Foundations in Education, Inc.

Financial Statements with Independent Auditor's Report

Years Ended June 30, 2024 and 2023

CONTENTS

NANAVATY, DAVENPORT, STUDLEY & WHITE, LLP
Assurance, Accounting, Tax and Advisory Services

Independent Auditor's Report

To the Board of Trustees
Foundations in Education, Inc.

Opinion

We have audited the accompanying financial statements of Foundations in Education, Inc. (a nonprofit corporation), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Foundations in Education, Inc. as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Foundations in Education, Inc. 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 these financial statements in accordance with the 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 Foundations in Education, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Foundations in Education, Inc.'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 Foundations in Education, Inc.'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.

Nanavaty, Davenport, Studley & White, LLP

November 21, 2024

Foundations in Education, Inc.

Statements of Financial Position

As of June 30,

ASSETS	2024	2023
Cash and cash equivalents	$ 3,915,402	$ 12,424,373
Investments	36,303,951	23,853,503
Contributions receivable, net	3,047,440	3,773,678
Note receivable	246,134	-
Due from The Diocese - Annual Bishop's Appeal	126,137	346,809
Other assets	4,890	27,527
Total Assets	$ 43,643,954	$ 40,425,890

LIABILITIES AND NET ASSETS	2024	2023
Liabilities:		
Accounts payable and accrued expenses	$ 23,889	$ 37,119
Scholarships payable	3,334,460	3,408,814
Grants payable	104,191	160,491
Total Liabilities	3,462,540	3,606,424
Net Assets:		
Without donor restrictions	3,612,047	2,246,679
With donor restrictions	36,569,367	34,572,787
Total Net Assets	40,181,414	36,819,466
Total Liabilities and Net Assets	$ 43,643,954	$ 40,425,890

The accompanying notes are an integral part of this financial statement.

Foundations in Education, Inc.

Statements of Activities

Years Ended June 30,

	2024			2023		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Support and Revenues:						
Contributions	$ 1,123,177	$ 2,450,604	$ 3,573,781	$ 983,565	$ 2,941,968	$ 3,925,533
Contributions from We Stand with Christ, Inc.	-	44,295	44,295	-	-	-
Contributions from The Diocese - Annual Bishop's Appeal	736,091	-	736,091	833,215	-	833,215
Special events	1,006,428	100,219	1,106,647	784,099	582,300	1,366,399
Investment return, net	583,598	3,420,892	4,004,490	217,348	2,265,542	2,482,890
Contributions of nonfinancial assets	33,342	-	33,342	9,231	-	9,231
Total support and revenues	3,482,636	6,016,010	9,498,646	2,827,458	5,789,810	8,617,268
Net Assets Released From Restrictions	4,238,220	(4,238,220)	-	3,670,638	(3,670,638)	-
Expenses:						
Program services	5,586,544	-	5,586,544	5,694,429	-	5,694,429
Management and general	257,090	-	257,090	260,011	-	260,011
Development and fundraising	293,064	-	293,064	243,321	-	243,321
Total expenses	6,136,698	-	6,136,698	6,197,761	-	6,197,761
Change in net assets	1,584,158	1,777,790	3,361,948	300,335	2,119,172	2,419,507
Net assets at the beginning of the year	2,246,679	34,572,787	36,819,466	1,946,344	31,137,133	33,083,477
Transfer of net assets	(218,790)	218,790	-	-	1,316,482	1,316,482
Net assets at the end of the year	$ 3,612,047	$ 36,569,367	$ 40,181,414	$ 2,246,679	$ 34,572,787	$ 36,819,466

The accompanying notes are an integral part of this financial statement.

Foundations in Education, Inc.

