

**ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN
ENTITIES)**

COMBINED FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

JUNE 30, 2025 AND 2024

**ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)**

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REPORT OF INDEPENDENT AUDITORS

Archbishop Shelton Fabre and Finance Council
Archdiocese of Louisville (Pastoral Center and Certain Entities)
Louisville, KY

Report on the Audit of Combined Financial Statements

Opinion

We have audited the accompanying combined financial statements of Archdiocese of Louisville (Pastoral Center and Certain Entities) (the "Archdiocese"), a nonprofit organization, which comprise the combined statements of financial position as of June 30, 2025, and the related combined statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Archdiocese as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Prior Period Financial Statements

The combined financial statements of the Archdiocese as of June 30, 2024, were audited by other auditors whose report dated October 9, 2024, expressed an unmodified opinion on those financial statements.

Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the

preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined 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 Archdiocese's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Archdiocese's ability to continue as a going concern for a reasonable period of time.

Archbishop Shelton Fabre and Finance Council
Archdiocese of Louisville (Pastoral Center and Certain Entities)
Louisville, KY

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

Supplementary Information

The combining statements of financial position and combining statements of activities and changes in net assets are presented for the purpose of additional analysis of the financial statements rather than to present the financial position and changes in net assets of the individual entities, and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Blue & Co., LLC

Louisville, Kentucky
October 28, 2025

ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)

COMBINED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

	ASSETS	
	2025	2024
Cash and cash equivalents	\$ 7,543,712	\$ 5,195,443
Restricted cash	1,490,009	806,283
Investments	249,043,773	223,829,077
Accrued interest receivable on investments	578,622	497,929
Accounts receivable, net of allowance for doubtful accounts of \$2,717,413 in 2025 and \$2,728,942 in 2024	2,518,456	2,611,979
Inventories	98,868	159,750
Prepaid expenses and other current assets	445,724	138,693
Grants receivable	3,250,039	4,359,485
Pledges receivable	38,244	47,947
Beneficial interest in third-party trusts	2,828,392	2,605,331
Operating lease right-of-use assets, net	289,383	414,096
Property and equipment, net	20,378,494	20,782,962
Mausoleums, columbaria, and lots	5,695,004	5,037,980
Cemetery lot development costs	360,661	1,095,473
Notes receivable - parishes and other related parties, net	2,627,046	2,628,148
Accrued interest receivable on notes receivable	262,533	257,535
Total assets	<u>\$ 297,448,960</u>	<u>\$ 270,468,111</u>

See accompanying notes to financial statements.

ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)

COMBINED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

	2025	2024
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 3,408,991	\$ 4,079,189
Accrued personnel expenses	1,332,058	1,453,031
Deferred revenue	3,162,787	2,549,901
Grants payable	945,000	1,440,000
Operating lease liabilities	289,383	414,574
Long-term debt	1,956,324	2,000,000
Deposits payable - parishes and other related parties	88,322,263	86,358,201
Total liabilities	99,416,806	98,294,896
Net assets without donor restrictions		
Expendable net assets	134,281,555	111,172,412
Invested in property and equipment	16,930,224	17,500,187
Board designated net assets	24,581,366	23,114,718
Regulatory restricted - perpetual care fund	11,091,134	10,414,744
Total net assets without donor restrictions	186,884,279	162,202,061
Net assets with donor restrictions		
Restricted by time or purpose	7,810,202	6,674,373
Restricted in perpetuity	3,337,673	3,296,781
Total net assets with donor restrictions	11,147,875	9,971,154
Total net assets	198,032,154	172,173,215
Total liabilities and net assets	\$ 297,448,960	\$ 270,468,111

See accompanying notes to financial statements.

ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)

COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
Changes in net assets without donor restrictions		
Support and revenues		
Donations, bequests, and grants	\$ 64,324,807	\$ 64,786,458
In-kind contributions	1,315,646	1,743,814
Parish assessments	10,382,100	9,894,335
Special collections	380,092	263,118
Burial sales, net	3,354,687	3,091,530
Catholic services appeal	4,518,354	4,212,406
Fee income	3,115,863	2,807,833
Program and activity income	230,974	455,368
Rental income	197,844	229,551
Advertising income	367,325	409,012
Investment income, net	5,187,331	4,502,238
Investment gains, net	21,728,208	18,189,696
Other income	103,828	1,057,944
Net assets released from restrictions	1,964,903	2,668,717
Total revenues, support, and gains	117,171,962	114,312,020
Expenses		
Salaries and wages	15,301,586	13,924,619
Employee benefits	4,119,493	3,872,194
Clergy retirement benefits	1,823,765	1,693,978
Mileage and expense allowance	582,642	629,695
Education	1,231,788	1,016,399
Rent	245,405	194,903
Office supplies and services	1,781,480	1,771,883
Plant and grounds expense	1,795,406	1,914,217
Auto	128,265	96,248
Public relations, donations, and grants	615,519	456,890
Advertising	264,979	251,540
Contract interpreters	1,288,253	1,159,067
Professional fees and services	2,053,632	2,375,284
Program and activities	2,140,591	3,128,194
Broadcasting and press	379,629	410,815
Archdiocesan support	338,657	278,987
Education grants	1,303,745	1,224,824
Cost of sales	661,302	535,624
Papal and national organizations	167,181	107,518
Other grants and direct aid	52,877,095	54,202,990
Other restricted expense payments	412,385	1,104,420
Interest expense	1,304,207	1,231,394
Depreciation expense	1,055,484	642,024
Credit loss expense	224,334	2,637
Miscellaneous expense	369,794	427,765
Total expenses	92,466,617	92,654,109
Gain (loss) on disposal of property and equipment	(23,127)	(172,807)
Change in net assets without donor restrictions	24,682,218	21,485,104

See accompanying notes to financial statements.

ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)

COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
Changes in net assets with donor restrictions		
Net assets released from restrictions	(1,964,903)	(2,668,717)
Donations, bequests, and grants	2,817,472	2,272,754
Investment income, net	101,091	115,578
Increase in value of beneficial interest in third-party trusts	223,061	198,594
Change in net assets with donor restrictions	1,176,721	(81,791)
Change in net assets	25,858,939	21,403,313
Net assets, beginning of year	172,173,215	150,769,902
Net assets, end of year	<u>\$ 198,032,154</u>	<u>\$ 172,173,215</u>

See accompanying notes to financial statements.

ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)

COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
Operating activities		
Change in net assets	\$ 25,858,939	\$ 21,403,313
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	1,055,484	642,024
Credit losses	224,334	2,637
(Gain) loss on disposal of property and equipment	23,127	172,807
Net realized gains and losses and unrealized gains and losses on investments	(21,728,208)	(18,289,550)
Increase in beneficial interest in third-party trusts	(223,061)	(198,594)
Contributions restricted for long-term purposes	(358,564)	(98,201)
Changes in assets and liabilities:		
Accrued interest receivable on investments	(80,693)	(15,179)
Accounts receivable	(126,562)	(50,189)
Inventories	60,882	75,505
Prepaid expenses and other current assets	(307,031)	209,518
Grants and other receivables	1,109,446	(1,640,881)
Pledges receivable	5,454	130,362
Mausoleums, columbaria, and lots	(657,024)	78,422
Cemetery lot development costs	734,812	(2,329)
Notes receivable	-0-	1,641,182
Accrued interest receivable on notes receivable	(4,998)	(977)
Accounts payable	(670,198)	728,644
Accrued personnel expenses	(120,973)	(656,406)
Deferred revenue	612,408	177,933
Grants payable	(495,000)	(995,000)
Net cash flows from operating activities	4,912,574	3,315,041
Investing activities		
Purchases of property and equipment	(674,143)	(4,056,741)
Proceeds from sale of property and equipment	-0-	12,553
Changes in investments	(3,486,488)	(6,245,144)
Issuance of notes receivable	(1,600,498)	(2,750,902)
Payments received on notes receivable	1,601,600	317,937
Net cash flows from investing activities	(4,159,529)	(12,722,297)
Financing activities		
Borrowings on long-term debt	-0-	2,000,000
Principal payments on notes payable	(43,676)	(123,983)
Deposits from parishes and others, net	1,964,062	2,859,215
Contributions restricted for investment in endowment	358,564	98,201
Net cash flows from financing activities	2,278,950	4,833,433
Net change in cash, restricted cash, and cash equivalents	3,031,995	(4,573,823)
Cash, restricted cash, and cash equivalents, beginning of year	6,001,726	10,575,549
Cash, restricted cash, and cash equivalents, end of year	<u>\$ 9,033,721</u>	<u>\$ 6,001,726</u>

See accompanying notes to financial statements.

ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)

COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024

Reconciliation of cash, restricted cash, and cash equivalents

Cash and cash equivalents	\$ 7,543,712	\$ 5,195,443
Restricted cash	<u>1,490,009</u>	<u>806,283</u>
Total	<u>\$ 9,033,721</u>	<u>\$ 6,001,726</u>

Supplemental disclosures of noncash operating and capital and related financing activities

Right-of-use assets acquired under operating lease liabilities	\$ -0-	\$ 451,922
Cash paid for interest	\$ 1,304,207	\$ 1,231,394

See accompanying notes to financial statements.

ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)

COMBINED NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

1. NATURE OF ORGANIZATION

The Archdiocese of Louisville (Pastoral Center and Certain Entities) (the "Archdiocese") is a religious organization affiliated with the Roman Catholic Church. The Pastoral Center provides support for the administration of pastoral, vocational, educational, and other services to the parish communities of central Kentucky. The Pastoral Center derives its revenue mainly from donations, parish assessments, Catholic Services Appeal, and investment returns. The Pastoral Center also provides financing and investing services to various parishes and other organizations through the Deposit and Loan Fund. Catholic Cemeteries administers four of the cemeteries in the Archdiocese of Louisville. Catholic Charities of Louisville, Inc. ("Catholic Charities") administers the migration and refugee program, among other social service activities. Catholic Foundation of Louisville, Inc. (the "Foundation") administers funds for the following initiatives: Seminarian Education, Priest Retirement, Parish Assistance, Legacy Fund, Urban Parish Repair, Niemann Family Fund, Catholic Charities, and Catholic Cemeteries. The Foundation also maintains investments for various parishes that elect to invest through them.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the Archdiocese in the preparation of the combined financial statements (hereafter, the "financial statements") are summarized below:

Reporting Entity and Combination Policy

The financial statements include the accounts of the Pastoral Center, Deposit and Loan Fund, Catholic Cemeteries, the Foundation, and Catholic Charities, all of which are under common control. All significant intercompany accounts and transactions have been eliminated in combination.

The combined financial statements do not include the parishes, elementary schools, four Archdiocesan sponsored secondary schools, and Catholic institutions owned and operated by religious communities.

