The National Office of the Pontifical
Mission Societies in the United States
Consolidated Financial Statements
December 31, 2020 and 2019

THE NATIONAL OFFICE OF THE PONTIFICAL

MISSION SOCIETIES IN THE UNITED STATES

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DECEMBER 31, 2020 AND 2019

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INDEPENDENT AUDITOR'S REPORT

Audit Committee of the National Office of the
Pontifical Mission Societies in the United States
70 West 36th Street – 8th Floor
New York, NY 10018

Report on Financial Statements

We have audited the accompanying consolidated financial statements of The Society for the Propagation of the Faith, The Society of St. Peter Apostle for Native Clergy, Inc. and the Association of the Holy Childhood, Inc. collectively referred to herein as the National Office of the Pontifical Mission Societies in the United States (the "Society") and Missio Corp., which are comprised of the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities and change in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the National Office of the Pontifical Mission Societies in the United States as of December 31, 2020 and 2019, the changes in its net assets, and the consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Craig, Fitzsimmons & Meyer, LLP

April 10, 2021
Smithtown, NY

The National Office of the Pontifical Mission Societies in the United States

Consolidated Financial Statements

December 31, 2020 and 2019

THE NATIONAL OFFICE OF THE PONTIFICAL MISSION SOCIETIES IN THE UNITED STATES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31,

	2020	2019
ASSETS		
Cash and cash equivalents	$ 13,775,651	$ 6,499,613
Investments, at fair value	89,501,022	95,940,713
Due from Diocesan offices	15,655,121	21,446,167
Accrued interest receivable	39,091	57,018
Legacies, bequests and other receivables	4,097,514	7,187,325
Property and equipment, net of accumulated depreciation	9,073,614	9,462,894
Beneficial interests in trusts	10,989,034	10,596,019
Other assets	55,997	57,880
Total assets	$ 143,187,044	$ 151,247,629
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	1,403,532	1,409,807
Due to the Superior Council	40,448,106	50,264,450
Unsaid mass obligations	722,220	686,171
Impact investment fund	50,000	50,000
Refundable advances, including revocable gifts	11,106,917	10,171,960
Distributions due to annuitants and beneficiaries	7,693	9,790
Present value of annuity obligations	11,682,711	12,291,884
Obligations under various other split interest agreements	4,167,582	3,735,195
State mandated annuity reserve	1,752,407	1,843,783
Assets held for others	704,903	703,245
Total liabilities	$ 72,046,071	$ 81,166,285
NET ASSETS		
Net assets without donor restrictions		
Undesignated	$ 15,819,970	$ 16,572,790
Board designated funds	31,065,276	29,332,113
Board designated insurance reserve	1,343,905	1,413,567
Total net assets without donor restrictions	48,229,151	47,318,470
Net assets with donor restrictions	22,911,822	22,762,874
Total net assets	71,140,973	70,081,344
Total liabilities and net assets	$ 143,187,044	$ 151,247,629

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

THE NATIONAL OFFICE OF THE PONTIFICAL MISSION SOCIETIES IN THE UNITED STATES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2020

PUBLIC SUPPORT AND OTHER REVENUE	Without Donor Restrictions	With Donor Restrictions	Total
Public Support			
General offerings and collections	$ 23,448,952	$ 3,910	$ 23,452,862
Legacies and bequests	3,375,826	-	3,375,826
Solidarity Funds	-	82,903	82,903
Total public support	26,824,778	86,813	26,911,591
Other Revenue			
Dividends and interest income	1,881,591	-	1,881,591
Unrealized gains on securities	3,509,565	-	3,509,565
Realized gains on sale of securities	2,438,305	-	2,438,305
Annuity contracts net of actuarial gains and losses	1,307,743	-	1,307,743
Other gains (losses)	(1,666,240)	393,015	(1,273,225)
Other income	145,665	-	145,665
Total other revenue	7,616,629	393,015	8,009,644
Assets Released from Restrictions	330,880	(330,880)	-
Total public support and other revenue	34,772,287	148,948	34,921,235
OPERATING EXPENSES			
Program Services			
Subsidy distributions	23,973,000	-	23,973,000
Program related initiatives	3,629,004	-	3,629,004
Total program services	27,602,004	-	27,602,004
Supporting Services			
Fund raising	1,927,223	-	1,927,223
Management and general	2,087,044	-	2,087,044
Total supporting services	4,014,267	-	4,014,267
Total operating expenses	31,616,271	-	31,616,271
OTHER CHANGES			
Payments to annuitants and income beneficiaries	2,245,335	-	2,245,335
Total other distributions	2,245,335	-	2,245,335
Total expenses	33,861,606	-	33,861,606
Change in net assets for year after other changes	910,681	148,948	1,059,629
Net assets, beginning of year	47,318,470	22,762,874	70,081,344
Net assets, end of year	$ 48,229,151	$ 22,911,822	$ 71,140,973

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

THE NATIONAL OFFICE OF THE PONTIFICAL MISSION SOCIETIES IN THE UNITED STATES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2019