Statements of Functional Expenses

Years Ended June 30,

	2024				2023			
	Program Services	Management and General	Development and Fundraising	Total Expenses	Program Services	Management and General	Development and Fundraising	Total Expenses
Scholarships	$ 3,588,801	$ -	$ -	$ 3,588,801	$ 3,727,789	$ -	$ -	$ 3,727,789
Innovation and leadership grants	1,873,371	-	-	1,873,371	1,837,983	-	-	1,837,983
Salaries and benefits	113,944	177,752	164,079	455,775	124,870	176,541	129,176	430,587
Fundraising event - gala	-	-	84,665	84,665	-	-	83,144	83,144
Professional fees	-	38,938	-	38,938	-	36,766	1,250	38,016
Use of contributions of nonfinancial assets	-	7,542	25,800	33,342	-	-	9,231	9,231
Office supplies	-	16,484	-	16,484	-	20,268	-	20,268
Software license fee	-	-	13,188	13,188	-	-	11,430	11,430
Miscellaneous	-	8,997	-	8,997	-	16,636	-	16,636
Other events	8,988	-	-	8,988	3,187	-	-	3,187
Marketing	1,440	1,571	3,678	6,689	600	3,166	3,580	7,346
Printing	-	4,911	1,654	6,565	-	6,088	5,510	11,598
Professional development	-	895	-	895	-	546	-	546
	$ 5,586,544	$ 257,090	$ 293,064	$ 6,136,698	$ 5,694,429	$ 260,011	$ 243,321	$ 6,197,761

The accompanying notes are an integral part of this financial statement.

Statements of Cash Flows

Years Ended June 30,

	2024	2023
Cash flows from operating activities:		
Change in net assets	$ 3,361,948	$ 2,419,507
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net appreciation in fair value of investments	(2,638,974)	(1,505,550)
In-kind donations of securities	(105,824)	(562,407)
Change in operating assets and liabilities:		
Decrease in contributions receivable	726,238	2,329,110
Net decrease (increase) in amounts due from The Diocese - Annual Bishop's Appeal	220,672	(51,939)
Decrease (increase) in other assets	22,637	(27,527)
(Decrease) increase in accounts payable and accrued expenses	(13,230)	5,455
(Decrease) increase in scholarships payable	(74,354)	485,042
(Decrease) increase in grants payable	(56,300)	18,223
Net cash provided by operating activities	1,442,813	3,109,914
Cash flows from investing activities:		
Proceeds from sales of investments	2,943,542	3,460,098
Purchases of investments, net of transfer	(12,649,192)	(3,541,311)
Advance made on note receivable	(350,000)	-
Collections received on note receivable	103,866	-
Net cash used in investing activities	(9,951,784)	(81,213)
Net (decrease) increase in cash and cash equivalents	(8,508,971)	3,028,701
Cash and cash equivalents at beginning of year	12,424,373	9,395,672
Cash and cash equivalents at end of year	$ 3,915,402	$ 12,424,373

The accompanying notes are an integral part of this financial statement.

Notes to the Financial Statements

NOTE 1 - ORGANIZATION

Foundations in Education, Inc. ('Foundations') is a Connecticut nonprofit, non-stock corporation formed in July 2015 by The Bridgeport Roman Catholic Diocesan Corporation, Inc. ("The Diocese"). Members of Foundations shall include that person holding the office of the Bishop, or in the event of a vacancy of the office of the Bishop, the Administrator of The Diocese, and such other persons as may be appointed by the Bishop of The Diocese. The members of the corporation shall elect the Board of Trustees.

Foundations was incorporated to promote and support Catholic education in diocesan schools throughout Fairfield County. The mission of Foundations is to strengthen and transform the mission of Catholic education in the Diocese of Bridgeport by:

- Providing tuition assistance to families in need.
- Supporting innovation in academic programs.
- Fostering opportunities for the professional development of school leaders.
- Maintaining endowment funds to provide scholarships and other support to Diocesan schools.

Scholarships, Innovation and Leadership Grants

Foundations provides the following:

Scholarships
- Bishop's Scholarship Fund provides tuition assistance to low-income K-8 students, so they may attend Diocese of Bridgeport Catholic Schools.
- Other scholarship funds as designated by various donors.

