

CATHOLIC COMMUNITY FOUNDATION
CONSOLIDATED FINANCIAL REPORT
DECEMBER 31, 2025 and 2024



CATHOLIC COMMUNITY FOUNDATION

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Independent Auditors' Report

To the Board of Directors
Catholic Community Foundation

Opinion

We have audited the consolidated financial statements of Catholic Community Foundation (the "Foundation") (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the related consolidated 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 accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2025 and 2024, 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 ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but it is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Meloney + Novotny LLC

Cleveland, Ohio
April 28, 2026

CATHOLIC COMMUNITY FOUNDATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 26,149,770	\$ 18,391,910
Custodial cash and cash equivalents	7,181,658	447,756
Investments	156,663,560	143,924,154
Custodial investments	57,941,166	63,536,837
Contributions and accounts receivable:		
Heart of a Shepherd campaign pledges (Note 5)	366,703	1,171,249
Called to Flourish campaign pledges (Note 5)	8,783,573	-
Grants and pledges (Note 5)	599,555	591,191
The Catholic Charities Corporation of Cleveland (Note 9)	4,750	301,200
Furniture and equipment, net	1,365	4,186
Assets held for charitable gift annuity agreements	1,964,687	1,723,546
Other	<u>421,344</u>	<u>346,052</u>
 Total assets	 <u>\$ 260,078,131</u>	 <u>\$ 230,438,081</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Accounts payable:		
Trade	\$ 671,833	\$ 158,742
Heart of a Shepherd campaign distributions	199,631	383,969
Called to Flourish campaign distributions	2,929,747	-
Beneficiaries of charitable gift annuity agreements	737,658	661,844
Accrued expenses	137,483	147,860
Loan payable - related party (Note 9)	1,640,599	500,000
Funds held for others	<u>65,122,824</u>	<u>63,984,593</u>
Total liabilities	71,439,775	65,837,008
 <u>NET ASSETS</u>		
Without donor restrictions (Note 7)	13,849,710	12,292,325
With donor restrictions (Note 8)	<u>174,788,646</u>	<u>152,308,748</u>
Total net assets	<u>188,638,356</u>	<u>164,601,073</u>
 Total liabilities and net assets	 <u>\$ 260,078,131</u>	 <u>\$ 230,438,081</u>

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

CATHOLIC COMMUNITY FOUNDATION
CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Fundraising, support and grants	\$ 20,814,896	\$ 19,132,132	\$ 39,947,028
Less funds raised for others (Note 9):			
Annual appeal	(15,988,485)		(15,988,485)
Bequests and gifts	(1,375,071)		(1,375,071)
Net fundraising, support and grants	3,451,340	19,132,132	22,583,472
Interest and dividend income	332,082	3,941,432	4,273,514
Net realized gain on investments	363,888	11,010,885	11,374,773
Net unrealized gain on investments	267,377	3,638,050	3,905,427
Fundraising support (Note 9)	1,903,862		1,903,862
Other support (Notes 2 and 9)	1,779,191		1,779,191
Net change in value of annuity agreements	728	132,033	132,761
Reclassification and transfers of net assets	(1,617,458)	330,276	(1,287,182)
Net assets released from restrictions pursuant to endowment spending-rate distribution formula	2,539,678	(2,539,678)	-
Net assets released from restrictions - other	22,737,906	(22,737,906)	-
Total revenue and support	31,758,594	12,907,224	44,665,818
DISTRIBUTIONS AND EXPENSES			
Distributions	26,541,742		26,541,742
Operating expenses:			
Fundraising	2,418,438		2,418,438
Other operating	912,022		912,022
Administrative expenses	329,007		329,007
Total distributions and expenses	30,201,209		30,201,209
CHANGE IN NET ASSETS BEFORE CAMPAIGN ACTIVITY AND TRANSFERS			
	1,557,385	12,907,224	14,464,609
CAMPAIGN ACTIVITY (Note 3) AND TRANSFERS			
Campaign support		14,792,051	14,792,051
Loss on campaign pledges		(1,121,958)	(1,121,958)
Campaign expenses and distributions	(5,386,492)		(5,386,492)
Net assets released from restrictions - campaigns	5,386,492	(5,386,492)	-
Reclassification to campaigns		1,287,182	1,287,182
Transfers from Diocesan entities		1,891	1,891
Total campaign activity and transfers	-	9,572,674	9,572,674
CHANGE IN NET ASSETS	1,557,385	22,479,898	24,037,283
NET ASSETS – BEGINNING OF YEAR	12,292,325	152,308,748	164,601,073
NET ASSETS – END OF YEAR	\$ 13,849,710	\$ 174,788,646	\$ 188,638,356