PUBLIC SUPPORT AND OTHER REVENUE	Without Donor Restrictions	With Donor Restrictions	Total
Public Support			
General offerings and collections	$ 28,870,205	$ 15,781	$ 28,885,986
Legacies and bequests	6,227,923	370,057	6,597,980
Solidarity Funds	-	22,978	22,978
Total public support	35,098,128	408,816	35,506,944
Other Revenue			
Dividends and interest income	2,297,078	-	2,297,078
Unrealized gains on securities	11,949,508	-	11,949,508
Realized gains on sale of securities	1,852,442	-	1,852,442
Annuity contracts net of actuarial gains and losses	951,760	-	951,760
Other gains (losses)	(3,868,211)	1,817,740	(2,050,471)
Other income	65,722	-	65,722
Total other revenue	13,248,299	1,817,740	15,066,039
Assets Released from Restrictions	1,040,267	(1,040,267)	-
Total public support and other revenue	49,386,694	1,186,289	50,572,983
OPERATING EXPENSES			
Program Services			
Subsidy distributions	50,175,298	-	50,175,298
Program related initiatives	2,892,459	-	2,892,459
Total program services	53,067,757	-	53,067,757
Supporting Services			
Fund raising	1,855,899	-	1,855,899
Management and general	1,696,483	-	1,696,483
Total supporting services	3,552,382	-	3,552,382
Total operating expenses	56,620,139	-	56,620,139
OTHER CHANGES			
Payments to annuitants and income beneficiaries	2,489,946	-	2,489,946
Total other distributions	2,489,946	-	2,489,946
Total expenses	59,110,085	-	59,110,085
Change in net assets for year after other changes	(9,723,391)	1,186,289	(8,537,102)
Net assets, beginning of year	57,041,861	21,576,585	78,618,446
Net assets, end of year	$ 47,318,470	$ 22,762,874	$ 70,081,344

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

THE NATIONAL OFFICE OF THE PONTIFICAL MISSION SOCIETIES IN THE UNITED STATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2020

		----Program Services----		----Supporting Services----	
	Total	Subsidy Distributions	Program Related Initiatives	Fund Raising	Management and General
Subsidy distributions to the Superior Council	$ 23,973,000	$ 23,973,000	$ -	$ -	$ -
Program related initiatives and grant supported	1,193,554	-	1,193,554	-	-
Appeals, World Mission Sunday, Education and Technical Assistance	2,507,825	-	1,282,631	794,861	430,333
Salaries	2,061,358	-	650,133	577,968	833,257
Employee benefits and taxes	746,514	-	219,182	214,188	313,144
Occupancy and information technology	744,740	-	186,185	223,422	335,133
Depreciation and amortization expense	389,280	-	97,319	116,784	175,177
Totals	$ 31,616,271	$ 23,973,000	$ 3,629,004	$ 1,927,223	$ 2,087,044

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

THE NATIONAL OFFICE OF THE PONTIFICAL MISSION SOCIETIES IN THE UNITED STATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2019

		----Program Services----		----Supporting Services----	
	Total	Subsidy Distributions	Program Related Initiatives	Fund Raising	Management and General
Subsidy distributions to the Superior Council	$ 50,175,298	$ 50,175,298	$ -	$ -	$ -
Program related initiatives and grant supported	330,900	-	330,900	-	-
Appeals, World Mission Sunday, Education and Technical Assistance	2,279,197	-	1,363,943	577,459	337,795
Salaries	1,976,387	-	635,624	693,829	646,934
Employee benefits and taxes	546,828	-	168,533	178,037	200,258
Occupancy and information technology	839,973	-	251,992	260,392	327,589
Depreciation and amortization expense	471,556	-	141,467	146,182	183,907
Totals	$ 56,620,139	$ 50,175,298	$ 2,892,459	$ 1,855,899	$ 1,696,483

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

THE NATIONAL OFFICE OF THE PONTIFICAL MISSION SOCIETIES IN THE UNITED STATES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31,

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets for year	$ 1,059,629	$ (8,537,102)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	389,280	471,556
Unrealized (appreciation) in market values of securities	(3,509,565)	(11,949,508)
Realized (gain) on the sales of securities	(2,438,305)	(1,852,442)
(Gain) in present value of charitable gift annuities	(700,549)	(926,760)
Other (gains)	(393,015)	(936,728)
(Increase) decrease in operating assets:		
Due from Diocesan offices	5,791,046	891,861
Accrued interest and other assets	17,927	(8,628)
Legacies, bequests and other receivables	3,229,575	(4,740,511)
Other assets	1,883	4,901
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(146,039)	(146,951)
Due to the Superior Council	(9,816,344)	12,085,065
Unsaid mass obligations	36,049	207,332
Impact investment fund	-	50,000
Refundable advances, including revocable gifts	934,957	538,132
Distributions due to annuitants and beneficiaries	(2,097)	(5,360)
Obligations under other split interest agreements	432,387	618,964
Assets held for others	1,658	(5,374)
Net cash (used) in operating activities	(5,111,523)	(14,241,553)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of investments	48,621,035	52,625,455
Purchases of investments	(36,233,474)	(41,095,072)
Net cash provided by investing activities	12,387,561	11,530,383
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
Net increase (decrease) in cash and cash equivalents	7,276,038	(2,711,170)
Cash and cash equivalents at beginning of year	6,499,613	9,210,783
Cash and cash equivalents at end of year	$ 13,775,651	$ 6,499,613
Supplemental Cash Flows Disclosures:		
Interest paid	$ -	$ -
Taxes paid	$ -	$ -

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

1. Nature of the Organization

The consolidated financial statements, which include National Office of The Society for the Propagation of the Faith, The Society of St. Peter Apostle for Native Clergy, Inc. and the Association of the Holy Childhood, Inc., (collectively referred to herein as the "Society") and Missio Corp. The Society and Missio Corp are collectively referred to as the "Organization". The Society is the principal agency of the Roman Catholic Church that fosters awareness and interest in all aspects of the missionary activity of the Church and gathers financial support for the most basic needs of the worldwide Missionary Apostolate of the Church.