Innovation and Leadership Grants
- Innovation and Leadership Grants program promotes excellence in teaching by providing educators in Diocese of Bridgeport Catholic Schools a competitive grant program to support innovative programs in the classroom and leadership development.
- Other Innovation Grants for transformative educational initiatives as designated by various donors.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation - The financial statements of Foundations have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. Accordingly, the accounts of Foundations are reported in the following net asset categories:

Net Assets Without Donor Restrictions - Net assets without donor restrictions represent available resources other than donor-restricted contributions. These resources may be expended at the discretion of the Board of Trustees. Undesignated net assets represent the portion of expendable funds that are available for support of operations. Designated net assets represent reserves or special designations established by the Board of Trustees.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets With Donor Restrictions - Net assets with donor restrictions represent contributions that are restricted by the donor as to purpose or time of expenditure. Foundations has different categories of net assets with donor restrictions including donor contributions with purpose or time restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

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 in the financial statements. Actual results could differ from those estimates.

Cash and Cash Equivalents - Cash and cash equivalents are defined as highly liquid investments with original maturities of up to 90 days, except for money market accounts held with investment brokers, which are considered to be investments.

Investment Valuation and Income Recognition - Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 6 for a discussion of fair value measurements. Purchases and sales of securities are recorded on a trade date basis. Interest income is recorded on an accrual basis. Dividends are recorded on the ex-dividend date. Realized and unrealized gains include gains and losses on investments bought and sold as well as held during the year.

Revenue and Revenue Recognition - Contributions are recognized when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest; is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the condition on which they depend has been met.

Contributions receivable that are expected to be collected in more than one year are discounted to their present value. An allowance for uncollectible contributions receivable is provided in the net asset category in which the contribution receivable resides based on an assessment of the credit worthiness of the respective donor, when deemed necessary.

Foundations reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets released from restrictions. Contributions received whose restrictions are met in the same period are recognized as net assets without donor restrictions.

Foundations' policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the organization. If an asset is provided that does not allow Foundations to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset. All gifts-in-kind received by Foundations have been recognized in the financial statements and were considered to be without donor restrictions and able to be used by the organization as determined by its management.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed services are recognized in the financial statements if they enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. While many individuals volunteer their time, and perform a variety of tasks that assist Foundations, no amounts have been recognized in the accompanying financial statements for such services because the criteria for recognition of such volunteer efforts have not been met.

Allowance for Uncollectible Contributions - Contributions receivable is stated net of an allowance for doubtful accounts. Amounts due from the We Stand With Christ, Inc. campaign include a general allowance of 10% recorded by We Stand With Christ, Inc. when the pledge was received. During a prior year, the management of We Stand With Christ, Inc. changed to estimating the allowance based on an analysis of specific donors, taking into consideration the aging of the past due amounts and an assessment of the donor's ability to pay.

Scholarships and Grants Payable - Foundations makes awards for scholarships, education, and innovation in teaching and leadership. The minimum amount for which Foundations is obligated is recorded upon the board of trustees' approval. Scholarships and grants that are expected to be paid within one year are recorded as liabilities at their full value. Scholarships and grants that are expected to be paid in more than one year are recorded at the present value of their estimated cash flows. The discounts on the awards are computed using treasury rates applicable to the years in which the promises were made.

Income Taxes - Foundations is a not-for-profit organization and is exempt from federal and state income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. Foundations recognize the benefits of income tax positions only if those positions are more likely than not of being sustained. Foundations is subject to routine audits by the Internal Revenue Service. There are currently no audits for any tax periods in progress prior to 2020.

Functional Expenses and Cost Allocation - The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel expenses, area and program expenses, and operations expenses. These expenses are allocated on the basis of time and effort spent in the applicable functions and are determined by Foundations management.

Reclassifications - Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year's financial statements. These reclassifications have no effect on previously reported change in net assets.

Subsequent Events - In preparing these financial statements, management has evaluated subsequent events through November 21, 2024, which represents the date the financial statements were available to be issued. There are no subsequent events that require disclosure.

NOTE 3 - CONCENTRATIONS AND RISKS

Cash and Cash Equivalents

Foundations maintains accounts with one local financial institution. Accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000.

Investments

Foundations investments include a diversified portfolio of securities managed by professional investment advisors, designed to minimize market concentration risks.

Contributions Receivable

Contributions receivable are generally from donors who have previously contributed to Foundations, and, therefore, management considers the pledges to represent minimal credit risk. An allowance for uncollectible contributions receivable is provided in the net asset category in which the contribution receivable resides based on an assessment of the credit worthiness of the respective donor, when deemed necessary.