Financial Statement Presentation

The Financial Accounting Standards Board ("FASB") is the independent, private-sector organization that establishes accounting and financial reporting standards for public and private companies and not-for-profit organizations that follow accounting principles generally accepted in the United States of America (GAAP). The Archdiocese follows FASB accounting and financial reporting standards in the preparation of its financial statements.

ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)

COMBINED NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Basis of Accounting

The Archdiocese prepares its financial statements using the accrual basis of accounting. Accrual accounting requires the recognition of revenues when its performance obligations are satisfied, and the recognition of expenses in the period in which they occur.

Management's Estimates

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

Net Assets

The Archdiocese has reported information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

- *Net Assets Without Donor Restrictions* are those that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Archdiocese. These net assets may be used at the discretion of the Archdiocese's management and the Finance Council.

Net Assets Without Donor Restrictions include the following:

- *Expendable Net Assets* – These net assets represent the portion of expendable funds available for support in the operations of the Archdiocese.
- *Invested in Property and Equipment* – These net assets represent cumulative resources expended for property and equipment, less accumulated depreciation recorded on the property and equipment and net of related debt.
- *Board Designated Net Assets* – These net assets represent funds without donor restrictions that are designated for specific purposes by the Archbishop. Although the Archbishop could release or revise the designations in the future, to the extent not externally restricted, there is no intent to do so.
- *Regulatory Restricted – Perpetual Care Fund* – See notes 11 and 21

ARCHDIOCESE OF LOUISVILLE
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COMBINED NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

- *Net Assets with Donor Restrictions* are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature. Those restrictions will be met by actions of the Archdiocese or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

The Archdiocese recognizes contributions of cash and other assets as donor-restricted support when such gifts are accompanied by stipulations that limit the use of the donated resources. Upon fulfillment of the donor-imposed restrictions – whether through the passage of time or accomplishment of the specified purpose – these amounts are reclassified from net assets with donor restrictions to net assets without donor restrictions. The reclassification is reported in the statement of activities and changes in net assets as net assets released from restrictions.

Cash, Restricted Cash, and Cash Equivalents

Cash and cash equivalents include investments in highly liquid assets with maturity dates of 90 days or less when purchased. Restricted cash includes net assets with donor restrictions amounts not included in investments, third party trusts, and pledges receivable.

Pledges Receivable

Pledges receivable represent amounts committed in support of Catholic Charities' Building a Brighter Future Campaign. Pledges expected to be collected within one year are recorded at the present value of their estimated cash flows.

The Archdiocese estimates an allowance for doubtful pledges receivable based on an evaluation of historical losses, current economic conditions, and other factors unique to the Archdiocese's donors. Allowance for uncollectible pledges at June 30, 2025 and 2024 are \$4,249 and \$6,038, respectively.

Grants Receivable

Revenues from grants are recognized according to the specific grant agreements. The Archdiocese determines whether a grant is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a grantor's obligation to transfer assets. Revenues from cost reimbursement and performance grants are recognized to the extent of project expenses incurred. Grants are subject to audit by the awarding agency. Based on prior experience, management believes that costs ultimately disallowed, if any, would not materially affect the Archdiocese's financial position. Certain restricted grant and contribution revenues received and earned within the same period are recorded as revenues without donor restrictions in the accompanying statements of

ARCHDIOCESE OF LOUISVILLE
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COMBINED NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

activities and changes in net assets. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Management has not recorded an allowance for uncollectible amounts, as all outstanding balances are expected to be fully collected.

Inventories

Inventories consist of monuments and supplies for Catholic Cemeteries as well as bus passes, gift cards, and housewares for Catholic Charities, and are valued at the lower of cost or net realizable value, with cost being determined on the first-in, first-out method.

Investments

Investments in equity securities with readily determinable fair value and all investments in debt securities are measured at fair market value in the statements of financial position. Investment income or loss, including unrealized gains and losses on securities, interest, and dividends is included in support and revenues of net assets without donor restrictions, unless the income is restricted by donor or law.

Net appreciation/depreciation on endowed fund investments, whose income is unrestricted as to use, is reported as net assets without donor restrictions. In cases where the donor has placed time or purpose restrictions on the use of the income from endowed gifts, net appreciation/depreciation is reported as part of net assets with donor restrictions until the restriction has been met.

Accounts Receivables, net

The Archdiocese extends credit to its customers and does not require collateral. The Archdiocese reduces the carrying amount of receivables by an allowance for credit losses that reflects the Archdiocese's best estimate of the amounts that will not be collected. Based on the Archdiocese's assessment of the customer's current creditworthiness, historical payment experience, and the age of outstanding receivables, the Archdiocese estimates the portion, if any, of the balance that will not be collected. See Note 4 within the combined financial statements for specific allowance for credit losses determined by management. The net accounts receivable balance as of July 1, 2023 was \$2,558,389.

Beneficial Interest in Third-Party Trusts

The beneficial interest is stated at the fair value of the underlying investments held in third party trusts, which is estimated to approximate the present value of future cash flows.

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COMBINED NOTES TO FINANCIAL STATEMENTS
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Property and Equipment

Property and equipment are recorded at cost. Property and equipment include expenditures for additions and repairs which substantially increase the useful lives of existing property and equipment. Maintenance, repairs, and minor improvements are expensed as incurred. The property and equipment are depreciated using the straight-line method over their estimated useful lives.

Archdiocese evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimate future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. Archdiocese did not recognize a loss on impairment of property and equipment for the years ended June 30, 2025 and 2024, respectively.

Cemetery Lot Development Costs

Lot development costs represent actual costs incurred in development of mausoleums, columbaria, and gravesites which are in the process of being completed.

Mausoleums, Columbaria, and Lots

Mausoleums, columbaria, and lots represent completed burial sites. As burial sites are sold, an allocated portion of the actual costs are expenses through cost of sales.

Advertising and Marketing Costs

Advertising and marketing costs are charged to operations when incurred. Advertising and marketing costs charged to operations were \$264,979 and \$251,540 for 2025 and 2024 , respectively, and are included in other operating expenses in the combined statements of operations and changes in net assets.

Deferred Revenue

Deferred revenue consists mainly of prepaid interments and lot maintenance fees, as well as advances on grants. Revenues are reported in the fiscal year in which they are earned. The deferred revenue balance as of July 1, 2023 was \$2,371,968.

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Collections Payable

Collections payable represent special collections conducted by parishes throughout the Archdiocese to meet particular pastoral needs. The Archdiocese remits these collections to local and national charitable organizations on behalf of the parishes. This balance is included within accounts payable on the statements of financial position.

Donated Goods and Services

Donated materials and equipment are shown as gifts, valued at their estimated fair value at the date of receipt. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Archdiocese. A large number of volunteers have given significant amounts of their time for the operation of the Archdiocese throughout the years June 30, 2025 and 2024 that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Revenue Recognition

The Archdiocese generates the majority of its revenue from Catholic services appeals, parish assessment revenue, contributions, investment income, and cost-reimbursement grants. Catholic services appeals, parish assessment revenue, contributions, and investment income are outside the scope of Accounting Standards Codification ("ASC") Topic 606 (Revenue from Contract with Customers) and are recognized when cash, securities, or other assets are received; when an unconditional promise to give is made; or upon notification of a beneficial interest. Conditional promises to give – those subject to measurable performance barriers or a right of return – are not recognized until the conditions are substantially met. See Note 16 for further description of parish assessment revenue.

A portion of Catholic Charities' revenue is derived from cost-reimbursable federal and state contracts and grants. These agreements are contingent upon the fulfillment of specific performance obligations and/or the incurrence of allowable, qualifying expenditures. Revenue from such grants is recognized in the period in which the related expenditures are incurred, in accordance with the terms of the grant or contract. Revenue based on contractually agreed-upon rates is recognized as services are rendered.

Catholic Charities' also derives a portion of its revenue from fee income. Charities recognizes revenue from fee-based services when the underlying services are rendered, and collectability is reasonably assured. Language Services revenue is recognized at the time interpretation or translation services are delivered, based on established fee schedules. These services typically generate surplus revenue that supports the broader mission of the Archdiocese. Immigration

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Legal Services revenue is recognized upon completion of legal consultations or filings, in accordance with Catholic Legal Immigration Network, Inc. guidelines.

Catholic Cemeteries' revenue is generated through the sale of cemetery interment rights (primarily grave sites, lawn crypts, mausoleum spaces, and niches), merchandise, and services. Cemetery services and products are provided on both an at-need and pre-need basis.

Cemetery arrangements sold at the time of death are referred to as at-need cemetery contracts. The performance obligations on these at-need contracts for cemetery property, merchandise, and services are distinct. The performance obligations from the time of death to the disposition of the remains include delivering cemetery property, unearthing the ground, interring remains, and installing merchandise on the cemetery grounds. Each item on the contract is recognized as a distinct good or service. The performance obligation is satisfied and revenue is recognized on the purchase date of the interment right, on the date of the cemetery service, and on the date of delivery of the merchandise. Payment is due at or before time of transfer.

Cemetery arrangements sold prior to death occurring are referred to as pre-need cemetery contracts. For pre-need cemetery interment rights, the performance obligation is the sale of the interment right and revenue is recognized at the time the contract is signed. Control of cemetery interment rights is transferred to the customer upon execution of the contract as customers select a specific location and space for their interment right, restricting the transfer of the contracted cemetery property. The interment right is deeded to the customer when the contract is paid in full. For pre-need cemetery merchandise and service, the performance obligation occurs at the time of need (when death occurs) and revenue is recognized on the date of delivery of merchandise or performance of service. Merchandise and services on pre-need contracts are not provided prior to the time of death. The performance obligation for pre-need cemetery merchandise and service is similar to the elements of the performance obligation of at-need cemetery merchandise and service.

Income Taxes

The Archdiocese is organized as a not-for-profit corporation under Section 501(c)(3) of the United States Internal Revenue Code, and therefore, no provision for federal or state income taxes has been recorded.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Archdiocese and recognize a tax liability if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Archdiocese, and has concluded that as of June 30, 2025 and 2024, there are no uncertain positions taken or expected to be taken that would require recognition of a

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liability or disclosure in the accompanying financial statements. Archdiocese is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Going Concern Evaluations

Management evaluates whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern for a period of one year from the date the financial statements were available to be issued.

Reclassifications

Certain 2024 amounts have been reclassified to provide for consistency with reporting of 2025 information. These reclassifications have no effect on the previously reported total change in net assets or net assets.

Subsequent Events

The Archdiocese has evaluated events or transactions occurring subsequent to the combined statement of financial position date for recognition and disclosure in the accompanying combined financial statements through the date the financial statements are available to be issued, which is October 28, 2025.