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

CATHOLIC COMMUNITY FOUNDATION
CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Fundraising, support and grants	\$ 22,686,725	\$ 16,552,947	\$ 39,239,672
Less funds raised for others (Note 9):			
Annual appeal	(15,225,119)		(15,225,119)
Bequests and gifts	(5,974,736)		(5,974,736)
Net fundraising, support and grants	1,486,870	16,552,947	18,039,817
Interest and dividend income	319,452	3,680,023	3,999,475
Net realized gain on investments	309,976	10,485,357	10,795,333
Net unrealized gain on investments	105,168	1,135,492	1,240,660
Fundraising support (Note 9)	1,903,862		1,903,862
Other support (Notes 2 and 9)	1,716,105		1,716,105
Net change in value of annuity agreements	596	62,224	62,820
Reclassification and transfers of net assets	(158,363)	1,037,363	879,000
Net assets released from restrictions pursuant to endowment spending-rate distribution formula	2,668,242	(2,668,242)	-
Net assets released from restrictions - other	20,778,466	(20,778,466)	-
Total revenue and support	29,130,374	9,506,698	38,637,072
DISTRIBUTIONS AND EXPENSES			
Distributions	24,424,497		24,424,497
Operating expenses:			
Fundraising	2,404,014		2,404,014
Other operating	903,548		903,548
Administrative expenses	314,436		314,436
Total distributions and expenses	28,046,495		28,046,495
CHANGE IN NET ASSETS BEFORE CAMPAIGN ACTIVITY AND TRANSFERS			
	1,083,879	9,506,698	10,590,577
CAMPAIGN ACTIVITY (Note 3) AND TRANSFERS			
Campaign support		724,486	724,486
Loss on campaign pledges		(995,976)	(995,976)
Campaign expenses and distributions	(4,417,314)		(4,417,314)
Net assets released from restrictions - campaigns	4,417,314	(4,417,314)	-
Reclassification from campaigns		(879,000)	(879,000)
Transfers from Diocesan entities		14,789	14,789
Total campaign activity and transfers	-	(5,553,015)	(5,553,015)
CHANGE IN NET ASSETS	1,083,879	3,953,683	5,037,562
NET ASSETS – BEGINNING OF YEAR	11,208,446	148,355,065	159,563,511
NET ASSETS – END OF YEAR	\$ 12,292,325	\$ 152,308,748	\$ 164,601,073

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

CATHOLIC COMMUNITY FOUNDATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2025

	Program Services	Administrative	Fundraising	Total
Distributions	\$ 30,013,854			\$ 30,013,854
Salaries and wages	525,670	\$ 178,244	\$ 1,216,191	1,920,105
Professional fees	45,518	34,125	1,706,900	1,786,543
Printing, postage, and mailing services	581	949	562,574	564,104
Taxes and benefits	176,705	44,221	328,836	549,762
Bank and gift processing fees	1,159	2,152	241,805	245,116
Information technology	123,333	429	88,650	212,412
Travel	775	1,440	91,430	93,645
Occupancy	28,891	52,700	1,337	82,928
Advertising and promotion	1,709	3,174	47,783	52,666
Creative services			28,442	28,442
Office expenses	5,432	7,396	13,851	26,679
Conferences, conventions, and meetings	1,262	2,343	5,019	8,624
Depreciation	987	1,834		2,821
Total distributions and expenses	30,925,876	329,007	4,332,818	35,587,701
Less: Campaign expenses and distributions	(3,472,112)		(1,914,380)	(5,386,492)
Total expenses included in the distributions and expenses section of the consolidated statement of activities	\$ 27,453,764	\$ 329,007	\$ 2,418,438	\$ 30,201,209

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

CATHOLIC COMMUNITY FOUNDATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2024