In accordance with the policies of the Pontifical Mission Societies, The Society for the Propagation of the Faith in the United States makes available to The Society for the Propagation of the Faith in Vatican City the excess for that year of General Fund unrestricted public support and revenue, over administrative and fundraising expenses, and inter-fund transfers and adjusted for any Board designated funds. This distribution is approved by the Board of Directors. Funds available for distribution are distributed in the following year to assist the worldwide Missionary Apostolate of the Roman Catholic Church, providing support for the evangelizing and pastoral programs, and the service and structure of the Church consisting of over 1,100 mission dioceses.

Similarly, at the end of each year and in accordance with the International Statutes, The Society of St. Peter Apostle for Native Clergy, Inc. makes available to The Society of St. Peter Apostle in Vatican City the excess for that year of unrestricted public support and revenue over administrative and fundraising expenses and adjusted for any Board designated funds. This distribution, which is made with the approval of the Board of Directors, is used to support the training of native clergy in the mission dioceses of the Church and for the formation of men and women candidates to religious life.

The Association of the Holy Childhood, Inc., also known as the Missionary Childhood Association conducts animation and fundraising programs in Catholic schools and religious education programs throughout the United States. The excess of unrestricted public support and revenue over administrative, program and fundraising expenses are distributed in the following year to assist mission dioceses in their outreach and service to children in the mission dioceses, including in education, and Christian and missionary formation. This distribution is made with the approval of the Board of Directors.

Missio Corp. was conceived, incubated and launched by the Pontifical Mission Societies in the United States, the Catholic Church's missionary support mechanism, established 200 years ago as The Society for the Propagation of the Faith with a special mandate to build up the personnel and infrastructure in mission dioceses, currently more than 1,100 Catholic dioceses, mostly in Africa and Asia.

Through this relationship with the Pontifical Mission Societies in the United States, Missio Corp. has unique access to the Catholic Church's network of dioceses, seminaries, religious communities, parishes, schools and social institutions, providing support for capacity building of Church leaders, technical assistance, and projects that address critical issues such as food security, care for our common home, education and health care.

The Catholic Church is the largest provider of education and health care across Africa and is uniquely positioned to fill the growing gap between an expanding population and local solutions that cannot keep pace. The Church also owns vast amounts of arable land, an underutilized resource which can directly address food security, advance environmentally sound farming practices, and provide jobs while generating income to fund the vital social programs that serve the poorest of the poor.

Much of this work has relied on the generosity of donors. As the Church has grown, local priests and religious seek a future in which they can become more self-reliant, a future they themselves are uniquely capable of crafting and implementing. To meet the growing needs of its people, this emerging Church is calling on those with the necessary means to help find more stable and substantial sources of financing for its work – ones that build on current levels of donations and allow the growing Church to make the next leap forward. The Church in Africa is claiming the right to become an effective protagonist of its own development.

1. Nature of the Organization - continued

Missio Corp. has been established to support funding for this growing need. This new initiative will plan to receive donations and grants to support important functions related to agribusiness structural needs, and to house an impact investment fund to solicit and then provide capital to mission-related agricultural projects associated with Church facilities, seminaries, convents, orphanages, etc.

Working through each country's National Office of the Pontifical Mission Societies, this work is consistent with the exempt purpose: "assist in the propagation of the faith, doctrines and principles of the Holy Roman Catholic Church throughout the world."

Missio Corp. shall achieve their program objective of creating sustainable agriculture and food supply to Church initiatives in each country and enhance the exempt purpose of "providing financial support for missions and missionaries of the Church to further such efforts."

2. Summary of Significant Accounting Policies

A summary of the Society's significant accounting policies, applied in the preparation of the accompanying consolidated financial statements, follows:

a. Principles of Consolidation

The consolidated financial statements include the National Office accounts of the Pontifical Mission Societies in the United States (The Society for the Propagation of the Faith, The Society of St. Peter Apostle for Native Clergy, Inc. and the Association of the Holy Childhood, Inc.) and Missio Corp.

All significant intercompany transactions have been eliminated.

b. Basis of Accounting

The accompanying consolidated financial statements of the Organization have been prepared on the accrual basis of accounting. Under this method, public support and revenue is recognized when earned and expenses are recognized when incurred in accordance with U.S. generally accepted accounting principles.

c. Cash and Cash Equivalents

Cash consists of cash in banks, cash in investment accounts, money market funds and all short-term highly liquid investments that have original maturities of twelve (12) months or less.

d. Basis of Presentation

Financial statement presentation in accordance with U.S. generally accepted accounting principles for not-for-profit organizations requires the reporting of financial information regarding financial position and activities according to two separate classes of net assets. Net assets are classified as follows:

Without donor restrictions – Net assets are not subject to donor-imposed stipulations and, therefore, may be expended for any purpose in performing the primary objectives of the Organization.

With donor restrictions – Net assets that are subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time. As such restrictions are satisfied, the net assets are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions.