3. INVESTMENTS

Investments consist of the following as of June 30, 2025 and 2024:

	2025	2024
Cash and cash equivalents	\$ 2,793,716	\$ 2,447,050
Money market funds	5,283,923	4,658,429
Common stocks	44,724,041	40,695,218
Corporate bonds	4,655,726	4,770,886
Unit of participation	15,474,438	15,138,657
Treasury bonds	970,691	673,627
Mutual funds	135,266,934	120,098,231
Equity exchange traded funds	29,634,367	26,009,397
Agency bonds	270,696	714,567
Convertible bonds	186,872	-0-
Private investment fund	9,782,369	8,623,015
	<u>\$ 249,043,773</u>	<u>\$ 223,829,077</u>

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Fair Value Measurements and Disclosures

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Archdiocese has the ability to access.
- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset 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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2025 and 2024.

- *Money market funds*: Generally transact subscription and redemption activity at a \$1 stable net asset value (NAV). However, on a daily basis the funds are valued at their daily NAV calculated using the amortized cost of the securities held in the fund
- *Common stocks*: Valued at the closing price reported on the active market on which the individual securities are traded.
- *Corporate bonds*: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

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- *Unit of participation*: Valued using pricing models that emphasize observable inputs from underlying assets held within the investment vehicle. This includes basing value on net asset values (NAVs) reported by fund managers, which reflect market prices of the constituent securities, adjusted for liquidity, credit quality, and other relevant market factors.
- *Treasury bonds*: Valued using pricing models that prioritize observable inputs from actively traded government securities. This includes basing value on yields currently available on comparable U.S. Treasury instruments with similar maturities, reflecting market-based interest rates and liquidity characteristics.
- *Mutual funds*: Valued at the daily closing price as reported by the fund. Mutual funds held by the Archdiocese are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Archdiocese are deemed to be actively traded.
- *Exchange-traded funds (ETFs)*: Valued at the closing price on the active exchange on which the individual securities are traded. Unlike mutual funds, ETFs trade like common stocks and are not required to publish and transact their daily NAV. The ETFs held by the Archdiocese are deemed to be actively traded.
- *Agency bonds*: Valued using pricing models that emphasize observable market inputs from securities issued by U.S. government-sponsored enterprises (GSEs) or federal agencies. This includes basing value on yields currently available on comparable agency securities with similar structures, maturities, and credit characteristics, reflecting prevailing market conditions and liquidity.
- *Convertible bonds*: Valued using pricing models that incorporate observable inputs from both fixed-income and equity markets. This includes basing value on yields currently available on comparable debt securities of issuers with similar credit ratings, as well as market prices and volatility of the underlying equity into which the bonds may convert.
- *Private investment funds*: valued using pricing models that incorporate observable inputs where available, supplemented by unobservable inputs when necessary. This includes basing value on reported net asset values (NAVs) provided by fund managers, which reflect the estimated fair value of underlying investments, adjusted for market conditions, liquidity, and the fund's specific valuation policies.

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Assets and liabilities measured at fair value on a recurring basis as of June 30, 2025 are as follows:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ -0-	\$ 5,283,923	\$ -0-	\$ 5,283,923
Corporate bonds	-0-	4,655,726	-0-	4,655,726
Unit of participation	-0-	15,474,438	-0-	15,474,438
Treasury bonds	-0-	970,691	-0-	970,691
Agency bonds	-0-	270,696	-0-	270,696
Convertible bonds	-0-	186,872	-0-	186,872
Private investment fund	-0-	9,782,369	-0-	9,782,369
Exchange traded funds	29,634,367	-0-	-0-	29,634,367
Common stocks	44,724,041	-0-	-0-	44,724,041
Mutual funds				
Diversified emerging markets	524,380	-0-	-0-	524,380
Foreign large growth	531,203	-0-	-0-	531,203
High yield bond	221,119	-0-	-0-	221,119
Intermediate core bond	2,960,389	-0-	-0-	2,960,389
Intermediate core-plus bond	32,810,403	-0-	-0-	32,810,403
Large blend	74,008,233	-0-	-0-	74,008,233
Large growth	447,915	-0-	-0-	447,915
Large value	719,538	-0-	-0-	719,538
Mid blend	21,463,792	-0-	-0-	21,463,792
Mid-cap value	250,042	-0-	-0-	250,042
Nontraditional bond	415,407	-0-	-0-	415,407
Short-term bond	673,559	-0-	-0-	673,559
Small growth	240,954	-0-	-0-	240,954
Total mutual funds	135,266,934	-0-	-0-	135,266,934
Beneficial interest in third-party trusts	-0-	2,828,392	-0-	2,828,392
Total assets at fair value	\$ 209,625,342	\$ 39,453,107	\$ -0-	249,078,449
Cash and cash equivalents				2,793,716
Accrued interest receivable				578,622
				<u>\$ 252,450,787</u>

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Assets and liabilities measured at fair value on a recurring basis as of June 30, 2024 are as follows:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ -0-	\$ 4,658,429	\$ -0-	\$ 4,658,429
Corporate bonds	-0-	4,770,886	-0-	4,770,886
Unit of participation	-0-	15,138,657	-0-	15,138,657
Treasury bonds	-0-	673,627	-0-	673,627
Agency bonds	-0-	714,567	-0-	714,567
Private investment fund	-0-	8,623,015	-0-	8,623,015
Exchange traded funds	26,009,397	-0-	-0-	26,009,397
Common stocks	40,695,218	-0-	-0-	40,695,218
Mutual funds				
Diversified emerging markets	323,926	-0-	-0-	323,926
Foreign large growth	294,262	-0-	-0-	294,262
Foreign small/mid-growth	184,762	-0-	-0-	184,762
High yield bond	208,505	-0-	-0-	208,505
Intermediate core bond	2,798,705	-0-	-0-	2,798,705
Intermediate core-plus bond	26,339,932	-0-	-0-	26,339,932
Large blend	68,311,183	-0-	-0-	68,311,183
Large growth	384,268	-0-	-0-	384,268
Large value	674,226	-0-	-0-	674,226
Mid blend	18,959,169	-0-	-0-	18,959,169
Mid-cap value	281,169	-0-	-0-	281,169
Nontraditional bond	399,703	-0-	-0-	399,703
Short-term bond	668,661	-0-	-0-	668,661
Small growth	269,760	-0-	-0-	269,760
Total mutual funds	120,098,231	-0-	-0-	120,098,231
Beneficial interest in third-party trusts	-0-	2,605,331	-0-	2,605,331
Total assets at fair value	\$ 186,802,846	\$ 37,184,512	\$ -0-	223,987,358
Cash and cash equivalents				2,447,050
Accrued interest receivable				497,929
				<u>\$ 226,932,337</u>

The national and world-wide investment market conditions can be volatile. Investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in value, it is at least reasonable possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying financial statements. The Archdiocese's management is currently unable to determine the effect, if any, the decline in the market conditions may ultimately have on the Archdiocese's investment portfolio and ability to fund certain projects.

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4. ACCOUNTS RECEIVABLE

The Archdiocese estimates an allowance for credit losses based on historical experience, the current economic environment, and management's expectations of future economic conditions based on reasonable and supportable forecasts. The Archdiocese also applies adjustments for specific factors and current economic conditions, as needed, at each reporting date.

Management utilizes aging schedules for estimating expected credit losses. In evaluating loss rates, accounts receivable are pooled into categories based on days past due. Significantly aged receivables are evaluated individually by credit worthiness and historical experiences. Account balances are written off against the allowance when management deems the amount is uncollectable.

The Archdiocese's accounts receivables and allowance for credit losses as of June 30, 2025 and 2024 was as follows:

	<u>2025</u>	<u>2024</u>
Accounts receivable	\$ 5,235,869	\$ 5,340,921
Less: allowance for credit losses	<u>(2,717,413)</u>	<u>(2,728,942)</u>
Accounts receivable, net	<u><u>\$ 2,518,456</u></u>	<u><u>\$ 2,611,979</u></u>

The following table represents an analysis of the allowance for credit losses for the years ended June 30, 2025 and 2024:

	<u>Beginning Balance</u>	<u>Charges (credits) to expense</u>	<u>Deductions</u>	<u>Ending Balance</u>
Allowance for credit losses				
2024	\$ 2,726,305	\$ 2,637	\$ -0-	\$ 2,728,942
2025	2,728,942	224,334	(235,863)	\$ 2,717,413

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5. PLEDGES RECEIVABLE

Catholic Charities has a capital campaign for a new building and has received pledges in support of the new building from board members, related parties, and others:

Unconditional pledges receivable consist of the following at June 30, 2025 and 2024:

	2025	2024
Pledges receivable, beginning of year	\$ 47,947	\$ 184,347
Pledges		
Board members	-0-	6,000
Others	-0-	27,500
Total pledges for capital campaign	-0-	33,500
Collections		
Board members	-0-	(1,250)
Other related parties	-0-	-0-
Others	(5,454)	(162,612)
Less: bad debt allowance	(4,249)	(6,038)
Accounts receivable, net	<u>\$ 38,244</u>	<u>\$ 47,947</u>
Net pledges receivable due:		
Less than one year	\$ 25,493	
One to five years	12,751	
Total	<u>\$ 38,244</u>	

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6. PROPERTY AND EQUIPMENT

A summary of property and equipment at June 30, 2025 and 2024 is as follows:

	2025	2024
Land and land improvements	\$ 7,608,813	\$ 7,240,901
Buildings	21,519,920	21,444,154
Automobiles	758,047	755,547
Furniture and equipment	5,517,969	5,377,679
	<u>35,404,749</u>	<u>34,818,281</u>
Less accumulated depreciation	(15,026,255)	(14,035,319)
	<u><u>\$ 20,378,494</u></u>	<u><u>\$ 20,782,962</u></u>

7. LEASES

The Archdiocese recognizes right-of-use ("ROU") assets and lease liabilities for leases with terms greater than 12 months or leases that contain a purchase option that is reasonably certain to be exercised. ROU assets represent the Archdiocese's right to use an underlying asset for the lease term and lease liabilities represent the Archdiocese's obligation to make lease payments arising from the lease. Leases are classified as either finance or operating leases. This classification dictates whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease.

The Archdiocese has operating leases for various properties, such as warehouse and office space, expiring in various years through 2027. The interest rates used in determining the carrying value of lease liabilities are determined using the incremental borrowing rate based on the estimated rate of interest for collateralized borrowing. Leasing arrangements required fixed payments, and may also include an amount that is probable will be owed under residual value guarantees, if applicable. Lease payments also include payments related to purchase or termination options when the lessee is reasonably certain to exercise the option or is reasonably certain not to exercise the option, respectively.

The Archdiocese's lease agreements do not contain any material restrictive covenants. The leases have remaining terms of 1 to 3 years. Lease and nonlease components within any lease agreements the Archdiocese has are accounted for separately.