NOTE 4 - LIQUIDITY AND AVAILABILITY OF RESOURCES

Foundations financial assets available within one-year of June 30 for general expenditure are as follows:

	2024	**2023**
Cash and cash equivalents	$ 3,915,402	$ 12,424,373
Investments	36,303,951	23,853,503
Contributions receivable, net (due within one-year)	1,231,034	1,683,285
Note receivable	246,134	-
Due from The Diocese - Annual Bishop's Appeal	126,137	346,809
Other assets	4,890	27,527
Total financial assets	41,827,548	38,335,497
Less: amounts not available to be used within one year:		
Net assets with donor restrictions	(36,569,367)	(34,572,787)
Total financial assets available to management to meet general expenditures within one year	$ 5,258,181	$ 3,762,710

Liquidity Management

Foundations maintain a policy of structuring their financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition to financial assets available to meet general expenditures over the next 12 months, Foundations operates within a balanced budget and anticipates sufficient revenue to cover general expenditures.

NOTE 5 - CONTRIBUTIONS RECEIVABLE

Contributions receivable, net, consist of the following unconditional promises to give from individual donors at June 30:

	2024	2023
Amounts expected to be collected in:		
Less than one year	$ 1,231,034	$ 1,683,285
Two to five years	1,925,000	2,225,071
	3,156,034	3,908,356
Less: discount to net present value	(108,594)	(134,678)
Contributions receivable, net	$ 3,047,440	$ 3,773,678

Contributions that are expected to be collected after one year have been discounted at .5% to 4% and are reflected in the financial statements at their net present value.

Included in contributions receivable above are $78,795 and $749,525 for June 30, 2024 and 2023, respectively, representing amounts from We Stand With Christ, Inc. ("WSWC"). The funds are from a Diocesan-wide campaign benefiting the parishes within The Diocese and its three Foundations: Foundations in Faith, Inc., Foundations in Charity, Inc., and Foundations in Education, Inc. The management of We Stand With Christ, Inc. is in the process of dissolving the corporation and stopped accepting payments on the outstanding pledges as of June 30, 2024.

NOTE 6 - FAIR VALUE MEASUREMENTS

The Financial Accounting Standards Board ("FASB") Topic 820, under the FASB Accounting Standards Codification ("ASC") defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This standard provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction. The standard also prioritizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the respective asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is categorized into three levels based on the transparency of inputs as follows:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the report date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

NOTE 6 - FAIR VALUE MEASUREMENTS (continued)

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the report date. The nature of these securities includes investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed. Also included in Level 2 are investments measured using a net asset value ("NAV") per share, or its equivalent, that may be redeemed at NAV at the date of the statement of financial position or in the near term, which Foundations has determined to be within 90 days.

Level 3 - Assets that have little to no pricing observability as of the report date. These assets are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation. Also included in Level 3 are investments measured using an NAV per share, or its equivalent, that can never be redeemed at NAV or for which redemption at NAV is uncertain due to lockup periods or other investment restrictions.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. 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. However, the determination of what constitutes "observable" requires significant judgment by Foundations.

Foundations considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to Foundations perceived risk of that instrument. Foundations' policy is to recognize transfers in and transfers out of levels at the end of the reporting period.

The following is a description of the valuation methodologies used for assets measured at fair value at June 30, 2024 and 2023:

Money Market Funds - Money market funds are valued at the quoted net asset value of shares reported in the active market in which money market funds are traded.

U.S. Treasury Bills - These items have original maturities greater than 90 days and are valued at the closing price reported in the active market in which the treasury bills are traded.

Equity and Fixed Income Mutual Funds - Equity and fixed income mutual funds are valued at the quoted net asset value of shares held by Foundations at year-end.

NOTE 6 - FAIR VALUE MEASUREMENTS (continued)

There have been no changes in the methodologies used at June 30, 2024 and 2023.