2. Summary of Significant Accounting Policies – continued

d. Basis of Presentation - continued

Contributions are recorded as public support without or with donor restrictions depending upon the existence and nature of donor restrictions. Donor restricted support is reported as an increase to net assets with donor restrictions, depending upon the nature of the restriction. When a restriction expires, that is the condition or time stipulation has been met, the assets are reclassified to the net assets without donor restrictions. Expenses are reported as decreases in net assets with donor restrictions. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless donors or state law restricts their use.

e. Fair Value Measurements

The “Fair Value Measurements and Disclosures” 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, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of an asset or liability as of the measurement date. Assets and liabilities measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 - Quoted prices that are available in active markets for identical assets or liabilities as of the report date. The type of investments in Level 1 include listed equities held in the name of the Society and exclude listed equities and other securities held indirectly through commingled funds.

Level 2 - Pricing inputs, including broker quotes, representing those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date. Also included in Level 2 are investments measured using a net asset value (“NAV”) per share or its equivalent that may be redeemed at the NAV at the date of the consolidated statement of financial position or in the near term, which the Society has generally considered to be within 90 days.

Level 3 - Pricing inputs are unobservable for the assets or liability and includes situations where there is little, if any, market activity for the assets or liability. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include privately held investments and partnership interests. Also included in Level 3 are investments measured using a 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.

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Society holds alternative investments (Note 10) which are valued on a monthly or quarterly basis, using the net asset value (NAV) for the fund which is calculated by an independent third party. That NAV is based upon their internal pricing policies and procedures which require assets to be valued using: (a) recognized exchange market quotes, (b) security prices from a market maker or third party pricing source, or (c) securities values at fair value using some other estimation process. Given the relatively liquid nature of the fund, the vast majority of the security positions in the fund are valued using methods (a) and (b) from above.

2. Summary of Significant Accounting Policies – continued

e. Fair Value Measurements – continued

The Society holds beneficial interests in temporary and irrevocable trusts which are administered by third parties. These assets are classified on the Statement of Financial Position under the caption "Beneficial Interests in Trusts." These receivables are considered to be Level 3 valuations. The 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 December 31, 2020 and 2019.

- Valued at the fair value of the underlying trust investments, determined by the closing price reported in the active or observable market in which the individual marketable securities that are held within the trust are traded, as reported to the Society by the third-party trustees.

- Valued based upon the present value of future distributions to be received using current cash flows and an assumed rate of return on the underlying assets of 3.75%.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Society 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.

f. Investments

Investments in publicly traded debt and equity securities are recorded at fair value determined on the basis of quoted market values. Investments in alternative investments that are not readily marketable are carried at an estimation of fair value as determined by the respective investment manager. Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are determined based on average cost and are recorded in the consolidated statement of activities in the period in which the securities are sold. Dividends and interest are recognized as earned.

g. Investment Policy

The overall investment policy of the Society with respect to investments is to make prudent investments that are designed to emphasize total return and seek investments which: 1) Follow the United States Conference of Catholic Bishops (USCCB) guidance as well as 2) Support and/or recognize the importance of environmental, social and governance factors. Investment discretion is delegated to the investment managers retained by the Society who abide by the investment policy, objectives and directives which have been approved by the Society's Investment Committee.

h. Property and Equipment

Property and equipment valued at $3,000 or more and having a useful life of three (3) years or more are capitalized at cost, or if donated, at fair value at the date of donation. Such assets are depreciated on a straight-line basis over their estimated useful lives as follows:

Building	40 years
Building Improvements	10 to 40 years
Furniture, fixtures and equipment	3 to 10 years

Upon retirement or disposition, the cost and the accumulated depreciation of property and equipment are removed from the accounts with any gain or loss reflected in the consolidated statement of activities and change in net assets.

2. Summary of Significant Accounting Policies – continued

i. Impairment of Long-Lived Assets

The Society reviews long-lived assets for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. The Society performs undiscounted cash flow analyses to determine if impairment exists. If the Society determines impairment exists, any related impairment loss is calculated based upon fair value. Impairment losses on assets to be disposed of, if any, are based upon the estimated proceeds to be received, less the costs of disposal. There were no impairments losses on long-lived assets for the years ended December 31, 2020 and 2019.

j. Amounts Due from and Advances Received from Diocesan Offices

It is the Society's policy to reflect, as income and receivable, amounts due from Diocesan offices at their expected net realizable value. The net amount due from Diocesan offices recognized in these financial statements is expected to be collected by the Society. There was no provision recorded in 2020 or 2019. Amounts remitted by Dioceses in advance are considered an obligation of the Society until the period of recognition occurs.

k. Spilt Interest Agreements

The Society's split-interest agreements include annuity funds, pooled income funds and trust funds. The assets, resulting from split-interest agreements are recorded at fair value. Obligations resulting from split-interest agreements are recorded as liabilities and are estimated based upon the present value of future cash flows.

l. Outstanding Legacies and Bequests

The Society is the beneficiary under various wills and other agreements, the total realizable amounts of which are not presently determinable. The Society's share of such interest are not recorded until the Society has an irrevocable right to the gift and the proceeds are measurable. As such, there is no provision for uncollectible legacies receivable once recognized as being receivable.

m. Assets Held for Others

The Organization also receives amounts to be held under various safekeeping and other type arrangements. Such inflows of resources are recorded as assets by the Organization at fair value, with a corresponding liability of equal value. Certain of these assets may give rise to future revenues of the Organization.

n. Annuity Funds

The assets received under charitable gift annuity agreement contracts are held as general assets of the Society and the related annuity liability is a general obligation of the Society. The present value of the liability to annuitants is determined by using certain interest assumptions and applicable mortality tables.

