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# The Catholic Foundation of the Diocese of Lansing

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**Financial Report**  
**June 30, 2025**

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## Independent Auditor's Report

To the Board of Directors  
The Catholic Foundation  
of the Diocese of Lansing

### **Opinion**

We have audited the financial statements of The Catholic Foundation of the Diocese of Lansing (the "Catholic Foundation"), which comprise the balance sheet as of June 30, 2025 and 2024 and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Catholic Foundation as of June 30, 2025 and 2024 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Responsibilities of Management for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audits of the Financial Statements**

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

To the Board of Directors  
The Catholic Foundation  
of the Diocese of Lansing

In performing audits in accordance with GAAS, we:

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

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

*Plante & Moran, PLLC*

December 16, 2025

## The Catholic Foundation of the Diocese of Lansing

### Balance Sheet

June 30, 2025 and 2024

	2025	2024
<b>Assets</b>		
Cash and cash equivalents	\$ 7,151,690	\$ 7,167,963
Proprietary Fund investments (Note 3)	56,300,104	46,160,105
Agency Fund investments (Note 3)	71,712,958	65,860,916
Receivables - Net of allowances:		
Contributions receivable (Note 5)	19,007,367	4,917,902
Accounts receivable	134,417	61,420
Total receivables - Net of allowances	19,141,784	4,979,322
Restricted cash - Funds held for endowment	1,348,194	-
Prepaid expenses and other assets	13,475	28,090
Total assets	<b>\$ 155,668,205</b>	<b>\$ 124,196,396</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 89,592	\$ 30,125
Deposits held in agency for parishes, schools, and other diocesan units	71,937,511	66,043,631
Accrued liabilities and other	40,572	229,208
Total liabilities	72,067,675	66,302,964
<b>Net Assets</b>		
Without donor restrictions - Undesignated	1,607,648	1,296,431
With donor restrictions (Note 6)	81,992,882	56,597,001
Total net assets	83,600,530	57,893,432
Total liabilities and net assets	<b>\$ 155,668,205</b>	<b>\$ 124,196,396</b>

## The Catholic Foundation of the Diocese of Lansing

### Statement of Activities and Changes in Net Assets

Years Ended June 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, Gains, and Other Support</b>						
Contracted services	\$ 1,616,468	\$ -	\$ 1,616,468	\$ 1,256,523	\$ -	\$ 1,256,523
Diocesan Services Appeal contributions - Net of allowances	-	6,813,370	6,813,370	-	6,235,824	6,235,824
Bequests and donations - Noncampaign	125	1,657,137	1,657,262	179,674	2,483,916	2,663,590
Other contributions - Net of allowances	-	93,019	93,019	-	256,827	256,827
Saints & Scholars campaign contributions - Net of allowances	-	26,921,047	26,921,047	-	4,693,204	4,693,204
Investment income	84,465	3,764,979	3,849,444	129,615	4,494,285	4,623,900
Net assets released from restrictions	13,853,671	(13,853,671)	-	8,181,231	(8,181,231)	-
Total revenue, gains, and other support	15,554,729	25,395,881	40,950,610	9,747,043	9,982,825	19,729,868
<b>Expenses</b>						
Program services:						
Grants	13,853,284	-	13,853,284	8,365,785	-	8,365,785
Other operations	23,350	-	23,350	216,927	-	216,927
DSA operations	316,880	-	316,880	327,486	-	327,486
Saints & Scholars operations	259,828	-	259,828	-	-	-
Total program services	14,453,342	-	14,453,342	8,910,198	-	8,910,198
Support services	790,170	-	790,170	588,775	-	588,775
Total expenses	15,243,512	-	15,243,512	9,498,973	-	9,498,973
<b>Increase in Net Assets</b>	311,217	25,395,881	25,707,098	248,070	9,982,825	10,230,895
<b>Net Assets</b> - Beginning of year	1,296,431	56,597,001	57,893,432	1,048,361	46,614,176	47,662,537
<b>Net Assets</b> - End of year	<u>\$ 1,607,648</u>	<u>\$ 81,992,882</u>	<u>\$ 83,600,530</u>	<u>\$ 1,296,431</u>	<u>\$ 56,597,001</u>	<u>\$ 57,893,432</u>

See notes to financial statements.