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The components of the Organization's lease costs for the year ended June 30, 2025 and 2024 are as follows:

	2025	2024
Operating lease costs	\$ 193,714	\$ 107,209
Short-term lease costs	5,319	6,022
	<u>\$ 199,033</u>	<u>\$ 113,231</u>

The cost of property held under operating lease obligations at June 30, 2025 and 2024 is as follows:

	2025	2024
Right-of-use assets under operating leases	\$ 375,603	\$ 451,922
Less: accumulated depreciation	(86,220)	(37,826)
Right-of-use operating lease assets	<u>\$ 289,383</u>	<u>\$ 414,096</u>

Additional information regarding cash payments under the Organization's operating leases during 2025 and 2024, as well as the inputs used in determining the ROU assets and liabilities at June 30, 2025 and 2024 is as follows:

	2025	2024
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 193,714	\$ 107,209
Weighted average remaining lease term - operating leases	1.67 years	4.01 years
Weighted average discount rate - operating leases	4.06%	5.25%

Future payments of operating lease liabilities as of June 30, 2025, are as follows:

Year ended June 30,	Operating leases
2026	\$ 155,305
2027	155,305
Total lease payments	310,610
Less imputed interest	(21,227)
Total lease payments	<u>\$ 289,383</u>

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8. BENEFICIAL INTEREST IN CHARITABLE TRUSTS

The Archdiocese is the beneficiary of certain funds held in four trusts.

Catholic Charities is an income beneficiary of two charitable trusts administered by third-party trustees. One of these is an irrevocable perpetual trust and its net assets are permanently restricted in perpetuity. Income generated from this trust is restricted specifically for elderly service programs.

The second trust is a term-limited charitable trust with assets held in trust for a 25-year period ending in October 2026. As such, its net assets are restricted by time. However, the income derived from this trust may be used at the discretion of management.

Combined distributions from the two charitable trusts totaled \$54,309 and \$54,665 for the years ended June 30, 2025 and 2024, respectively. The combined change in the value of the trusts resulted in an increase of \$132,998 and \$98,741 for the years then ended June 30, 2025 and 2024, respectively. These changes in trust value are reflected in the change in net assets within the statements of activities and changes in net assets.

The Archdiocese is a beneficiary and trustee of one irrevocable charitable trust. An asset has been recorded based on the fair value of the underlying assets as determined by the custodian. Income from the trust is remitted to an unrelated beneficiary for a period of twenty years, ending September 2028. After twenty years, the balance of the trust shall be transferred to the Archdiocese, without restrictions. The net change in value of the trust for the years ended June 30, 2025 and 2024 was an increase of \$71,126 and \$64,239, respectively, and is reflected in the change in net assets within the statements of activities and changes in net assets.

The Archdiocese is also a beneficiary of one charitable remainder uni-trust. The total estimated net present value of future cash flows from this trust as of June 30, 2025, assuming a 2.61% rate of return, is \$518,795. The total estimated net present value of future cash flows from this trust as of June 30, 2024 assuming a 2.31% rate of return was \$499,858. Distributions received from this trust for the years ended June 30, 2025 and 2024 were \$24,259 and \$21,831, respectively, and are restricted for seminarian education. The net change in value of the trust was an increase of \$18,937 and \$35,615 for the years ended June 30, 2025 and 2024, respectively, and is reflected in the change in net assets within the statements of activities and changes in net assets.

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9. GRANTS RECEIVABLES

Grants receivables at June 30, 2025 and 2024, totaling \$3,250,039 and \$4,359,485, respectively, consist primarily of billings for reimbursements of allowable expenditures in the operations of various federal grant programs operated by Catholic Charities. No allowance for uncollectible grants and other receivables has been recorded as management expects all reimbursements to be paid in full.

10. NOTES RECEIVABLES AND DEPOSITS PAYABLE – PARISHES AND OTHER RELATED PARTIES

The Archdiocese maintains a centralized financing program through itself and the Deposit and Loan Fund. These programs consist of loans made by the Archdiocese to parishes and other organizations within the Archdiocese. Amounts due from parishes and other organizations at June 30, 2025 and 2024, were \$2,627,046 and \$2,628,148, respectively. Amounts due from parishes and other organizations are net of an uncollectible allowance of \$1,632,895 at both June 30, 2025 and 2024. The balance of the allowance account showed no change year over. Notes receivable at June 30, 2025 and 2024 are net of a discount (3.5% rate) to estimate the present value of future payments of \$4,965 and \$7,541, respectively. These amounts are included in notes receivable – parishes and other related parties on the combined statements of financial position.

Interest rates on these loans range between 0% and 6.50% per annum for fiscal years 2025 and 2024. The maturity dates vary from on demand to seven years. One loan does not have a set repayment period. The loans are collateralized by property of the parishes and other organizations.

The allowance for credit losses is a valuation account that is deducted from the loan's amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged off against the allowance when the management believes the uncollectibility of a loan balance is confirmed and there are no realistic prospects of recovery. Management analyzes each loan at an individual level using historical collection trends to determine if a full reserve should be placed against that loan.

Loans receivable are carried at unpaid principal balances, less an allowance for credit losses that is based on the credit losses expected to arise over the life of the loans (contractual term). The allowance for credit losses is increased by charges to other expense and decreased by charge-offs (net of recoveries).

The Archdiocese's policy is to place loans ninety days past due on nonaccrual status. These amounts were immaterial as of June 30, 2025. There were no such delinquencies as of June 30, 2024. Loans are classified as delinquent when payments are thirty days overdue. Uncollected interest previously accrued is included in the allowance for credit losses. Interest income on loans

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in nonaccrual status is recognized only to the extent that cash payments are received. Performing loans are evaluated as a single pool, with the expected credit losses based on historical loan loss experience adjusted (if necessary) for any changes in current economic conditions, the age of the loan and underlying collateral, and for reasonable and supportable forecasts of future economic conditions for the state.

If loans become nonperforming, they are evaluated individually for expected credit losses, which involves reviews of the borrower's financial statements and discussions with the borrower's management.

When the Archdiocese determined that default on a nonperforming loan is probable or when the borrower is experiencing financial difficulty at the reporting date and repayment is expected to be provided substantially through the sale of the collateral, expected credit losses are based on the fair value of the collateral at the reporting date. When there is no collateral, the allowance for credit losses on a nonperforming loan is based on the present value of expected future cash flows using the loan's effective interest rate.

Various parishes and other organizations within the Archdiocese remit funds to the Archdiocese, Deposit and Loan Fund, and the Catholic Foundation. Amounts due to parishes and other organizations at June 30, 2025 and 2024 were \$88,322,263 and \$86,358,201, respectively. These amounts are included in deposits payable – parishes and other related parties on the combined statements of financial position and are due on demand. Interest accrued on Deposit and Loan Fund balances at 1.25% per annum on savings accounts and 2.5% per annum on endowment accounts and was paid on funds on deposit for fiscal years 2025 and 2024. The deposit rate is equal to the six-month U.S. Treasury bill rate and is adjusted every six months. In August 2020, the Archdiocese set the minimum rate to be paid to the various parishes and other organizations at 0.50%. Funds held outside of the Deposit and Loan Fund earn income according to market conditions.

11. ENDOWMENT

The Archdiocese's endowments include donor-restricted endowment funds, perpetual care assets required by law to operate as an endowment, and a board designated endowment. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Archbishop and Finance Committee of the Archdiocese interpret the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") of 2006 as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent

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explicit donor stipulation to the contrary. As a result of this interpretation, the Archdiocese classifies as net assets restricted in perpetuity (a) the original value of gifts donated to the endowment in perpetuity, (b) the original value of subsequent gifts to the endowment in perpetuity, and (c) accumulations to the endowment in perpetuity made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets restricted in perpetuity is classified as net assets restricted by time or purpose until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Archdiocese considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Archdiocese 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 Archdiocese
- (7) The investment policies of the Archdiocese

Return Objectives and Risk Parameters

The Archdiocese has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for granting purposes while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Archdiocese must hold in perpetuity. Under this policy, as approved by the Archbishop and Finance Committee, the endowment assets are invested in a manner that is consistent with the Archdiocese's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

Strategies Employed for Achieving Objectives

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

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The Archdiocese has a policy of appropriating for distribution each year based upon the six month T-bill rate with a floor of 50 basis points. In establishing this policy, the Archdiocese considered the long-term expected return on its endowment. Accordingly, over the long term, the Archdiocese expects the current spending policy will allow its endowment to be preserved on an inflation-adjusted basis. This is consistent with the Archdiocese's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return. Actual returns in any given year may vary from this amount.

Endowed funds by net asset type at June 30, 2025 and 2024 were as follows:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Board Designated Funds	\$ 113,908	\$ -0-	\$ 113,908
Regulatory Restricted Funds	11,091,134	-0-	11,091,134
Donor Restricted Funds	-0-	3,794,509	3,794,509
	<u>\$ 11,205,042</u>	<u>\$ 3,794,509</u>	<u>\$ 14,999,551</u>

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Board Designated Funds	\$ 91,967	\$ -0-	\$ 91,967
Regulatory Restricted Funds	10,414,744	-0-	10,414,744
Donor Restricted Funds	-0-	3,728,620	3,728,620
	<u>\$ 10,506,711</u>	<u>\$ 3,728,620</u>	<u>\$ 14,235,331</u>

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Changes in endowed funds for the years ended June 30, 2025 and 2024 were as follows:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 10,506,711	\$ 3,728,620	\$ 14,235,331
Contributions	374,568	13,030	387,598
Investment return, net	323,763	56,173	379,936
Appropriation of endowment assets for expenditure	-0-	(3,314)	(3,314)
Endowment net assets, end of year	<u>\$ 11,205,042</u>	<u>\$ 3,794,509</u>	<u>\$ 14,999,551</u>

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 9,862,965	\$ 3,670,679	\$ 13,533,644
Contributions	370,954	2,500	373,454
Investment return, net	272,792	107,888	380,680
Appropriation of endowment assets for expenditure	-0-	(52,447)	(52,447)
Endowment net assets, end of year	<u>\$ 10,506,711</u>	<u>\$ 3,728,620</u>	<u>\$ 14,235,331</u>

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12. GRANTS PAYABLE

Grants payable primarily represent unconditional promises to give to educational institutions within the Archdiocese and the Center for Interfaith Relations. At June 30, 2025 and 2024, grants payable are \$945,000 and \$1,440,000 , respectively. Future grant payments as of June 30, 2025 are as follows:

Years Ending June 30,	Amount
2026	\$ 670,000
2027	25,000
2028	25,000
2029	25,000
2030	25,000
Thereafter	175,000
Total	\$ 945,000

13. LINE OF CREDIT

Catholic Charities has a \$400,000 line of credit agreement that expires June 1, 2026. The line of credit bears interest at the U.S. Prime Rate (approximately 7.50% at June 30, 2025). The note is secured by the Archdiocese of Louisville's guarantee that they will front the cost of the loan if the obligation is not met. There were no amounts due at June 30, 2025.