	Program Services	Administrative	Fundraising	Total
Distributions	\$ 28,801,705			\$ 28,801,705
Salaries and wages	534,466	\$ 170,333	\$ 1,112,518	1,817,317
Taxes and benefits	179,440	41,301	304,040	524,781
Bank and gift processing fees	1,007	1,870	184,284	187,161
Professional fees	55,618	32,565	168,050	256,233
Printing, postage, and mailing services			511,173	511,173
Information technology	96,077	1,338	45,183	142,598
Travel	595	1,106	11,343	13,044
Occupancy	26,898	49,428	760	77,086
Advertising and promotion	2,519	4,678	51,630	58,827
Office expenses	4,959	8,160	4,958	18,077
Creative services			45,172	45,172
Conferences, conventions, and meetings	982	1,823	5,009	7,814
Depreciation	987	1,834		2,821
Total distributions and expenses	29,705,253	314,436	2,444,120	32,463,809
Less: Campaign expenses and distributions	(4,377,208)		(40,106)	(4,417,314)
Total expenses included in the distributions and expenses section of the consolidated statement of activities	\$ 25,328,045	\$ 314,436	\$ 2,404,014	\$ 28,046,495

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

CATHOLIC COMMUNITY FOUNDATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 24,037,283	\$ 5,037,562
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Loss on campaign pledges	1,121,958	995,976
Net realized gain on investments	(11,374,773)	(10,795,333)
Net unrealized gain on investments	(3,905,427)	(1,240,660)
Change in value of annuity agreements	(163,496)	(1,034,494)
Depreciation	2,821	2,821
Contributions permanently restricted	(497,985)	(870,594)
Changes in operating assets and liabilities:		
Custodial investments	5,595,671	(1,808,665)
Pledges and accounts receivable	(8,812,899)	2,730,078
Other assets	(75,292)	(56,821)
Accounts payable	3,258,500	(1,105,964)
Accrued expenses	(10,377)	8,766
Funds held for others	1,138,231	1,877,379
Total adjustments	<u>(13,723,068)</u>	<u>(11,297,511)</u>
Net cash provided by (used in) operating activities	10,314,215	(6,259,949)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	76,101,447	110,173,686
Purchase of investments	<u>(73,560,653)</u>	<u>(105,906,269)</u>
Net cash provided by investing activities	2,540,794	4,267,417
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments to beneficiaries of charitable gift annuities	(215,676)	(94,940)
Proceeds from beneficiaries of charitable gift annuities	213,845	705,029
Proceeds from note payable - related party	1,640,599	-
(Payments on) proceeds from note payable - related party	(500,000)	500,000
Contributions permanently restricted	497,985	870,594
Net cash provided by financing activities	<u>1,636,753</u>	<u>1,980,683</u>
CHANGE IN CASH AND CASH EQUIVALENTS	14,491,762	(11,849)
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	<u>18,839,666</u>	<u>18,851,515</u>
CASH AND CASH EQUIVALENTS – END OF YEAR	<u>\$ 33,331,428</u>	<u>\$ 18,839,666</u>

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

CATHOLIC COMMUNITY FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

- A. Organization – The Catholic Community Foundation (the "Foundation") is tax exempt under Section 501(c)(3) of the Internal Revenue Code and was created and incorporated on January 1, 2000 to centralize and enhance fundraising and fund management for the Catholic Diocese of Cleveland (the "Diocese"). The Foundation receives unrestricted contributions, certain restricted contributions, bequests, and special gifts and it allocates funds to the various operating secretariats of the Diocese. The consolidated financial statements of the Foundation also include those of its wholly owned subsidiary, the Scholarship Granting Organization of the Catholic Community Foundation, operating under the trade name Angel Scholarship Fund.

The Angel Scholarship Fund, an Ohio non-profit corporation, was created as a subsidiary of the Foundation on November 19, 2021, with the Foundation as its sole member. The Angel Scholarship Fund is tax exempt under Section 501(c)(3) of the Internal Revenue Code and was created to accept donations and award scholarships to primary and secondary school students, prioritizing scholarships to low-income students. The Angel Scholarship Fund is a recognized scholarship granting organization by the State of Ohio, and donations to the Angel Scholarship Fund may be eligible for special tax treatment for donors by the State of Ohio. Operations of the Angel Scholarship Fund commenced during 2022. Contributions received in 2025 and 2024 were approximately \$7.9 million and \$6.3 million, respectively.

- B. Accounting Method – The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. All significant intercompany activities are eliminated in consolidation. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, certain net assets for a board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

- C. 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CATHOLIC COMMUNITY FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Cash and Cash Equivalents – The Foundation considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to endowments that are perpetual in nature, or other long-term purposes, are excluded from this balance and are included in investments.

Cash and cash equivalents consisted of the following at December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 26,149,770	\$ 18,391,910
Custodial cash and cash equivalents	<u>7,181,658</u>	<u>447,756</u>
	<u>\$ 33,331,428</u>	<u>\$ 18,839,666</u>

E. Investments – Marketable securities are carried at fair value based on quoted market prices with realized and unrealized gains and losses reported in the consolidated statements of activities. Realized gains or losses on the sale of investments are determined on the specific identification method and are recorded net of investment fees. Investment income or loss on net assets with donor restrictions, including unrealized and realized gains or losses net of investment expenses, is reported in changes in net assets.

