 1 - Organization

St. Joseph Foundation (the Foundation) is a nonprofit corporation that was established in August 2021 to benefit ministries and programs that support the spiritual, educational, and ministry needs of Catholics in Western Washington. The Archbishop of Seattle is the sole member and appoints the Foundation's Board of Directors.

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

Net Assets Without Donor Restrictions - Net assets on which there are no donor-imposed restrictions.

Net Assets With Donor Restrictions - Net assets subject to externally imposed restrictions that may or will be met either by actions of the Foundation and/or the passage of time. Net assets with donor restrictions that are both received and released in the same year are considered to be without restrictions.

Revenue Recognition - Contributions received are recorded as with or without donor-imposed restrictions, depending on the existence and/or nature of any donor restrictions. Contributions with donor-imposed restrictions are then reclassified to net assets without restrictions when the restrictions are met. If a restriction is met in the period the contribution is received, the contribution is recorded under net assets without donor restrictions. Contribution revenues are recognized when the unconditional promise to give is made.

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets and functional expenses. The Foundation directly allocates costs to each function when applicable. Accordingly, certain costs have been allocated among the programs and supporting services benefited, including the costs of professional fees. These have been allocated on the basis of estimates of professional services rendered.

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Foundation considers cash in checking and savings accounts to be cash and cash equivalents.

Investments and Fair Value Measurements - All investments in marketable securities are reported at fair value.

U.S. GAAP defines fair value, provides a framework for measuring fair value, and requires certain disclosures about fair value measurements. To increase consistency and comparability in fair value measurements, U.S. GAAP uses a fair value hierarchy that prioritizes the inputs to valuation approaches into three broad levels. The hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs. (Level 3)

Valuation Techniques - Financial assets and liabilities valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets and liabilities valued using Level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. Financial assets and liabilities using Level 3 inputs are primarily valued using management's assumptions about the assumptions market participants would utilize in pricing the asset or liability that are significant to the fair value of the assets or liabilities. Valuation techniques utilized to determine fair value are consistently applied.

ST. JOSEPH FOUNDATION

Notes to Financial Statements

For the Period From Inception August 5, 2021 Through June 30, 2023

Note 1 - Continued

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023.

Mutual Funds and Money Market Accounts - Valued at quoted market prices in active markets.

Equities - Valued at the closing price reported on the active market on which these securities are traded.

Grants Payable - Grants payable are reported as an expense and liability when the unconditional award is made. Grants payable represents payments to be made to charitable organization's for the purpose of advancing catholic initiatives, pastoral ministries, and faith formation.

Concentrations - At June 30, 2023, 100% of contributions receivable were due from two donors. Revenue from two donors represented 75% of total contributions for the period from inception August 5, 2021 through June 30, 2023.

Income Taxes - The Foundation is an independent Section 501(c)(3) member corporation and is exempt from federal income taxes.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from the estimated amounts.

Subsequent Events - Management of the Foundation has evaluated subsequent events through the date these financial statements were available to be issued, which was April 15, 2024.

Contributions Receivable - Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable that are expected to be collected in future years are recorded at fair value, which is measured at the present value of the future cash flows. The discount is computed using risk-adjusted interest rates applicable to the years in which the pledges are received. The discount rate used was 5.32% for all contributions received during the period. Amortization of the discount is netted with contributions revenue in the statement of activities.

The collectability of contribution receivables is determined primarily through analysis of historical collection results. The result of this analysis is a \$0 allowance on pledges of \$1,270,000 at June 30, 2023.

Note 2 - Liquidity and Availability of Resources

The Foundation receives contributions without donor restrictions and with donor restrictions for specific purposes consistent with the mission of the Foundation.

The Foundation considers contributions without donor restrictions to be available to meet cash needs for general expenditures. General expenditures include administrative expenses, fundraising expenses, program expenses, and grants/donations for program purpose.

ST. JOSEPH FOUNDATION

Notes to Financial Statements

For the Period From Inception August 5, 2021 Through June 30, 2023

Note 2 - Continued

A summary of the Foundation's financial assets available within one year of the statement of financial position date for general expenditures are as follows at June 30, 2023:

	<u>(In Thousands)</u>
Cash	\$ 7,954
Investments	2,429
Contributions receivable	<u>1,174</u>
Total financial assets	11,557
Less those subject to donor-restrictions	<u>(6,322)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 5,235</u>

Note 3 - Investments and Fair Value Measurements

Foundation investments consistent of the following at June 30, 2023:

	<u>(In Thousands)</u>
Money market funds	\$ 112
Equity securities	1,506
Mutual funds	
Fixed income-	
Intermediate-term bond funds	188
Short-term bond funds	124
Absolute return funds	<u>499</u>
Total mutual funds	<u>811</u>
Total Investments	<u>\$ 2,429</u>

All investments are valued using level 1 inputs within the fair value hierarchy at June 30, 2023.

ST. JOSEPH FOUNDATION

Notes to Financial Statements

For the Period From Inception August 5, 2021 Through June 30, 2023

Note 4 - Contributions Receivable

Unconditional promises to give are due as follow at June 30, 2023:

	<u>(In Thousands)</u>
Receivable in less than one year	\$ 364
Receivable in one to five years	<u>906</u>
	1,270
Less discount at rate 5.32%	<u>(96)</u>
Net Unconditional Promises to Give	<u><u>\$ 1,174</u></u>

Note 5 - Donor-Advised Fund

The Foundation has entered into a fund agreement which grants the Foundation variance power over assets received. The donor recommends grants which are subject to the Foundation's due diligence and approval. Variance power allows the Foundation to modify any restriction or condition on the distribution of funds for any charitable purpose. Consequently, the contributions are classified as net assets without donor restrictions. Assets held under this agreement were \$2,428,974 at June 30, 2023.

Note 6 - Net Assets With Donor Restrictions

Net assets with donor restrictions were subject to expenditure for the following purposes at June 30, 2023:

	<u>(In Thousands)</u>
Direct assistance to the poor, pastoral ministries and education	\$ 5,141
Deacon Formation Program	808
Lay Ecclesial Ministry Formation Program	367
Other program purposes	<u>6</u>
Total Net Assets With Donor Restrictions	<u><u>\$ 6,322</u></u>

Note 7 - Related Parties

The Foundation operates as an independent affiliate to the Archdiocese of Seattle (the Archdiocese).

The Foundation distributes funds raised to the Archdiocese and related religious organizations, per the purpose of the Foundation. During the period from inception August 5, 2021 through June 30, 2023, the Foundation granted a total of \$836,446 to the Archdiocese. Of this amount, \$552,446 was outstanding as a payable for grant expense at June 30, 2023. There were \$20,489 due to the Archdiocese included in accounts payable at June 30, 2023.