The records of the Annuity Fund are maintained in conformity with the regulations prescribed by the New York State Department of Financial Services. Such regulations provide that:

(a) Net assets must be Board restricted to the extent of 10% of the net present value of annuities. An additional statutory cushion to this reserve of 15% is required.

2. Summary of Significant Accounting Policies – continued

n. Annuity Funds - continued

(b) Investments in bonds are to be reported to the New York State Department of Financial Services at cost; with no subsequent increases and declines in fair value recognized. However, for financial reporting purposes, increases or declines in the fair value of bonds are recognized and included within unrealized appreciation (depreciation) in the fair value of investments.

Annuity contracts net of actuarial gains and losses are detailed as follows at December 31,:

	2020	2019
New annuity contracts	$ 607,195	$ 25,000
Gain (loss) in net present value of annuities	700,549	926,760
Annuity contracts net of actuarial gains and losses	$ 1,307,744	$ 951,760

o. Pooled Income Funds

The Society maintains a Pooled Income Fund (the "Fund") for the management and investment of irrevocable remainder interests in property contributed to the Society by donors retaining, or creating, life interests' for one or more named beneficiaries living at the time of the transfer. Donors are assigned a specific number of units based on the proportion of the fair value of their contributions to the total fair value of the pooled income fund on the date of the donor's entry to the Fund. Until a donor's death, the donor (or the donor's designated beneficiary or beneficiaries) is paid, the actual income (as defined under the arrangement) earned on the donor's assigned units. Upon the donor's death, the value of these assigned units reverts to the Society.

The Society has received a private letter ruling from the Internal Revenue Service stating that the Fund meets the definition of a "pooled income fund" under Section 642(c)(5) of the Internal Revenue Code of 1954. Accordingly, all transfers to the Fund qualify for deductibility of federal income, estate and gift tax purposes.

p. Trust Funds

Split-interest agreements of the Trust Fund may be revocable or irrevocable. Revocable agreements have been treated as refundable advances, a liability, in the accompanying Consolidated Statement of Financial Position, as of December 31, 2020 and 2019, because the donor may revoke all, or part, of the trust prior to the death of the donor.

Liabilities applicable to irrevocable split-interest agreements of the Trust Fund are measured at the present value of the estimated future payments to income beneficiaries using a discount rate of five percent (5%) to six percent (6%) and applicable mortality tables. On an annual basis, the Society revalues the liability based on changes in life expectancy and other actuarial assumptions.

Upon the termination of the irrevocable trust funds, the Society acquires full right to the net assets, which are then reclassified as a net asset with donor restriction asset to a net asset without donor restriction asset in the accompanying consolidated financial statements.

2. Summary of Significant Accounting Policies – continued

q. Financial Instruments

The carrying values of the Society's financial instruments, including cash, receivables, accounts payable and other liabilities, approximate fair value due to the short-term nature of maturities. Investments are stated at fair value as outlined in note 2e. Liabilities related to the Society's obligations under split-interest agreements are present valued as described in note 2n, 2o and 2p.

r. Use of Estimates

The preparation of Consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Consolidated financial statements and the reported amounts of public support revenues, expenses and other changes in net assets during the reporting period. Actual results could differ significantly from those estimates.

s. Federal Income Tax Status

The Society qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the "IRC"), and is exempt from federal income taxes under section 509 (a)(1) of the IRC by virtue of its inclusion in the Official Catholic Directory and under the group ruling letter issued annually by the Internal Revenue Service (IRS) to the United States Conference of Catholic Bishops. Individual donors may deduct their charitable contributions as stated in Section 170 of the IRC.

Missio Corp. qualifies as a tax-exempt organization under Section 501(c)(3) of the IRC and is exempt from federal income taxes under section 509(a)(1) of the IRC.

The Organization would be subject to Unrelated Business Income Tax (UBIT) on the net income derived from unrelated business activities had it engaged in such activities.

The Organization has adopted the standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods.

Management has evaluated the Organization's tax positions and concluded that as of December 31, 2020 and 2019 management believes it has taken no uncertain tax positions that would require adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, the Organization is not subject to income tax examinations by U.S. federal, state or local tax authorities for years before 2017, which is the standard statute of limitations look-back period. Management has not accrued any tax expense or provision for income taxes in these financial statements.

2. Summary of Significant Accounting Policies – continued

t. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statement of Activities and in the Consolidated Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based upon standard allocation rates including but not limited to personnel time and space utilized for related activities. Although the methods of allocation were consistently applied and are considered reasonable, other methods could be used that would produce different amounts.

u. Donor and Board Designated Endowments

New York State regulations require the administration and distribution of restricted gifts in accordance with New York's version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). The New York Prudent Management of Institutional Funds Act, (NYPMIFA), governs the management and investment of funds held by not-for-profit corporations and other institutions. NYPMIFA provides rules for the spending of endowment funds, defined as funds that are not wholly expendable on a current basis due to donor-imposed restrictions on spending. In particular, and unlike prior law, it allows institutions to spend endowment funds below their original dollar amount ("historic dollar value") without court approval or Attorney General review, if the institution's Board of Directors concludes that such spending is prudent. NYPMIFA also provides standards for the prudent management and investment of institutional funds, the delegation of management and investment functions to outside advisors, and procedures for lifting or modifying donor-imposed restrictions.

v. Reclassifications

Certain reclassifications have been made to the 2019 financial statements and note disclosures in order to conform to the 2020 presentation.