F. Charitable Annuity Agreements – The Foundation, as trustee, holds assets from donors under charitable remainder trust agreements that designate the Foundation as a significant charitable beneficiary. The terms of the agreements require that the trust pay from the assets of the trust an annuity to the annuitant, the donor, or another specified beneficiary for the remainder of the designated individual's life or specified term. Upon the death of the individual or the expiration of the term, the Foundation may use the remaining assets as specified in the trust agreement. The Foundation reports the assets held by these trusts at fair value in the consolidated statements of financial position as assets held for charitable gift annuity agreements. The Foundation also records a liability for the actuarial present value of the future annuity payments. The discount rates used to compute the liability range from 4.1% to 9.9%.

G. Funds Held for Others – The Foundation's custodial cash and investments are funds that are held for various entities that are affiliated with the Diocese. The Foundation pools the balances for these entities with its investments so it can receive a higher rate of return. Income and losses attributable to the funds held for others are not included in the accompanying consolidated statements of activities but are recorded as adjustments to the liability.

H. Fair Value of Financial Instruments – The carrying values of cash and equivalents, accounts receivable, and accounts payable are reasonable estimates of fair value due to the short-term nature of these financial instruments.

CATHOLIC COMMUNITY FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 1. Summary of Significant Accounting Policies (Continued)

H. Fair Value of Financial Instruments (Continued)

The Foundation estimates the fair value of financial instruments using available market information and other generally accepted valuation methodologies. Fair value is defined as the price that would be received to sell an asset or would be paid to transfer a liability in an orderly transaction in accordance with accounting principles generally accepted in the United States of America. These standards establish a three level hierarchy that prioritizes the inputs and defines valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described below:

Level 1 – Uses quoted market prices in active markets for identical assets and liabilities.

Level 2 – Uses observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3 – Uses unobservable inputs in which little or no market data exists.

The following tables set forth by level the Foundation's assets that are accounted for at fair value on a recurring basis, as of December 31, 2025 and 2024. Certain investments that are measured at fair value using the net asset value ("NAV") per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in these tables are intended to reconcile the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

<u>2025</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash and cash equivalents	\$ 7,667,095	\$ -	\$ 7,667,095
Common stocks	131,684,625	-	131,684,625
Corporate and international bonds	30,105,785	-	30,105,785
Government and muni bonds	29,565,699	-	29,565,699
Asset backed and agency bonds	-	11,938,492	11,938,492
Total investments subject to fair value leveling	199,023,204	11,938,492	210,961,696
Investments in real estate investment trust using the NAV practical expedient	-	-	3,643,030
Subtotal	199,023,204	11,938,492	214,604,726
Assets held for annuities:			
Cash and cash equivalents	145,327	-	145,327
Government and corporate bonds	661,196	-	661,196
Common stocks	1,158,164	-	1,158,164
Subtotal	1,964,687	-	1,964,687
Total	<u>\$ 200,987,891</u>	<u>\$ 11,938,492</u>	<u>\$ 216,569,413</u>

CATHOLIC COMMUNITY FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 1. Summary of Significant Accounting Policies (Continued)

H. Fair Value of Financial Instruments (Continued)

<u>2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash and cash equivalents	\$ 21,095,503	\$ -	\$ 21,095,503
Common stocks	118,523,698	-	118,523,698
Corporate and international bonds	26,082,487	-	26,082,487
Government and muni bonds	25,745,779	-	25,745,779
Asset backed and agency bonds	-	12,305,411	12,305,411
Total investments subject to fair value leveling	191,447,467	12,305,411	203,752,878
Investments in real estate investment trust using the NAV practical expedient	-	-	3,708,113
Subtotal	191,447,467	12,305,411	207,460,991
Assets held for annuities:			
Cash and cash equivalents	80,580	-	80,580
Government and corporate bonds	523,040	-	523,040
Common stocks	1,119,926	-	1,119,926
Subtotal	1,723,546	-	1,723,546
Total	<u>\$ 193,171,013</u>	<u>\$ 12,305,411</u>	<u>\$ 209,184,537</u>

Common stocks – Common stocks consist of marketable equity securities of domestic and international corporations in a variety of industries that are valued based on quoted prices in active markets and are classified as Level 1.