The Archdiocese has a \$1,500,000 line of credit agreement that expires December 2025. The line of credit bears interest at the daily secured overnight financing rate ("SOFR") as administered by the Federal Reserve Bank of New York plus 1.25% (approximately 5.61% at June 30, 2025). The note is secured by substantially all of the Archdiocese's assets. There were no amounts outstanding at June 30, 2025.

14. LONG-TERM DEBT

	2025	2024
Note payable with Independence Bank; due January 2028; interest only payments due on the unpaid principal balance through January 2025 with monthly payments of principal and interest of \$14,044 starting February 2025 and one payments of \$1,839,172 in January 2028; fixed interest rate of 5.75% per anum; unsecured.	\$ 1,956,324	\$ 2,000,000

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Maturities of debt for each of the three years subsequent to June 30, 2025 are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2026	\$ 57,943
2027	59,209
2028	<u>1,839,172</u>
Total	<u>\$ 1,956,324</u>

15. GUARANTEES

At June 30, 2025 and 2024, the Pastoral Center is a guarantor on \$350,000 and \$2,793,000, respectively, in lines of credit to two Catholic high schools, two parishes, and the Catholic Charities. Borrowing against these lines of credit were \$-0- and \$539,243 at June 30, 2025 and 2024.

The Pastoral Center is a guarantor for approximately \$26,434,000 and \$24,138,000 in bank loans to parishes of the Archdiocese of Louisville at June 30, 2025 and 2024, respectively. The parishes used the funds as a source of financing for capital projects. Terms of the loans range from one to seven years. If any parish should default, the Pastoral Center may liquidate the parish assets to satisfy any outstanding obligation.

An unsecured bank qualified bond in the amount of \$10,100,000 was issued for the benefit of St. Bernadette Parish/St. Mary Academy School to replace the 2008 Series Bond. The bond was used for the land purchase and construction of St. Mary Academy School. The bond document contains certain covenants for which compliance is required by St. Bernadette Parish and St. Mary Academy. The balance of the bond is approximately \$3,175,000 and \$3,800,000 at June 30, 2025 and 2024, respectively. The Archdiocese is the guarantor on this bond.

St. Francis DeSales High School, through the city of Shively, was the recipient of a \$5,000,000 Revenue Bond, Series 2015. The balance of the bond is approximately \$3,493,000 and \$3,580,000 as of June 30, 2025 and 2024, respectively. The Archdiocese is the guarantor on this bond.

Bethlehem High School, through the city of Bardstown, was the recipient of a \$3,500,000 Revenue Bond, Series 2018. The balance of the bond is approximately \$1,189,000 and \$1,442,000 as of June 30, 2025 and 2024, respectively. The Archdiocese is the guarantor on this bond.

The Pastoral Center received no consideration for any of the guarantees. Management evaluates the loss exposure at the statement of financial position date, and no accruals for loss exposure were deemed necessary.

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16. RELATED PARTY TRANSACTIONS

An assessment is levied on parishes and certain other Archdiocesan entities to provide support for the activities of the Archdiocese. Total assessments for the years ended June 30, 2025 and 2024, were \$10,382,100 and \$9,894,335, respectively. Assessments receivable, net of allowance for credit losses at June 30, 2025 and 2024, are \$990,166 and \$986,402, respectively, and are included in accounts receivable in the combined statements of financial position.

The Pastoral Center provides support to various schools and missions located within the Archdiocese. The total support provided for the years ended June 30, 2025 and 2024 was \$2,151,023 and \$2,170,477, respectively. Grants payable at June 30, 2025 and 2024 are \$945,000 and \$1,440,000, respectively.

Related party notes receivable consist of amounts due from clergy, parishes, and Catholic schools. At June 30, 2025 and 2024, such net receivables totaled \$2,627,046 and \$2,628,148, respectively. The June 30, 2025 and 2024 totals are net of the amount due from Catholic Charities of \$1,491,946 and \$1,282,775, respectively, which are eliminated on the combined statement of financial position. Related party notes receivable at June 30, 2025 and 2024 are net of a discount (3.5% rate) to estimate the present value of future payments of \$4,965 and \$7,541, respectively. An allowance for uncollectible notes receivable of \$1,632,895 was recorded at both June 30, 2025 and 2024. The original maturity dates vary from on demand to seven years. One loan does not have a set repayment period.

Related party deposits payable consist of amounts due to parishes, Catholic schools and other organizations. At June 30, 2025 and 2024, such payables totaled \$88,322,263 and \$86,358,201 respectively.

17. RETIREMENT BENEFITS

Employees and Active Clergy

The Archdiocese has a 401(k) plan that covers Archdiocesan and other agencies' eligible employees, as well as active Diocesan priests. The Plan allows employees' contributions, up to the statutory limit and personal management of the employees' retirement accounts.

The Archdiocese or agency contributes 4% of eligible employees' gross pay each pay period and \$100 per pay period (\$200 per month) for active Diocesan clergy to the Plan. Additionally, the Archdiocese or agency will make a matching contribution for each participant in an amount equal to 100% of the first 2% of compensation deferred by a participant and 50% of the next 2% of compensation deferred. The Archdiocese made contributions of approximately \$914,663 and \$796,544 to the Plan for the years ended June 30, 2025 and 2024, respectively.

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Retired Clergy

Retirement benefits and supplemental medical coverage benefits for retired diocesan clergy are determined by the Archbishop. The Archdiocese makes payments to these retired Diocesan clergy in accordance with instructions from the Archbishop and expenses such payments as they are made.

The parishes pay to the Archdiocese an assessment for retirement benefits for retired clergy based on total parish income at the rate of 1.34% for the years ended June 30, 2025 and 2024. The assessment income for retirement benefits from the parishes was \$2,083,419 and \$1,986,277 for the years ended June 30, 2025 and 2024, respectively, and is included in the total of parish assessments in the combined statements of activities. Remaining board designated net assets for retirement benefits at June 30, 2025 and 2024, were \$1,838,108 and \$1,799,244, respectively.

Benefits paid to retired clergy for the years ended June 30, 2025 and 2024 follow:

	2025	2024
Clergy retirement benefits	\$ 1,823,765	\$ 1,693,978
Supplementary medical coverage	283,996	263,134
Total	<u>\$ 2,107,761</u>	<u>\$ 1,957,112</u>

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18. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the combined statement of financial position date, comprise of the following as of June 30, 2025 and 2024:

	2025	2024
Cash and cash equivalents	\$ 7,543,712	\$ 5,195,443
Investments and related accrued interest	249,622,395	224,327,006
Accounts receivable, net	2,518,456	2,611,979
Pledges receivable, net	38,244	47,947
Grants and other receivables	3,250,039	4,359,485
Notes receivable and related accrued interest	2,889,579	2,885,683
Beneficial interest in third-party trusts	2,828,392	2,605,331
	<u>268,690,817</u>	<u>242,032,874</u>
Less amounts not available to be used within one year:		
Board designated funds	(24,581,366)	(23,114,718)
Regulatory restricted funds for perpetual care	(11,091,134)	(10,414,744)
Donor restricted by time or purpose	(7,810,202)	(6,674,373)
Donor restricted in perpetuity	(3,337,673)	(3,296,781)
Notes receivable and accrued interest not expected to be received within one year	<u>3,778,529</u>	<u>3,434,930</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 225,648,971</u>	<u>\$ 201,967,188</u>

In addition to the financial assets listed above, the Archdiocese has access to \$1,900,000 in unused lines of credit as of June 30, 2025, which are available to support liquidity needs as necessary. See Note 13.

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19. CONTRIBUTED GOODS

The Archdiocese received the following contributions of nonfinancial assets as of June 30, 2025 and 2024:

	2025	2024
Catholic Charities:		
Clothing, food, and household goods	\$ 1,289,841	\$ 1,710,733
Auction items	25,805	33,081
Total	<u>\$ 1,315,646</u>	<u>\$ 1,743,814</u>

Donated materials and equipment are recorded as gifts and valued at their estimated fair market value on the date they are received. Donated services are recognized as contributions only if they either create or enhance nonfinancial assets, or involve specialized skills provided by individuals who possess those skills and would otherwise be paid by the Archdiocese. When recognized, in-kind contributions are recorded as both revenue and a corresponding expense, based on their estimated fair value at the time of donation. While many volunteers contribute significant time to support the Archdiocese's operations, these efforts are not reflected in the financial statements because they do not meet the criteria for recognition.

The Archdiocese receives donated goods in new or usable condition, which are directly distributed to clients served through the refugee resettlement program and the Sister Visitor Center. These donations include clothing, food, diapers, hygiene products, furniture, and vehicles. To determine the fair value of these items, the Archdiocese uses The Salvation Army's valuation guide which assigns lower values to items in fair condition and higher values to those in better condition. All donated goods are used within the Archdiocese's programs and supporting services, and none carry donor-imposed restrictions.

Additionally, the Archdiocese receives items for its annual auction. These contributed auction items are valued at their gross selling price.

20. CONTINGENCIES

Cash Concentrations

The Archdiocese maintains its cash balances in bank deposit accounts which, at times, may exceed the \$250,000 coverage provided by the Federal Deposit Insurance Corporation ("FDIC") insured limits. The Organization has not experienced any losses in such accounts. Management believes the Archdiocese is not exposed to any significant risk on bank deposits.

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Legal Contingencies

The Archdiocese is involved in various legal actions and regulatory issues from time to time arising in the ordinary course of its activities. It is the opinion of management and legal counsel that the ultimate liability, if any, with respect to these matters will not materially affect the financial position of the Archdiocese.

Affordable Housing Project Contingencies

The Organization serves as a sponsor under the U.S. Department of Housing and Urban Development ("HUD") Section 202 – Supportive Housing for the Elderly program, and has entered into multiple Regulatory Agreements in this capacity. These agreements support affordable housing projects funded through forgivable capital grants. As a sponsor, the Organization co-signs with project owners as co-borrowers on these grants.

Under the terms of the Regulatory Agreements, grant forgiveness is contingent upon the properties maintaining compliance with HUD requirements throughout the grant period, typically 40 years. As of both June 30, 2025 and 2024, the Organization had entered into several Section 202 agreements totaling approximately \$10,237,000 in forgivable grants. Repayment is not expected, as HUD's recourse is limited to the property and its improvements. In the event of default, the Organization would satisfy its obligations by transferring all title and interest in the properties back to HUD.

The operations of these sponsored projects are governed by directives, rules, and regulations issued by federal, state, and local agencies, including HUD. These requirements are subject to change through legislative or administrative action, which may occur with limited notice and without adequate funding to cover the associated costs or administrative burden of compliance.

Major Funding Source

Catholic Charities is substantially funded by grants awarded directly and indirectly by the federal government. The funding is subject to federal government appropriations and potential funding reductions or increases based on refugee arrivals.