3. Risks and Uncertainties

a. Financial instruments that potentially subject the Organization to concentrations of credit and market risk consist principally of cash and cash equivalents on deposit with financial institutions, which from time to time may exceed the Federal Deposit Insurance Corporation ("FDIC") limit, and certain investments. Management does not believe that a significant risk of loss due to the failure of a financial institution the Organization utilizes is likely and its market risk is mitigated by an adequate diversification of the Society's investments.

b. The Organization is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; injuries to employees, errors and omissions; natural disasters, etc. The Society is covered by the Protected Insurance Plan (the "Plan") of the Archdiocese of New York. The Plan provides for uniform property and blanket liability coverage on all premises and their contents, workers' compensation for all lay employees and directors' liability coverage. The Plan is administered by an independent insurance agent, and is covered by an umbrella policy. In addition, Missio Corp. separately maintains a policy for Directors and Officer liability. The plan is administered by an independent insurance agent.

4. Lease Obligations

The Society was obligated under several operating leases. Lease obligations satisfied during the years ended December 31, 2020 and 2019 were $58,198 and $56,988 respectively.

4. Lease Obligations – continued

The following is a schedule of future minimum payments required under these operating leases for the fiscal years ending December 31,

2021	$ 58,518
2022	59,075
2023	13,987
Total	$ 131,580

5. Cash and Cash Equivalents

Cash and cash equivalents are detailed as follows:

	------- December 31, -------	
	2020	2019
Cash in bank	$ 13,775,151	$ 6,499,113
Petty cash	500	500
Total cash and cash equivalents	$ 13,775,651	$ 6,499,613

6. Property and Equipment, Net

Property and equipment, net, consisted of the following:

	------- December 31, -------	
	2020	2019
Building and improvements	$ 13,367,142	$ 13,367,142
Furniture and fixtures	27,745	27,745
Computer hardware and software	-	36,055
	$ 13,394,887	$ 13,430,942
Less accumulated depreciation	(4,321,273)	(3,968,048)
Property and equipment, net	$ 9,073,614	$ 9,462,894

7. Retirement Plan - Defined Contribution Plan

The Society sponsors a defined contribution plan (the "Plan") covering the employees of the Organization with more than one year of service. A prior plan was terminated on March 31, 2016 and the Society implemented a 403(b) retirement plan on April 1, 2016. The plan matches employee contributions up to 50% of the first 3% of employee contribution. The plan for 2020 and 2019 included a 4% discretionary employer contribution. Costs recognized during the years ended December 31, 2020 and 2019 related to defined contribution plans approximated $105,000 and $78,000, respectively. This plan includes several faith-based investment options.

8. Liquidity and Availability

The Organization holds financial assets without donor or board designated restrictions limiting their use. These assets are available for the general expenses of the organization. At December 31, 2020 and 2019 these liquid assets amounted to approximately $11.5 and $4.5 million, respectively.

8. Liquidity and Availability - continued

Throughout the year the Organization receives significant contributions from donors that are utilized to fund the ongoing programs that are central to is annual operations, and provide the resources needed to meet the cash needs for general operational expenses. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining adequate reserves to provide reasonable assurance that long-term goals will be achieved. To ensure a high likelihood of achieving these objectives management routinely monitors its liquidity, forecasts its future cash requirements and predicts cash flows. During the year ended December 31, 2020 and 2019 the Organization managed the level of liquidity and operating reserves required to meet the three guiding principles as outlined above.

9. Net Assets with Donor Restrictions

Net assets with donor restrictions consist of time restricted net assets related to beneficial interests, pooled income and irrevocable trust funds. A reconciliation of net assets with donor restricted activities for the year ended and balances as of December 31, 2020 are detailed as follows:

	Purpose Restricted Solidarity Funds	Time Restricted Beneficial Interests	Time Restricted Donor Funds	Total
Balance - January 1,	$ 434,939	$ 10,596,019	$ 11,731,916	$ 22,762,874
Additional gifts received during year	82,903	-	3,910	86,813
Valuation adjustments for year	-	393,015	-	393,015
Assets released to meet purposes during year	(30,000)	-	(300,880)	(330,880)
Balance - December 31,	$ 487,842	$ 10,989,034	$ 11,434,946	$ 22,911,822

A reconciliation of net assets with donor restrictions for the year ended and balances as of December 31, 2019 are detailed as follows:

	Purpose Restricted Solidarity Funds	Time Restricted Beneficial Interests	Time Restricted Donor Funds	Total
Balance - January 1,	$ 411,961	$ 10,479,004	$ 10,685,620	$ 21,576,585
Additional gifts received during year	22,978	-	385,838	408,816
Valuation adjustments for year	-	936,727	881,013	1,817,740
Assets released to meet purposes during year	-	(819,712)	(220,555)	(1,040,267)
Balance - December 31,	$ 434,939	$ 10,596,019	$ 11,731,916	$ 22,762,874

10. Investments

As of December 31, 2020 and 2019, the Society's investments at fair value, were comprised of the following:

	Totals 2020		Totals 2019	
United States government and federal agencies' securities and uninsured United States government money market funds	$ 6,925,832	7.75 %	$ 7,113,635	7.42 %
Common and preferred stock	29,476,654	32.93 %	42,908,176	44.72 %
Corporate bonds	3,552,351	3.97 %	5,001,702	5.21 %
Mutual funds	34,417,069	38.45 %	32,598,832	33.98 %
Alternative investments	15,129,116	16.90 %	8,318,368	8.67 %
	$ 89,501,022	100.00 %	$ 95,940,713	100.00 %