Corporate and international bonds – These bonds consist of investments in U.S. and foreign corporations and are valued based on quoted prices in active markets. These are classified as Level 1.

Government and muni bonds – Government and muni bonds consist of investments in U.S. Treasuries and government related securities that are valued based on quoted prices in active markets. These are classified as Level 1.

Asset backed securities and agency bonds – These securities are valued based on the market value of the underlying investments and related interest rates; values that, while observable in the market, are subject to adjustment due to pricing considerations for the specific instruments and are classified as Level 2.

These methods described above may produce a fair value that may not reflect net realizable value or future fair values. There have been no changes in the methodologies used from 2024 to 2025. Although the Foundation believes its valuation methods are appropriate and consistent with other market participants, different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value at the reporting date.

CATHOLIC COMMUNITY FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 1. Summary of Significant Accounting Policies (Continued)

H. Fair Value of Financial Instruments (Continued)

The Foundation is required to disclose the nature and risks of the investments recorded at the NAV. The Foundation is eligible to enter the queue on a quarterly basis. Eligibility for redemption becomes available when liquidity in the fund is available. The following tables summarizes the nature and risk of these investments as of December 31, 2025 and 2024:

	Fair Value at December 31, 2025	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Real estate investment trust	\$ 3,643,030	\$ -	Quarterly, subject to limitations	60 days

	Fair Value at December 31, 2024	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Real estate investment trust	\$ 3,708,113	\$ -	Quarterly, subject to limitations	60 days

- I. Contributions – Contributions received, including unconditional promises to give, are recognized as revenues in the period received at their fair values. All contributions are considered to be available without donor restrictions unless specifically restricted by the donor. Funds set aside by the Board of the Foundation or by the Bishop of Cleveland, to be used at their discretion, and funds that are donor advised are included in net assets without donor restrictions. Unconditional promises to give that are expected to be collected within one year are recorded at realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows using risk-free interest rates. The amortization of the discounts on those amounts is included in fundraising, support, and grants revenue. Conditional promises to give are recognized as revenue when the conditions are met.
- J. Distributions – Payments are disbursed to the various operating secretariats of the Diocese for allocation to agencies and institutions. Periodically, additional special allocations are approved and disbursed to other agencies and institutions.
- K. Depreciation – Depreciation expense is recognized on a straight-line method over the estimated useful lives of ten years for furniture and equipment and five years for computer and office equipment. The Foundation had accumulated depreciation of \$76,547 and \$73,726 as of December 31, 2025 and 2024, respectively.
- L. Income Taxes – The Foundation and the Angel Scholarship Fund are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code. The Foundation believes that there is appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the consolidated financial statements.

CATHOLIC COMMUNITY FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 1. Summary of Significant Accounting Policies (Continued)

M. Functional Allocation of Expenses – The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Expenses are allocated based on estimates of time and effort.

N. Concentration of Credit Risk – The Foundation deposits its cash and cash equivalents with financial institutions. Deposits with financial institutions may exceed Federal Depository Insurance Corporation insurance limits of \$250,000 per financial institution.

The Foundation holds investment securities which are exposed to various risks including interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Foundation's investment account balances and the amounts reported in the consolidated statements of financial position.

O. Subsequent Events – The Foundation has evaluated subsequent events through April 28, 2026, which is the date the consolidated financial statements were available to be issued.

Note 2. Liquidity and Availability

The Foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs. In addition, the Foundation receives support without donor restrictions; such support has historically supported annual program funding needs, with the remainder funded by investment income without donor restrictions and appropriated earnings from gifts with donor restrictions.

General expenditures include administrative and general expenses and fundraising expenses. Annual operations are defined as activities occurring during the Foundation's calendar year. The Foundation manages its cash available to meet general expenditures following three guiding principles:

- Operating within the fundraising agreement between The Catholic Charities Corporation of Cleveland ("Catholic Charities"), the Diocese, and the Foundation,
- Maintaining adequate liquid assets, and
- Adhering to the distribution policies as set forth for the various funds managed by the Foundation.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, are as follows:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 26,149,770	\$ 18,391,910
Contributions and accounts receivable	9,754,581	2,063,640
Investments	156,663,560	143,924,154
Less:		
Donor restricted net assets	<u>(174,788,646)</u>	<u>(152,308,748)</u>
	<u>\$ 17,779,265</u>	<u>\$ 12,070,956</u>

CATHOLIC COMMUNITY FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 2. Liquidity and Availability (Continued)

The Foundation's endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from donor-restricted endowments is restricted and is not available for general expenditure. The Foundation's board-designated endowment of \$2,408,498 is subject to an annual spending rate of 5% as described in Note 4. The Foundation considers investment income and contributions without donor restrictions to be available to meet cash needs for general expenditures. An annual fee equal to approximately 0.50% on most portfolio funds and appeals (excluding the Catholic Charities Annual Appeal) is charged to support the annual operating expenses. These fees totaled \$1,002,683 and \$950,283 in 2025 and 2024, respectively, and are presented in other support in the accompanying consolidated statements of activities.