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

Assets Measured at Fair-Value on a Recurring Basis - The following is a summary of the source of fair-value measurements (all Level 1 investments) for assets that are measured at fair-value on a recurring basis as of June 30:

	2024	2023
Money market funds	$ 69,483	$ 3,541
U.S. Treasury Bills	8,156,067	-
Equity mutual funds	21,757,017	18,443,378
Bond mutual funds	6,321,384	5,406,584
Total investments	$ 36,303,951	$ 23,853,503

Investment return consists of the following at June 30:

	2024	2023
Dividends and interest	$ 1,472,361	$ 950,551
Net realized (loss) gain	(70,605)	40,098
Net unrealized gain	2,638,974	1,505,550
Total investment gain	4,040,730	2,496,199
Less: investment expenses	(36,240)	(13,309)
Investment return, net	$ 4,004,490	$ 2,482,890

NOTE 7 - NOTE RECEIVABLE

In May 2023 Foundations executed a promissory note with a Diocesan high school allowing them to borrow up to $650,000 from their designated endowment fund. The note bears interest at a rate of 5% per annum with interest-only payments paid semi-annually. The term of the note is two years from the date of the initial drawdown and interest begins to accrue from the date of the initial drawdown. The borrower has the right to prepay any part of the note without penalty or premium. The initial drawdown of $350,000 was made on August 1, 2023. Principal repayments during the year were $110,534. There is a balance of accrued interest at June 30, 2024 of $6,668. The outstanding balance including accrued interest at June 30, 2024 is $246,134.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes or time periods at June 30:

	2024	2023
Endowment funds restricted in perpetuity:		
Diocesan High School Funds	$ 13,086,261	$ 13,086,189
WSWC Capital Campaign	7,775,969	6,559,707
Diocesan Elementary School Funds	1,025,331	-
Total endowment funds restricted in perpetuity	21,887,561	19,645,896
Accumulated gains and income on donor-restricted endowment assets restricted until appropriation for:		
Diocesan High School Funds	4,313,497	2,793,209
WSWC Capital Campaign	2,062,222	1,337,708
Diocesan Elementary School Funds	157,020	-
Total accumulated gains and income on donor-restricted endowment assets restricted until appropriation for:	6,532,739	4,130,917
Total endowment funds	28,420,300	23,776,813
Purpose restricted:		
Designated scholarships and grants	2,641,312	3,467,438
High School Transformation Project Fund	1,937,433	2,829,097
Leaders of Tomorrow scholarships	513,757	659,257
Pathways grant	57,191	62,711
Innovations and Leadership grants	4,173	11,423
Total purpose restricted	5,153,866	7,029,926
Time restricted:		
WSWC Capital Campaign	78,795	749,525
Designated scholarships and grants	2,916,406	3,016,523
Total time restricted	2,995,201	3,766,048
Total Net Assets With Donor Restrictions	$ 36,569,367	$ 34,572,787

NOTE 9 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restrictions as follows during the year ended June 30:

	2024	2023
Purpose restricted:		
Diocesan High School Fund	$ 654,979	$ 749,764
Designated scholarships and grants	2,367,701	1,644,494
Leaders of Tomorrow scholarships	144,300	350,334
Pathways grant	20,515	32,405
	3,187,495	2,776,997
Time restricted:		
Designated scholarships and grants	1,050,725	893,641
Total Releases of Net Assets With Donor Restrictions	$ 4,238,220	$ 3,670,638

NOTE 10 - ENDOWMENT

Foundations endowment includes only donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law - The Board of Trustees of Foundations has interpreted the Connecticut Prudent Management of Institutional Funds Act (CTPMIFA) 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, Foundations classifies as restricted net assets (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The portion of the endowment fund that is not classified as net assets with donor restrictions in perpetuity is classified as net assets with donor restrictions for future periods until those amounts are appropriated for expenditure by Foundations in a manner consistent with the standard of prudence prescribed by CTPMIFA.