	-------------------------------2020-------------------------------					
	General Fund*		Missionary Childhood Association		Quasi Endowment Fund	
United States government and federal agencies' securities and uninsured United States government money market funds	$ 3,212,802	14.05 %	$ 24,618	0.81 %	$ 463,727	2.38 %
Common and preferred stock	3,902,699	17.06 %	2,496,385	82.54 %	3,454,570	17.79 %
Corporate bonds	385,159	1.68 %	503,515	16.65 %	250,050	1.29 %
Mutual funds	11,218,663	49.05 %	-	0.00 %	6,883,239	35.45 %
Alternative investments	4,153,653	18.16 %	-	0.00 %	8,367,046	43.09 %
	$ 22,872,976	100.00 %	$ 3,024,518	100.00 %	$ 19,418,632	100.00 %
	Annuity Fund		Trust Fund		Pooled Income Fund	
United States government and federal agencies' securities and uninsured United States government money market funds	$ 3,224,685	17.42 %	$ -	0.00 %	$ -	0.00 %
Common and preferred stock	5,652,233	30.54 %	13,970,767	60.61 %	-	0.00 %
Corporate bonds	2,413,627	13.04 %	-	0.00 %	-	0.00 %
Mutual funds	4,610,474	24.91 %	9,080,962	39.39 %	2,623,731	100.00 %
Alternative investments	2,608,417	14.09 %	-	0.00 %	-	0.00 %
	$ 18,509,436	100.00 %	$ 23,051,729	100.00 %	$ 2,623,731	100.00 %

10. Investments – continued

	2019					
	General Fund*		Missionary Childhood Association		Quasi Endowment Fund	
United States government and federal agencies' securities and uninsured United States government money market funds	$ 3,683,950	12.54 %	$ 24,503	0.74 %	$ 401,605	2.31 %
Common and preferred stock	16,110,247	54.82 %	2,109,035	64.05 %	3,042,090	17.59 %
Corporate bonds	1,509,360	5.14 %	1,159,487	35.21 %	201,610	1.17 %
Mutual funds	3,394,300	11.55 %	-	0.00 %	12,774,757	73.87 %
Alternative investments	4,687,684	15.95 %	-	0.00 %	874,267	5.06 %
	$ 29,385,541	100.00 %	$ 3,293,025	100.00 %	$ 17,294,329	100.00 %

	Annuity Fund		Trust Fund		Pooled Income Fund	
United States government and federal agencies' securities and uninsured United States government money market funds	$ 3,003,577	16.76 %	$ -	0.00 %	$ -	0.00 %
Common and preferred stock	5,644,996	31.51 %	16,001,808	63.18 %	-	0.00 %
Corporate bonds	2,131,245	11.90 %	-	0.00 %	-	0.00 %
Mutual funds	4,378,176	24.44 %	9,324,128	36.82 %	2,727,471	100.00 %
Alternative investments	2,756,417	15.39 %	-	0.00 %	-	0.00 %
	$ 17,914,411	100.00 %	$ 25,325,936	100.00 %	$ 2,727,471	100.00 %

* General Fund investments as presented includes The Society for the Propagation of the Faith, The Society of St. Peter Apostle for Native Clergy, Inc. and Restricted Funds.

The Society's investments had total returns for the years ended December 31, 2020 and 2019 of $7,829,461 and $16,099,029, respectively. These returns are calculated as follows:

	2020	2019
Net realized gain on sale of investments	$ 2,438,305	$ 1,852,440
Net unrealized appreciation (depreciation) in value	3,509,565	11,949,510
Net appreciation (depreciation) in fair value of investments	5,947,870	13,801,950
Dividends and interest income from investments	1,881,591	2,297,079
Total return on investments	$ 7,829,461	$ 16,099,029

10. Investments – continued

The following summarized the inputs used to measure the fair value of investments at December 31, 2020:

Investments	Level 1	Level 2	Level 3	Total
United States government and federal agencies' securities and uninsured United States government money market funds	$ 6,925,832	$ -	$ -	$ 6,925,832
Common and preferred stock	29,476,654	-	-	29,476,654
Corporate bonds	3,552,351	-	-	3,552,351
Mutual funds	34,417,069	-	-	34,417,069
Alternative investments	-	-	15,129,116	15,129,116
Investments subtotal	74,371,906	-	15,129,116	89,501,022
Other Assets				
Beneficial interests in temporary and perpetual trusts	-	-	10,989,034	10,989,034
Total	$ 74,371,906	$ -	$ 26,118,150	$ 100,490,056

The following summarized the inputs used to measure the fair value of investments at December 31, 2019:

Investments	Level 1	Level 2	Level 3	Total
United States government and federal agencies' securities and uninsured United States government money market funds	$ 7,113,635	$ -	$ -	$ 7,113,635
Common and preferred stock	42,908,176	-	-	42,908,176
Corporate bonds	5,001,702	-	-	5,001,702
Mutual funds	32,598,832	-	-	32,598,832
Alternative investments	-	-	8,318,368	8,318,368
Investments subtotal	87,622,345	-	8,318,368	95,940,713
Other Assets				
Beneficial interests in temporary and perpetual trusts	-	-	10,596,019	10,596,019
Total	$ 87,622,345	$ -	$ 18,914,387	$ 106,536,732

Reconciliation – Level 3 for the years ended December 31,

	2020	2019
Opening balance	$ 18,914,387	$ 20,392,556
Additions (Withdrawals)	6,629,097	(3,444,175)
Gain (loss)	574,666	1,966,006
Ending balance	$ 26,118,150	$ 18,914,387

11. Endowments

The Board of Directors has interpreted the State of New York's adopted version of the Uniform Prudent Management of Institutional Funds Act (NYPMIFA) as requiring the preservation of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Society classifies as net assets with donor restrictions (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. The remaining portion of the donor-restricted endowment fund earnings are held in net assets with donor restrictions until those amounts are appropriated for expense by the Society in a manner consistent with the standard of prudence prescribed by NYPMIFA.