The Foundation annually receives commitments of administrative and fundraising support from Catholic Charities and the Diocese as further described in Note 9. This cash support totaled \$2,411,062 for each of 2025 and 2024, and such support is expected to continue in 2026.

Note 3. Heart of a Shepherd and Called to Flourish Campaigns

The Foundation initiated the Heart of a Shepherd Campaign in 2019 to fund the urgent need for capital renovations of Borromeo Seminary and St. Mary Seminary, to add to the priests' retirement fund, and to create an endowment to provide student loan relief to newly ordained priests. In 2020, the Heart of a Shepherd Campaign was modified to also address local parish needs.

As of December 31, 2025, the Heart of a Shepherd Campaign was largely complete, with a total amount received for fundraising objectives of \$45,140,080. The following table sets forth the revenues and expenses of the Heart of a Shepherd Campaign for the years ended December 31, 2025 and 2024, and since the inception:

	Heart of a Shepherd		
	2025	2024	Since Inception
Heart of a Shepherd Support	\$ 493,921	\$ 724,486	\$ 47,304,568
Loss on Heart of a Shepherd campaign pledges	(621,958)	(995,976)	(1,690,846)
Heart of a Shepherd - expenses	(14,375)	(40,106)	(2,444,565)
Distributions to parishes for their local needs	(214,145)	(1,927,759)	(19,000,430)
Distributions to seminary renovations	-	(398,449)	(21,924,573)
Distributions to the Priests' Retirement Trust	(331,800)	(2,051,000)	(2,382,800)
Reclassification to Heart of a Shepherd	-	-	1,444,262
Reclassifications to the Seminarian Student Debt Relief Fund	(142,200)	(879,000)	(1,021,200)
Heart of a Shepherd, net	\$ (830,557)	\$ (5,567,804)	\$ 284,416

The Foundation initiated the Called to Flourish - Our Church for the Future Campaign in 2025 to meet urgent needs and invest in the long-term sustainability of diocesan ministries. The Called to Flourish Campaign has a fundraising goal of \$200,000,000. The case for support includes \$85,000,000 for sustaining local parishes, \$70,000,000 for increasing evangelization, \$30,000,000 for enhancing worship throughout the Diocese, and \$15,000,000 to strengthen Catholic Charities' service ministries throughout the Diocese. The Called to Flourish Campaign is expected to progress in five parish waves concluding in mid-2028 with Called to Flourish Campaign pledges to be paid primarily over a five-year redemption period. The following table sets forth the revenues and expenses of the Called to Flourish Campaign for the year ended December 31, 2025:

CATHOLIC COMMUNITY FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 3. Heart of a Shepherd and Called to Flourish Campaigns (Continued)

	Called to Flourish		
	<u>2025</u>	<u>2024</u>	<u>Since Inception</u>
Called to Flourish Support	\$ 14,298,130	\$ -	\$ 14,298,130
Loss on Called to Flourish campaign pledges	(500,000)	-	(500,000)
Called to Flourish - expenses	(1,900,005)	-	(1,900,005)
Distributions to parishes for their local needs	(1,926,167)	-	(1,926,167)
Distributions to Diocesan case	(1,000,000)	-	(1,000,000)
Reclassification to Called to Flourish	1,429,382	-	1,429,382
Called to Flourish, net	\$ 10,401,340	\$ -	\$ 10,401,340

Note 4. Endowment Funds

The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

The Foundation places great importance on risk reduction through asset allocation and style diversification. Investment results are measured using a rolling three to five year period or a market cycle. The following are the investment performance objectives, in order of importance, for the portfolio:

- To generate a real annual compound rate of return, inclusive of interest income, dividends, and net capital appreciation over the measurement period, at least equal to the sum of the annual payout percentage provided for in the distribution policy plus inflation (for example 5% distribution policy + inflation + investment management cost).
- To obtain a total return on the portfolio, net of all investment related fees, that exceeds the total return of the policy benchmark.
- Performance will be evaluated versus achievement of distribution policy and comparisons to a similar set of investments.