Asset Retirement Obligation

The ASC requires that an asset retirement obligation ("ARO") associated with the retirement of a tangible long-lived asset be recognized as a liability in the period in which it is incurred or becomes determinable (as defined by the standard) even when the timing and/or method of settlement may be conditional on a future event. The Archdiocese's conditional ARO primarily relates to asbestos contained in buildings that the Archdiocese owns. Environmental regulations exist that require the Archdiocese to handle and dispose of asbestos in a special manner if a building undergoes major renovations or is demolished.

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Prior to 2021, a liability was not recorded because of the range of time over which the Archdiocese might settle the asset retirement obligation was unknown and could not be estimated. During 2021, the Archdiocese received approval for major renovations on the building containing asbestos and is able to estimate the timeline for removal of the asbestos. Accordingly, the Archdiocese has recorded an ARO liability of \$110,381 as of both June 30, 2025 and 2024. This balance has been recorded as accounts payable within the statements of financial position.

Government Shutdown

A significant portion of the Archdiocese's revenue is derived from federal grants and contracts. In the event of a government shutdown, the Archdiocese may experience delays in reimbursement for allowable costs under existing federal awards and/or interruptions in funding for ongoing or future programs. While management believes the Archdiocese is taking reasonable steps to prepare for potential disruptions, the ultimate outcome and impact of a prolonged shutdown cannot be predicted at this time. The Archdiocese will continue to monitor the situation closely and evaluate appropriate actions as necessary. No adjustments have been made to the accompanying financial statements as the potential effects of this contingency are not currently estimable.

21. REGULATORY RESTRICTED

Perpetual Care Endowment

Kentucky state cemetery and funeral laws mandate that cemeteries designate a certain percentage of burial site sales to a perpetual care and maintenance trust fund. In accordance with this law, Catholic Cemeteries has established an endowed fund into which is set aside the following percentage of gross sales:

Grave Space	20%
Crypts	5%
Niches	10%

The balance in this regulatory endowed fund at June 30, 2025 and 2024, is \$11,091,134 and \$10,414,744, respectively.

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22. NET ASSETS WITHOUT DONOR RESTRICTIONS – BOARD DESIGNATED NET ASSETS

Board designated net assets without donor restrictions are designated for the following purposes:

	2025	2024
Catholic Foundation of Louisville, Inc.	\$ 18,149,588	\$ 16,494,620
Capital reserves	2,750,000	2,500,000
Priest retirement fund	1,838,108	1,799,244
Southern KY missions	900,385	1,081,280
High school tuition assistance	200,000	200,000
Elementary tutition assistance	503,957	254,515
Other	140,563	609,664
Closed parishes	98,765	175,395
Total board designated reserves	<u>\$ 24,581,366</u>	<u>\$ 23,114,718</u>

23. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are as follows for the year ended June 30, 2025:

	June 30, 2024	Contributions	Investment Income	Change in Beneficial Interest	Released from Restrictions/ Other Changes	June 30, 2025
By time and purpose:						
Seminarian and priest education	\$ 1,949,467	\$ 939,605	\$ 35,356	\$ 18,937	\$ (459,615)	\$ 2,483,750
Maintenance and care of gravesites	944,372	-0-	42,282	-0-	(3,315)	983,339
Lattis trust	809,356	-0-	-0-	71,126	-0-	880,482
Poverty assistance	1,241,904	1,790,837	3,475	-0-	(1,210,518)	1,825,698
Hersche trust	749,194	-0-	-0-	105,136	-0-	854,330
Multicultural ministry	309,143	-0-	660	-0-	(267,055)	42,748
School scholarships	378,463	6,000	17,645	-0-	(17,511)	384,597
Mission promotions	53,752	-0-	574	-0-	(22,500)	31,826
Other	238,722	68,000	1,099	-0-	15,611	323,432
Total	<u>\$ 6,674,373</u>	<u>\$ 2,804,442</u>	<u>\$ 101,091</u>	<u>\$ 195,199</u>	<u>\$ (1,964,903)</u>	<u>\$ 7,810,202</u>
			Change in			
	June 30, 2024	Contributions	Beneficial Interest	Other release	June 30, 2025	
In perpetuity:						
Seminarian and priest education	\$ 1,413,435	\$ -0-	\$ -0-	\$ -0-	\$ 1,413,435	
Maintenance and care of gravesites	723,521	13,030	-0-	-0-	736,551	
Poverty assistance	646,925	-0-	27,862	-0-	674,787	
School scholarships	512,900	-0-	-0-	-0-	512,900	
	<u>\$ 3,296,781</u>	<u>\$ 13,030</u>	<u>\$ 27,862</u>	<u>\$ -0-</u>	<u>\$ 3,337,673</u>	

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Net assets with donor restrictions are as follows for the year ended June 30, 2024:

	June 30, 2023	Contributions	Investment Income	Change in Beneficial Interest	Released from Restrictions/ Other Changes	June 30, 2024
By time and purpose:						
Capital campaign	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Seminarian and priest education	1,787,762	928,265	35,451	35,615	(837,626)	1,949,467
Maintenance and care of gravesites	907,199	-0-	37,173	-0-	-0-	944,372
Lattis trust	745,117	-0-	-0-	64,239	-0-	809,356
Poverty assistance	1,629,389	1,185,411	22,346	-0-	(1,595,242)	1,241,904
Hersche trust	688,692	-0-	-0-	91,629	(31,127)	749,194
Multicultural ministry	430,635	86,000	907	-0-	(208,399)	309,143
School scholarships	383,797	5,000	17,747	-0-	(28,081)	378,463
Mission promotions	75,439	-0-	848	-0-	(22,535)	53,752
Other	148,874	10,889	1,106	-0-	77,853	238,722
Total	<u>\$ 6,796,904</u>	<u>\$ 2,215,565</u>	<u>\$ 115,578</u>	<u>\$ 191,483</u>	<u>\$ (2,645,157)</u>	<u>\$ 6,674,373</u>
			Change in			
	June 30, 2023	Contributions	Beneficial Interest	Other release	June 30, 2024	
In perpetuity:						
Seminarian and priest education	\$ 1,413,435	\$ -0-	\$ -0-	\$ -0-	\$ 1,413,435	
Maintenance and care of gravesites	721,021	2,500	-0-	-0-	723,521	
Poverty assistance	608,685	54,689	7,111	(23,560)	646,925	
School scholarships	512,900	-0-	-0-	-0-	512,900	
	<u>\$ 3,256,041</u>	<u>\$ 57,189</u>	<u>\$ 7,111</u>	<u>\$ (23,560)</u>	<u>\$ 3,296,781</u>	

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24. FUNCTIONAL EXPENSES

The Archdiocese provides religious services, education, charitable outreach, and administrative support to Catholic parishes and institutions within its region. Expenses related to providing these services are broken down as follows for the years ended June 30, 2025 and 2024:

	2025			
	Program Services	Administrative and Other Support Services	Development and Fundraising	Total
Salaries and wages	\$ 13,691,713	\$ 716,611	\$ 893,262	\$ 15,301,586
Employee benefits	3,289,271	620,372	209,850	4,119,493
Clergy retirement benefits	1,823,765	-0-	-0-	1,823,765
Mileage and expense allowance	453,955	107,277	21,410	582,642
Education	1,226,729	4,904	154	1,231,787
Rent	240,220	5,185	-0-	245,405
Office supplies and services	1,114,173	487,174	180,134	1,781,481
Plant and grounds expense	681,336	1,106,622	7,447	1,795,405
Auto	122,257	5,969	39	128,265
Public relations, donations, and grants	584,817	12,572	18,130	615,519
Advertising	242,274	5,867	16,838	264,979
Contract interpreters	1,288,253	-0-	-0-	1,288,253
Professional fees and services	1,840,916	147,259	65,456	2,053,631
Program and activities	1,962,025	83,797	94,769	2,140,591
Broadcasting and press	379,629	-0-	-0-	379,629
Archdiocesan support	338,657	-0-	-0-	338,657
Education grants	1,303,745	-0-	-0-	1,303,745
Cost of sales	661,302	-0-	-0-	661,302
Papal and national organizations	167,181	-0-	-0-	167,181
Other grants and direct aid	52,848,580	28,515	-0-	52,877,095
Other restricted expense payments	412,385	-0-	-0-	412,385
Interest expense	1,152,665	151,542	-0-	1,304,207
Depreciation expense	173,832	881,652	-0-	1,055,484
Bad debt expense	246,418	(22,085)	-0-	224,333
Miscellaneous expense	90,978	247,421	31,398	369,797
Total expense	<u>\$ 86,337,076</u>	<u>\$ 4,590,654</u>	<u>\$ 1,538,887</u>	<u>\$ 92,466,617</u>

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	2024			
	Program Services	Administrative and Other Support Services	Development and Fundraising	Total
Salaries and wages	\$ 10,871,353	\$ 2,362,109	\$ 691,157	\$ 13,924,619
Employee benefits	3,105,950	588,202	178,042	3,872,194
Clergy retirement benefits	1,693,978	-0-	-0-	1,693,978
Mileage and expense allowance	493,156	119,349	17,190	629,695
Education	1,012,496	3,568	335	1,016,399
Rent	175,897	18,354	652	194,903
Office supplies and services	1,143,561	446,951	181,371	1,771,883
Plant and grounds expense	708,763	1,174,899	30,555	1,914,217
Auto	25,989	70,221	38	96,248
Public relations, donations, and grants	410,868	15,982	30,040	456,890
Advertising	227,772	12,035	11,733	251,540
Contract interpreters	1,159,067	-0-	-0-	1,159,067
Professional fees and services	1,896,118	273,752	205,414	2,375,284
Program and activities	2,983,218	70,417	74,559	3,128,194
Broadcasting and press	410,815	-0-	-0-	410,815
Archdiocesan support	278,987	-0-	-0-	278,987
Education grants	1,224,824	-0-	-0-	1,224,824
Cost of sales	535,624	-0-	-0-	535,624
Papal and national organizations	107,518	-0-	-0-	107,518
Other grants and direct aid	54,175,130	27,860	-0-	54,202,990
Other restricted expense payments	1,104,420	-0-	-0-	1,104,420
Interest expense	1,166,517	64,877	-0-	1,231,394
Depreciation expense	32,144	609,880	-0-	642,024
Bad debt expense	58,823	(56,186)	-0-	2,637
Miscellaneous expense	57,608	341,372	28,785	427,765
Total expense	<u>\$ 85,060,596</u>	<u>\$ 6,143,642</u>	<u>\$ 1,449,871</u>	<u>\$ 92,654,109</u>

The costs of providing the various programs, fundraising, and other activities have been summarized on a functional basis in the footnote above. Expenses directly attributable to a specific functional area of the Archdiocese are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the programs and supporting services benefited primarily based on a cost allocation plan. In this plan, salaries and wages and employee benefits are allocated based on time and effort, while plant and grounds expenses, office supplies and services, and depreciation expense are allocated based on square footage usage. Although the methods used to allocate expenses were appropriate, other methods could produce different results.