The Society maintains an endowment fund consisting of net assets with donor restrictions as well as net assets without donor restrictions.

The Society's endowment funds include both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, 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. The Society maintains the original historical dollar value of the contribution received as an endowment.

The Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the endowment fund,
(2) the purposes of the Society 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 Society,
(7) the investment policies of the Society, and
(8) alternatives to expenditures of the endowment funds.

Endowments are established to preserve principal and generate an income stream to support the purpose of the funds held. A spending policy establishes a reasonable, sustainable, consistent, and predicable expenditure level which enables the investment portfolio to utilize endowment earnings to support the operations of the Society to the fullest extent possible, while ensuring that the principal value of the endowment is maintained and protected from the effects of inflation.

The Society has set the spending policies for the endowments. The Society's determined distribution rate is based upon a total return approach, which utilizes both income and capital appreciation to be withdrawn for spending. The maximum allowable spending amount shall be no more than 5 to 7 percent of the trailing five-year average of the fund's market value, determined quarterly. Carryover of unspent distributions and special payments in excess of the annual spending policy are allowable expenditures only with special approval of the board. The endowment expenditure level will be reviewed at least annually by the Board of Directors in order to remain current with changing market conditions, investment performance trends, and funding needs.

The Society's investments are overseen by an investment committee that charges selected investment managers with the task of making investments for the interest and purpose of providing investment returns for the investments. The assets must be invested with the care, skills, and diligence that a prudent person acting in this capacity would undertake.

11. Endowments – continued

The Society's endowments consisted of the following at December 31,

	2020	2019
Board designated funds		
Quasi Endowment	$ 29,191,826	$ 27,430,063
Deferred rent	1,873,450	1,902,050
Total Board-designated funds	31,065,276	29,332,113
Donor-restricted endowment funds	4,635,090	4,631,180
Total endowment funds	$ 35,700,366	$ 33,963,293

The following table summarizes changes in Board designated endowment funds for the years ended December 31,

	2020			
	Total	Quasi-Endowment	RSCEF	Deferred Rent
Endowment net assets, beginning of year	$ 29,332,113	$ 27,430,063	$ -	$ 1,902,050
Endowment assets appropriated for expenses	(441,012)	(441,012)	-	-
Investment income	349,720	349,720	-	-
Realized gains on sale of securities	647,108	647,108	-	-
Unrealized gains on investments	1,177,347	1,177,347	-	-
Rental income from related party	-	28,600	-	(28,600)
Endowment net assets, end of year	$ 31,065,276	$ 29,191,826	$ -	$ 1,873,450

	2019			
	Total	Quasi-Endowment	RSCEF	Deferred Rent
Endowment net assets, beginning of year	$ 40,522,041	$ 23,802,573	$ 14,789,218	$ 1,930,250
Endowment assets appropriated for expenses	(1,165,838)	(515,838)	(650,000)	-
Transfer from/to general fund	(13,731,104)	(731,104)	(13,000,000)	
Board designated transfer	-	1,487,758	(1,487,758)	
Investment income	746,939	398,399	348,540	-
Realized gains on sale of securities	145,363	145,363	-	-
Unrealized (losses) on investments	2,814,712	2,814,712	-	-
Rental income from related party	-	28,200	-	(28,200)
Endowment net assets, end of year	$ 29,332,113	$ 27,430,063	$ -	$ 1,902,050

The following table summarizes changes in donor restricted endowment funds for the years ended December 31,

	2020	2019
Donor restricted endowments net assets, beginning of year	$ 4,631,180	$ 4,245,342
Donor restricted contributions	3,910	385,838
Donor restricted endowments net assets, end of year	$ 4,635,090	$ 4,631,180

12. Masses Obligation

For the years ended December 31, 2020 and 2019 The Organization has obligations related to unsaid masses and Gregorian masses.

The following table summarizes the mass obligations of the Organization for the years ended December 31,

	2020	2019
Mass Intentions	$ 193,467	$ 121,420
Gregorian Masses	528,753	564,751
Total Unsaid Masses	$ 722,220	$ 686,171

13. Contingencies

COVID-19 – The World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic on March 11, 2020. The outbreak and spread of COVID-19 has impacted businesses around the globe. Measures were taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services which have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

In response, several steps were taken to mitigate the effect on Organization's work environment to ensure safe ongoing operations. Concerns regarding the long-term impact of the COVID-19 pandemic also exist for non-profits that depend on public support. The duration and impact of the pandemic and economic downturn, as well as effectiveness of government and central bank responses, remains unclear at this time. It is not possible to estimate the duration and severity of these consequences, as well as the impact on the financial position of the Organization.

14. Subsequent Events

The Organization evaluated its December 31, 2020 consolidated financial statements for subsequent events through April 10, 2021, the date the financial statements were available to be issued.