The goals of the strategic asset allocation policy are to establish a long-term asset allocation plan for the Foundation's portfolio that is consistent with objectives and guidelines contained in this policy and carried out in an efficient manner. To that end, this policy establishes an acceptable range, defined to be any percentage above a minimum and below a maximum percentage of the portfolio allocated to a particular asset class, and a target percentage, defined to be the percentage goal for the investment of the portfolio in that asset class.

Market value fluctuations and operational needs may cause variations from the strategic asset allocation policy ranges stated in this policy. To ensure allocations are consistent with the allocation policy, rebalancing the portfolio is done quarterly using the quarter end portfolio values. The Foundation does not deem it acceptable to time the market with tactical allocation shifts. The intention of this policy is to avoid short-term judgments that introduce significant unplanned risk.

CATHOLIC COMMUNITY FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 4. Endowment Funds (Continued)

Distributions from endowment funds are spent in compliance with the donor's restrictions applicable to the funds being distributed. Annual distributions from endowment funds are limited to not more than 5% of the average weighted market value of investable assets of the past three years in the permanently restricted fund.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. The Foundation's spending policy does not permit spending from underwater endowments. At December 31, 2025 and 2024, the Foundation had no underwater endowment funds.

Endowment net asset composition by type of fund as of December 31, 2025:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment fund	\$ 2,408,498	\$ -	\$ 2,408,498
Donor-restricted endowment funds:			
Corpus	-	34,793,237	34,793,237
Accumulated endowment earnings	-	29,303,656	29,303,656
	<u>\$ 2,408,498</u>	<u>\$ 64,096,893</u>	<u>\$ 66,505,391</u>

Changes in endowment net assets for the year ended December 31, 2025:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment investments, beginning of year	\$ 2,140,105	\$ 57,687,553	\$ 59,827,658
Investment return:			
Investment income	53,958	1,616,775	1,670,733
Net appreciation (realized and unrealized)	231,948	6,834,258	7,066,206
Total investment return	285,906	8,451,033	8,736,939
Contributions	1,987	497,985	499,972
Appropriation of endowment assets for distribution	(19,500)	(2,539,678)	(2,559,178)
Endowment investments, end of year	<u>\$ 2,408,498</u>	<u>\$ 64,096,893</u>	<u>\$ 66,505,391</u>

CATHOLIC COMMUNITY FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 4. Endowment Funds (Continued)

Endowment net asset composition by type of fund as of December 31, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment fund	\$ 2,140,105	\$ -	\$ 2,140,105
Donor-restricted endowment funds:			
Corpus	-	34,295,252	34,295,252
Accumulated endowment earnings	-	23,392,301	23,392,301
	<u>\$ 2,140,105</u>	<u>\$ 57,687,553</u>	<u>\$ 59,827,658</u>

Changes in endowment net assets for the year ended December 31, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment investments, beginning of year	\$ 1,933,604	\$ 52,735,272	\$ 54,668,876
Investment return:			
Investment income	47,290	1,434,139	1,481,429
Net appreciation (realized and unrealized)	175,224	5,315,790	5,491,014
Total investment return	<u>222,514</u>	<u>6,749,929</u>	<u>6,972,443</u>
Contributions	1,987	870,594	872,581
Appropriation of endowment assets for distribution	<u>(18,000)</u>	<u>(2,668,242)</u>	<u>(2,686,242)</u>
Endowment investments, end of year	<u>\$ 2,140,105</u>	<u>\$ 57,687,553</u>	<u>\$ 59,827,658</u>

CATHOLIC COMMUNITY FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 5. Contributions Receivable

Contributions receivable are unconditional promises to give to the Foundation under multi-year commitments. An allowance for uncollectible receivables has been established based upon historical results and the amounts pledged have been discounted to their present value based on the expected timing of the cash receipts. During the years ended December 31, 2025 and 2024, the Foundation wrote off \$1,121,958 and \$995,976, respectively, of Heart of a Shepherd and Called to Flourish campaign pledges that were deemed uncollectible. Contributions receivable are comprised of the following at December 31:

	Heart of a Shepherd	Called to Flourish	Other	Total 2025	Total 2024
Amounts due in:					
Less than one year	\$ 422,565	\$ 2,762,041	\$ 395,905	\$ 3,580,511	\$ 1,728,528
One to five years	107,735	6,163,333	219,591	6,490,659	647,522
Thereafter	-	610,000	-	610,000	-
Less: allowance for uncollectible receivables	<u>(160,459)</u>	<u>(244,260)</u>	<u>-</u>	<u>(404,719)</u>	<u>(570,152)</u>
Total	369,841	9,291,114	615,496	10,276,451	1,805,898
Less: discount to present value at 3-5%	<u>(3,138)</u>	<u>(507,541)</u>	<u>(15,941)</u>	<u>(526,620)</u>	<u>(43,458)</u>
Present value of estimated future cash flows	<u>\$ 366,703</u>	<u>\$ 8,783,573</u>	<u>\$ 599,555</u>	<u>\$ 9,749,831</u>	<u>\$ 1,762,440</u>

Note 6. Retirement Plan

The Foundation participates in a defined contribution plan which covers substantially all non-hourly employees. The Foundation participates in a defined benefit pension plan sponsored by the Diocese of Cleveland. The defined benefit plan is a multiple employer plan and actuarial information for covered employers was not available. Retirement expense was \$93,589 in 2025 and \$104,396 in 2024.

Note 7. Net Assets Without Donor Restrictions

Net assets without donor restrictions are designated as follows:

	<u>2025</u>	<u>2024</u>
Donor advised funds	\$ 8,899,099	\$ 8,866,046
Board-designated funds	2,408,498	2,140,105
Other donor funds	1,229,672	1,002,907
Operating	1,311,076	279,081
Furniture and equipment	<u>1,365</u>	<u>4,186</u>
	<u>\$ 13,849,710</u>	<u>\$ 12,292,325</u>

CATHOLIC COMMUNITY FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 7. Net Assets Without Donor Restrictions (Continued)

Donor advised funds are donations or bequests received by the Foundation over which the donor has reserved the right to periodically submit recommendations regarding distribution.

Board-designated funds are distributed only upon specific Board approval and are typically invested for the long term.

Note 8. Net Assets With Donor Restrictions

Net assets with donor restrictions are designated for the following purposes:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for specified purpose:		
Education	\$ 75,221,835	\$ 68,163,282
Health and Human Services	31,798,268	28,455,138
Heart of a Shepherd	360,087	1,179,940
Called to Flourish	10,486,118	-
Catholic Community Foundation	11,183,832	9,690,875
Angel Scholarship Fund	6,749,703	6,798,112
Parish Life and Development	3,151,730	2,680,840
Clergy and Religious	1,043,836	1,020,248
Rooted in Faith	-	25,061
	139,995,409	118,013,496
Subject to endowment spending policy and appropriation:		
Education	16,196,008	16,003,388
Health and Human Services	10,658,562	10,658,553
Catholic Community Foundation	6,425,467	6,120,111
Parish Life and Development	1,417,500	1,417,500
Clergy and Religious	95,700	95,700
	34,793,237	34,295,252
 Total net assets with donor restrictions	 \$ 174,788,646	 \$ 152,308,748

Note 9. Related Party Transactions

The Foundation has an agreement with Catholic Charities to provide operational support for Catholic Charities' annual appeal and other fundraising efforts pursuant to which the Foundation received fundraising fee revenues of \$1,903,862 in each of the years ended 2025 and 2024. A total of \$17,363,556 and \$21,199,855 was raised in 2025 and 2024, respectively, for Catholic Charities. These amounts have been presented as funds raised for others in the accompanying consolidated statements of activities.

As of December 31, 2025 and 2024, Catholic Charities owed the Foundation \$4,750 and \$301,200, respectively.

CATHOLIC COMMUNITY FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 9. Related Party Transactions (Continued)

The Diocese paid administrative support to the Foundation of \$507,200 for each of the years ended December 31, 2025 and 2024. These amounts are included in other support in the accompanying consolidated statements of activities.

The Foundation recognized personnel-related expenses under its Shared Services Agreement with the Diocese that totaled \$186,103 and \$184,222 in 2025 and 2024, respectively. The value of the services provided by the Diocese is based on the employee cost and the time spent by Diocesan personnel on Foundation matters and is presented in both other support revenue and operating expenses in the accompanying consolidated statements of functional expenses.

In 2024, the Diocese provided a \$500,000 short-term, interest-free loan to the Foundation to create an initial earnings base for the Seminarian Student Debt Relief Fund. The Foundation repaid the loan in 2025.

On August 25, 2025, the Foundation entered a three-year, \$6,000,000 interest-free line of credit from the Diocese to pay operating expenses of the Called to Flourish campaign. The Foundation has utilized \$1,640,599 of the line at December 31, 2025.