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

- The duration and preservation of the fund
- The purposes of Foundations and the donor-restricted endowment fund
- The investment policies of Foundations
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of Foundations

NOTE 10 - ENDOWMENT (continued)

Net Assets - Endowment net assets (all with donor restrictions) are as follows as of June 30:

	2024	2023
Total funds restricted in perpetuity	$ 21,887,561	$ 19,645,896
Total accumulated gains and income on donor-restricted endowment funds	6,532,739	4,130,917
Total endowment funds	$ 28,420,300	$ 23,776,813

Changes in endowment net assets (all with donor restrictions) for the year ended June 30, 2024 and 2023 are as follows:

Endowment net assets - June 30, 2022	$ 20,221,328
Investment return, net	2,265,541
Contributions	566,726
Other transfers to endowment	1,316,482
Appropriation of endowment assets	(593,264)
Endowment net assets - June 30, 2023	23,776,813
Investment return, net	3,359,122
Contributions	389,698
Other transfers to endowment	1,583,498
Appropriation of endowment assets	(688,831)
Endowment net assets - June 30, 2024	$ 28,420,300

Funds with Deficiencies - From time to time, the fair value of investments associated with donor-restricted endowment funds may fall below the level that the donor or CTPMIFA requires Foundations to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. There were no funds with deficiencies as of June 30, 2024 and 2023.

Return Objectives and Risk Parameters - Foundations has adopted an investment policy for endowment assets with the objective of achieving investment results over the long term that compare favorably with those of other endowments, professionally managed portfolios and appropriate benchmark indices. All investments are invested in accordance with the investment policy.

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, Foundations engages a professional investment advisor and has adopted a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Consistent with that strategy, Foundations targets a diversified asset allocation emphasizing long-term investment performance and targets 70% to equity-type investments, 24% to fixed income, and 6% to real estate.

NOTE 10 - ENDOWMENT (continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy - Foundations Board of Trustees has approved a spending policy that evaluates an annual spending target of 4.00% of the average quarterly ending market value over the preceding twelve quarters. This is consistent with Foundations objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

NOTE 11 - RELATED PARTY TRANSACTIONS

Foundations has recorded amounts due from The Diocese totaling $126,137 and $346,809 at June 30, 2024 and 2023, respectively, representing contributions from the Annual Bishop's Appeal.

The Diocese contributed from the Annual Bishop's Appeal $736,091 and $833,215 for the year ended June 30, 2024 and 2023, respectively, in donations designated for the Bishop's Scholarship Fund. Foundations has a participation agreement with The Diocese to provide accounting, legal, human resources, and other services for $20,000 per year.

Foundations participates in medical and dental insurance programs administered by the Diocese. Expenses for medical and dental insurance were $21,528 and $23,547 for the years ended June 30, 2024 and 2023, respectively.

NOTE 12 - NET ASSET TRANSFER

Foundations reclassified $218,790 of net assets relating to amounts due from the We Stand With Christ, Inc. campaign to accurately reflect the classification of the net assets with donor restrictions for the year ended June 30, 2024. In the prior year, Foundations recognized a net asset transfer of $1,316,482, in the Statement of Activities for assets transferred in from Foundations in Faith, Inc. This transfer occurred as part of an alignment of the three Diocesan foundations whereby Foundations in Faith, Inc. transferred restricted net assets that it was managing for the active Diocesan high schools to Foundations.

NOTE 13 - DEFINED CONTRIBUTION PLAN

Foundations participates in the Diocese defined contribution 401(a) thrift plan covering all employees of the Diocese and other Diocesan entities who work at least 30 hours per week, who meet the eligibility requirements of one year of service, and who are 21 years of age. Contributions are based on years of service to Diocesan entities at rates of 3% and 5%. Foundations contributions were $18,423 and $14,134 for the years ended June 30, 2024 and 2023, respectively.

Foundations also participates in the Diocese 403(b) salary reduction plan for all employees who wish to contribute. Foundations does not make any contributions to this plan.

As of May, 1 2024 the 403(b) Tax-Deferred Annuity Plan of the Diocese was amended and restated, which merged the 401(a) Retirement Plan for Employees of the Diocese into this plan. Employee 401(a) balances were transferred into the 403(b) plan subsequent to May 1, 2024 and became fully vested. As of May 1, 2024 all employer contributions on behalf of eligible employees and employee tax deferred funds are contributed into the amended and restated 403(b) Tax-Deferred Annuity Plan.