SUPPLEMENTARY INFORMATION

ARCHDIOCESE OF LOUISVILLE

(PASTORAL CENTER AND CERTAIN ENTITIES)

COMBINING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2025

	Assets						Total
	Pastoral Center	Deposit and Loan Fund	Catholic Cemeteries	Catholic Charities	Catholic Foundation	Eliminations	
Cash and cash equivalents	\$ 3,123,544	\$ -0-	\$ 1,839,177	\$ 2,577,248	\$ 3,743	\$ -0-	\$ 7,543,712
Restricted cash	-0-	-0-	-0-	1,490,009	-0-	-0-	1,490,009
Investments	209,972,808	-0-	7,378,549	262,189	36,387,411	(4,957,184)	249,043,773
Accrued interest receivable on investments	578,622	-0-	-0-	-0-	-0-	-0-	578,622
Accounts receivable, net	1,829,382	-0-	507,522	181,552	-0-	-0-	2,518,456
Inventories	-0-	-0-	58,690	40,178	-0-	-0-	98,868
Prepaid expenses and other current assets	214,118	-0-	30,225	201,381	-0-	-0-	445,724
Grants receivable	-0-	-0-	-0-	3,250,039	-0-	-0-	3,250,039
Pledges receivable	-0-	-0-	-0-	38,244	-0-	-0-	38,244
Beneficial interest in third-party trusts	1,399,277	-0-	-0-	1,429,115	-0-	-0-	2,828,392
Operating lease right-of-use assets, net	-0-	-0-	-0-	289,383	-0-	-0-	289,383
Property and equipment, net	9,920,255	-0-	1,540,575	8,917,664	-0-	-0-	20,378,494
Mausoleums, columbaria, and lots	-0-	-0-	5,695,004	-0-	-0-	-0-	5,695,004
Cemetery lot development costs	-0-	-0-	360,661	-0-	-0-	-0-	360,661
Notes receivable, parishes and other related parties, net	17,153	4,114,479	-0-	-0-	(12,640)	(1,491,946)	2,627,046
Accrued interest receivable on notes receivable	15,878	246,655	-0-	-0-	-0-	-0-	262,533
Interfund receivable	0.00	67,382,970	15,820,731	-0-	-0-	(83,203,701)	0
Total assets	<u>\$ 227,071,037</u>	<u>\$ 71,744,104</u>	<u>\$ 33,231,134</u>	<u>\$ 18,677,002</u>	<u>\$ 36,378,514</u>	<u>\$ (89,652,831)</u>	<u>\$ 297,448,960</u>
	Liabilities						Total
	Pastoral Center	Deposit and Loan Fund	Catholic Cemeteries	Catholic Charities	Catholic Foundation	Eliminations	
Accounts payable	\$ 956,190	\$ -0-	\$ 109,114	\$ 2,343,687	-0-	\$ -0-	\$ 3,408,991
Accrued personnel expenses	551,336	-0-	243,794	536,928	-0-	-0-	1,332,058
Deferred revenue	138,525	-0-	2,854,359	169,903	-0-	-0-	3,162,787
Interfund payables	83,203,701	-0-	-0-	-0-	4,957,184	(88,160,885)	-0-
Grants payable	945,000	-0-	-0-	-0-	-0-	-0-	945,000
Current portion of operating lease liabilities	-0-	-0-	-0-	289,383	-0-	-0-	289,383
Current portion of long-term debt	-0-	-0-	-0-	3,448,270	-0-	(1,491,946)	1,956,324
Deposits payable - parishes and other related parties	4,446,088	70,604,433	-0-	-0-	13,271,742	-0-	88,322,263
Total liabilities	<u>90,240,840</u>	<u>70,604,433</u>	<u>3,207,267</u>	<u>6,788,171</u>	<u>18,228,926</u>	<u>(89,652,831)</u>	<u>99,416,806</u>
Net assets without donor restrictions							
Expendable net assets	114,269,737	1,139,671	15,672,268	3,199,879	-0-	-0-	134,281,555
Invested in property and equipment	9,920,255	-0-	1,540,575	5,469,394	-0-	-0-	16,930,224
Board designated net assets	6,431,778	-0-	-0-	-0-	18,149,588	-0-	24,581,366
Regulatory restricted - perpetual care fund	-0-	-0-	11,091,134	-0-	-0-	-0-	11,091,134
Total net assets without donor restrictions	<u>130,621,770</u>	<u>1,139,671</u>	<u>28,303,977</u>	<u>8,669,273</u>	<u>18,149,588</u>	<u>-0-</u>	<u>186,884,279</u>
Net assets with donor restrictions							
Restricted by time or purpose	4,282,092	-0-	983,339	2,544,771	-0-	-0-	7,810,202
Restricted in perpetuity	1,926,335	-0-	736,551	674,787	-0-	-0-	3,337,673
Total net assets with donor restrictions	<u>6,208,427</u>	<u>-0-</u>	<u>1,719,890</u>	<u>3,219,558</u>	<u>-0-</u>	<u>-0-</u>	<u>11,147,875</u>
Total net assets	<u>136,830,197</u>	<u>1,139,671</u>	<u>30,023,867</u>	<u>11,888,831</u>	<u>18,149,588</u>	<u>-0-</u>	<u>198,032,154</u>
Total net assets and liabilities	<u>227,071,037</u>	<u>71,744,104</u>	<u>33,231,134</u>	<u>18,677,002</u>	<u>36,378,514</u>	<u>(89,652,831)</u>	<u>297,448,960</u>

ARCHDIOCESE OF LOUISVILLE

(PASTORAL CENTER AND CERTAIN ENTITIES)

COMBINING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2024

	Assets						Total
	Pastoral Center	Deposit and Loan Fund	Catholic Cemeteries	Catholic Charities	Catholic Foundation	Eliminations	
Cash and cash equivalents	\$ 2,305,865	\$ -0-	\$ 1,282,878	1,602,957	3,743	\$ -0-	\$ 5,195,443
Restricted cash	-0-	-0-	-0-	806,283	-0-	-0-	806,283
Investments	189,280,295	-0-	6,274,112	225,817	32,182,315	(4,133,462)	223,829,077
Accrued interest receivable on investments	497,929	-0-	-0-	-0-	-0-	-0-	497,929
Accounts receivable, net	1,841,839	-0-	557,325	212,815	-0-	-0-	2,611,979
Inventories	-0-	-0-	54,827	104,923	-0-	-0-	159,750
Prepaid expenses and other current assets	52,110	-0-	26,258	60,325	-0-	-0-	138,693
Grants receivable	-0-	-0-	-0-	4,359,485	-0-	-0-	4,359,485
Pledges receivable	-0-	-0-	-0-	47,947	-0-	-0-	47,947
Beneficial interest in third-party trusts	1,309,214	-0-	-0-	1,296,117	-0-	-0-	2,605,331
Operating lease right-of-use assets, net	-0-	-0-	-0-	414,096	-0-	-0-	414,096
Property and equipment, net	10,172,540	-0-	1,523,910	9,086,512	-0-	-0-	20,782,962
Mausoleums, columbaria, and lots	-0-	-0-	5,037,980	-0-	-0-	-0-	5,037,980
Cemetery lot development costs	-0-	-0-	1,095,473	-0-	-0-	-0-	1,095,473
Notes receivable, parishes and other related parties, net	32,404	3,878,519	-0-	-0-	-0-	(1,282,775)	2,628,148
Accrued interest receivable on notes receivable	15,878	241,657	-0-	-0-	-0-	-0-	257,535
Interfund receivable	-0-	67,523,223	15,055,027	-0-	-0-	(82,578,250)	-0-
Total assets	\$ 205,508,074	\$ 71,643,399	\$ 30,907,790	\$ 18,217,277	\$ 32,186,058	\$ (87,994,487)	\$ 270,468,111
	Liabilities						Total
	Pastoral Center	Deposit and Loan Fund	Catholic Cemeteries	Catholic Charities	Catholic Foundation	Eliminations	
Accounts payable	\$ 1,020,233	\$ -0-	\$ 3,939	\$ 3,055,017	\$ -0-	\$ -0-	4,079,189
Accrued personnel expenses	577,990	-0-	243,972	631,069	-0-	-0-	1,453,031
Deferred revenue	855	-0-	2,521,315	27,731	-0-	-0-	2,549,901
Interfund payables	82,578,250	-0-	-0-	-0-	4,133,462	(86,711,712)	-0-
Grants payable	1,440,000	-0-	-0-	-0-	-0-	-0-	1,440,000
Current portion of operating lease liabilities	-0-	-0-	-0-	414,574	-0-	-0-	414,574
Current portion of long-term debt	-0-	-0-	-0-	3,282,775	-0-	(1,282,775)	2,000,000
Deposits payable - parishes and other related parties	4,296,497	70,503,728	-0-	-0-	11,557,976	-0-	86,358,201
Total liabilities	89,913,825	70,503,728	2,769,226	7,411,166	15,691,438	(87,994,487)	98,294,896
Net assets without donor restrictions							
Expendable net assets	92,874,516	1,139,671	14,532,017	2,626,208	-0-	-0-	111,172,412
Invested in property and equipment	10,172,540	-0-	1,523,910	5,803,737	-0-	-0-	17,500,187
Board designated net assets	6,620,098	-0-	-0-	-0-	16,494,620	-0-	23,114,718
Regulatory restricted - perpetual care fund	-0-	-0-	10,414,744	-0-	-0-	-0-	10,414,744
Total net assets without donor restrictions	109,667,154	1,139,671	26,470,671	8,429,945	16,494,620	-0-	162,202,061
Net assets with donor restrictions							
Restricted by time or purpose	4,000,760	-0-	944,372	1,729,241	-0-	-0-	6,674,373
Restricted in perpetuity	1,926,335	-0-	723,521	646,925	-0-	-0-	3,296,781
Total net assets with donor restrictions	5,927,095	-0-	1,667,893	2,376,166	-0-	-0-	9,971,154
Total net assets	115,594,249	1,139,671	28,138,564	10,806,111	16,494,620	-0-	172,173,215
Total net assets and liabilities	205,508,074	71,643,399	30,907,790	18,217,277	32,186,058	(87,994,487)	270,468,111

ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)

COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
JUNE 30, 2025

	Pastoral Center	Deposit and Loan Fund	Catholic Cemeteries	Catholic Charities	Catholic Foundation	Eliminations	Total
Support and revenues							
Donations, bequests, and grants	\$ 1,010,742	\$ -0-	\$ 14,583	\$ 67,051,550	\$ 65,404	\$ (1,000,000)	\$ 67,142,279
In-kind contributions	-0-	-0-	-0-	1,315,646	-0-	-0-	1,315,646
Parish assessments	10,537,284	-0-	-0-	-0-	-0-	(155,184)	10,382,100
Special collections	380,092	-0-	-0-	-0-	-0-	-0-	380,092
Burial sales, net	-0-	-0-	3,354,687	-0-	-0-	-0-	3,354,687
Catholic services appeal	4,527,243	-0-	-0-	-0-	-0-	(8,889)	4,518,354
Fee income	2,052	-0-	1,301,114	1,812,697	-0-	-0-	3,115,863
Program and activity income	230,268	-0-	-0-	706	-0-	-0-	230,974
Rental income	163,917	-0-	33,927	-0-	-0-	-0-	197,844
Advertising income	367,325	-0-	-0-	-0-	-0-	-0-	367,325
Investment income, net	4,516,521	92,733	439,909	158,034	428,030	(346,805)	5,288,422
Investment gains, net	19,570,112	-0-	454,405	-0-	1,703,691	-0-	21,728,208
Other income	1,238,461	1,292,142	4,782	45,813	-0-	(2,477,370)	103,828
Increase in value of beneficial interest in third-party trusts	90,063	-0-	-0-	132,998	-0-	-0-	223,061
Total revenues, support, and gains	<u>\$ 42,634,080</u>	<u>\$ 1,384,875</u>	<u>\$ 5,603,407</u>	<u>\$ 70,517,444</u>	<u>\$ 2,197,125</u>	<u>\$ (3,988,248)</u>	<u>\$ 118,348,683</u>

ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)

COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)
JUNE 30, 2025

	Pastoral Center	Deposit and Loan Fund	Catholic Cemeteries	Catholic Charities	Catholic Foundation	Eliminations	Total
Expenses							
Salaries and wages	\$ 5,288,991	\$ -0-	\$ 1,543,171	\$ 8,469,424	\$ -0-	\$ -0-	\$ 15,301,586
Employee benefits	1,642,977	-0-	426,833	2,049,683	-0-	-0-	4,119,493
Clergy retirement benefits	1,823,765	-0-	-0-	-0-	-0-	-0-	1,823,765
Mileage and expense allowance	216,748	-0-	2,348	363,546	-0-	-0-	582,642
Education	1,231,508	-0-	280	-0-	-0-	-0-	1,231,788
Rent	38,300	-0-	8,072	199,033	-0-	-0-	245,405
Office supplies and services	1,116,729	-0-	121,305	543,446	-0-	-0-	1,781,480
Plant and grounds expense	1,047,026	-0-	421,945	326,435	-0-	-0-	1,795,406
Auto	7,143	-0-	72,142	48,980	-0-	-0-	128,265
Public relations, donations, and grants	110,134	-0-	160,661	11,892	488,016	(155,184)	615,519
Advertising	234,732	-0-	8,134	22,113	-0-	-0-	264,979
Contract interpreters	-0-	-0-	-0-	1,288,253	-0-	-0-	1,288,253
Professional fees and services	460,978	-0-	57,711	1,534,943	-0-	-0-	2,053,632
Program and activities	478,565	-0-	-0-	1,662,026	-0-	-0-	2,140,591
Broadcasting and press	379,629	-0-	-0-	-0-	-0-	-0-	379,629
Archdiocesan support	1,338,657	-0-	-0-	-0-	-0-	(1,000,000)	338,657
Education grants	1,303,745	-0-	-0-	-0-	-0-	-0-	1,303,745
Cost of sales	-0-	-0-	661,302	-0-	-0-	-0-	661,302
Papal and national organizations	167,181	-0-	-0-	-0-	-0-	-0-	167,181
Other grants and direct aid	814,198	-0-	300	52,062,597	-0-	-0-	52,877,095
Other restricted expense payments	2,895,329	-0-	3,315	-0-	-0-	(2,486,259)	412,385
Interest expense	58,809	1,384,875	-0-	153,187	54,141	(346,805)	1,304,207
Depreciation expense	457,813	-0-	133,324	464,347	-0-	-0-	1,055,484
Credit loss expense	(21,024)	-0-	11,101	234,257	-0-	-0-	224,334
Miscellaneous expense	281,172	-0-	88,060	562	-0-	-0-	369,794
Total expenses	21,373,105	1,384,875	3,720,004	69,434,724	542,157	(3,988,248)	92,466,617
Gain (loss) on disposal of property and equipment	(25,027)	-0-	1,900	0	-0-	-0-	(23,127)
Total expenses	<u>\$ 21,398,132</u>	<u>\$ 1,384,875</u>	<u>\$ 3,718,104</u>	<u>\$ 69,434,724</u>	<u>\$ 542,157</u>	<u>\$ (3,988,248)</u>	<u>\$ 92,489,744</u>
Change in net assets	21,235,948	-0-	1,885,303	1,082,720	1,654,968	-0-	25,858,939
Net assets, beginning of year	115,594,249	1,139,671	28,138,564	10,806,111	16,494,620	-0-	172,173,215
Net assets, end of year	<u>\$ 136,830,197</u>	<u>\$ 1,139,671</u>	<u>\$ 30,023,867</u>	<u>\$ 11,888,831</u>	<u>\$ 18,149,588</u>	<u>\$ -0-</u>	<u>\$ 198,032,154</u>

ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)

COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
JUNE 30, 2024

	Pastoral Center	Deposit and Loan Fund	Catholic Cemeteries	Catholic Charities	Catholic Foundation	Eliminations	Total
Support and revenues							
Donations, bequests, and grants	\$ 2,443,488	\$ -0-	\$ 2,548	\$ 66,145,004	\$ 53,172	\$ (1,585,000)	\$ 67,059,212
In-kind contributions	-0-	-0-	-0-	1,743,814	-0-	-0-	1,743,814
Parish assessments	10,058,087	-0-	-0-	-0-	-0-	(163,752)	9,894,335
Special collections	263,118	-0-	-0-	-0-	-0-	-0-	263,118
Burial sales, net	-0-	-0-	3,091,530	-0-	-0-	-0-	3,091,530
Catholic services appeal	4,212,406	-0-	-0-	-0-	-0-	-0-	4,212,406
Fee income	3,259	-0-	1,289,739	1,514,835	-0-	-0-	2,807,833
Program and activity income	448,626	-0-	-0-	6,742	-0-	-0-	455,368
Rental income	196,671	-0-	32,880	-0-	-0-	-0-	229,551
Advertising income	409,012	-0-	-0-	-0-	-0-	-0-	409,012
Investment income, net	3,985,307	34,981	402,463	151,341	373,477	(329,753)	4,617,816
Investment gains, net	15,755,612	-0-	488,413	-0-	1,945,671	-0-	18,189,696
Other income	1,766,087	1,349,813	37,616	30,138	-0-	(2,125,710)	1,057,944
Increase in value of beneficial interest in third-party trusts	99,854	-0-	-0-	98,740	-0-	-0-	198,594
Total revenues, support, and gains	<u>\$ 39,641,527</u>	<u>\$ 1,384,794</u>	<u>\$ 5,345,189</u>	<u>\$ 69,690,614</u>	<u>\$ 2,372,320</u>	<u>\$ (4,204,215)</u>	<u>\$ 114,230,229</u>

ARCHDIOCESE OF LOUISVILLE
(PASTORAL CENTER AND CERTAIN ENTITIES)

COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)
JUNE 30, 2024

	Pastoral Center	Deposit and Loan Fund	Catholic Cemeteries	Catholic Charities	Catholic Foundation	Eliminations	Total
Expenses							
Salaries and wages	\$ 5,187,947	\$ -0-	\$ 1,449,452	7,287,220	\$ -0-	\$ -0-	\$ 13,924,619
Employee benefits	1,692,255	-0-	418,512	1,761,427	-0-	-0-	3,872,194
Clergy retirement benefits	1,693,978	-0-	-0-	-0-	-0-	-0-	1,693,978
Mileage and expense allowance	302,316	-0-	4,192	323,187	-0-	-0-	629,695
Education	1,015,919	-0-	480	-0-	-0-	-0-	1,016,399
Rent	74,926	-0-	6,746	113,231	-0-	-0-	194,903
Office supplies and services	1,042,645	-0-	109,757	619,481	-0-	-0-	1,771,883
Plant and grounds expense	926,381	-0-	407,615	580,221	-0-	-0-	1,914,217
Auto	4,743	-0-	66,279	25,226	-0-	-0-	96,248
Public relations, donations, and grants	113,179	-0-	166,581	28,709	897,173	(748,752)	456,890
Advertising	216,220	-0-	8,846	26,474	-0-	-0-	251,540
Contract interpreters	0	-0-	-0-	1,159,067	-0-	-0-	1,159,067
Professional fees and services	639,853	-0-	47,615	1,687,816	-0-	-0-	2,375,284
Program and activities	758,966	-0-	-0-	2,369,228	-0-	-0-	3,128,194
Broadcasting and press	410,815	-0-	-0-	-0-	-0-	-0-	410,815
Archdiocesan support	1,278,987	-0-	-0-	-0-	-0-	(1,000,000)	278,987
Education grants	1,224,824	-0-	-0-	-0-	-0-	-0-	1,224,824
Cost of sales	-0-	-0-	535,624	-0-	-0-	-0-	535,624
Papal and national organizations	107,518	-0-	-0-	-0-	-0-	-0-	107,518
Other grants and direct aid	838,209	-0-	1,265	53,363,516	-0-	-0-	54,202,990
Other restricted expense payments	3,226,060	-0-	4,070	-0-	-0-	(2,125,710)	1,104,420
Interest expense	60,153	1,384,792	-0-	64,878	51,324	(329,753)	1,231,394
Depreciation expense	455,809	-0-	122,981	63,234	-0-	-0-	642,024
Credit loss expense	(50,986)	-0-	-0-	53,623	-0-	-0-	2,637
Miscellaneous expense	284,903	-0-	78,605	64,257	-0-	-0-	427,765
Total expenses	21,505,620	1,384,792	3,428,620	69,590,795	948,497	(4,204,215)	92,654,109
Gain (loss) on disposal of property and equipment	-0-	-0-	12,075	(184,882)	-0-	-0-	(172,807)
Total expenses	<u>\$ 21,505,620</u>	<u>\$ 1,384,792</u>	<u>\$ 3,416,545</u>	<u>\$ 69,775,677</u>	<u>\$ 948,497</u>	<u>\$ (4,204,215)</u>	<u>\$ 92,826,916</u>
Change in net assets	18,135,907	2	1,928,644	(85,063)	1,423,823	-0-	21,403,313
Net assets, beginning of year	97,458,342	1,139,669	26,209,920	10,891,174	15,070,797	-0-	150,769,902
Net assets, end of year	<u>\$ 115,594,249</u>	<u>\$ 1,139,671</u>	<u>\$ 28,138,564</u>	<u>\$ 10,806,111</u>	<u>\$ 16,494,620</u>	<u>\$ -0-</u>	<u>\$ 172,173,215</u>