## The Catholic Foundation of the Diocese of Lansing

### Statement of Cash Flows

Years Ended June 30, 2025 and 2024

	2025	2024
<b>Cash Flows from Operating Activities</b>		
Increase in net assets	\$ 25,707,098	\$ 10,230,895
Adjustments to reconcile increase in net assets to net cash, cash equivalents, and restricted cash from operating activities:		
Gain on investments	(4,130,841)	(4,623,900)
Contributions restricted for long-term purposes	(7,673,273)	(2,565,186)
Changes in operating assets and liabilities that (used) provided cash, cash equivalents, and restricted cash:		
Contributions receivable	(14,089,465)	(3,850,009)
Accounts receivable	(72,997)	114,994
Prepaid expenses and other assets	14,615	(13,960)
Accounts payable	59,467	(48,428)
Accrued and other liabilities	(188,636)	147,440
Deposits held in agency for parishes, schools, and other	5,893,880	5,847,306
Net cash, cash equivalents, and restricted cash provided by operating activities	5,519,848	5,239,152
<b>Cash Flows from Investing Activities</b>		
Purchases of investments	(17,635,828)	(12,088,956)
Proceeds from sales and maturities of investments	5,774,628	5,273,467
Net cash, cash equivalents, and restricted cash used in investing activities	(11,861,200)	(6,815,489)
<b>Cash Flows Provided by Financing Activities - Contribution proceeds restricted for long-term purposes</b>	<u>7,673,273</u>	<u>2,565,186</u>
<b>Net Increase in Cash, Cash Equivalents, and Restricted Cash</b>	1,331,921	988,849
<b>Cash, Cash Equivalents, and Restricted Cash - Beginning of year</b>	<u>7,167,963</u>	<u>6,179,114</u>
<b>Cash, Cash Equivalents, and Restricted Cash - End of year</b>	<u><u>\$ 8,499,884</u></u>	<u><u>\$ 7,167,963</u></u>
<b>Balance Sheet Classification of Cash, Cash Equivalents, and Restricted Cash</b>		
Cash and cash equivalents	\$ 7,151,690	\$ 7,167,963
Restricted cash	1,348,194	-
Total cash, cash equivalents, and restricted cash	<u><u>\$ 8,499,884</u></u>	<u><u>\$ 7,167,963</u></u>

June 30, 2025 and 2024

### Note 1 - Nature of Business

The Catholic Foundation of the Diocese of Lansing (the "Catholic Foundation") serves the Diocese of Lansing (the "Diocese"), its parishes, schools, and other ministries in the 10-county Diocese by stewarding financial resources, fostering giving, and helping to provide for the Catholic Church's long-term financial needs. The Catholic Foundation furthers the Catholic Church's religious, educational, and charitable mission by helping people to achieve their financial and charitable planning goals within the context of the needs of parishes, schools, and other Catholic ministries.

The Catholic Foundation is a not-for-profit organization established in the state of Michigan. The Catholic Foundation's board of directors is charged with ensuring the Catholic Foundation's transparency in operations and accountability to the bishop and to the people of the Diocese.

#### ***Stewardship for Saints & Scholars***

In 2024, the Foundation began a new campaign initiative called Stewardship for Saints & Scholars (S3). The campaign mission is for Catholic education in the Diocese of Lansing.

The purpose of the S3 campaign is to help families raise happy and holy young people who can bring the love and truth of Jesus Christ to contemporary society through investment in Catholic schools and parishes. The campaign will make Catholic schools across the Diocese of Lansing even more on-mission, affordable, and accessible, ensuring that an authentically Catholic education is available to all families who desire it for their children. S3 campaign appeals began in 2024 and will continue throughout 2025. As of June 30, 2025, the campaign has secured pledges of approximately \$38.70 million and cash receipts of approximately \$13.25 million. S3 contributions are recorded as restricted revenue until distributed for their intended purposes on a quarterly basis. Pledge redemption will continue through at least 2030.

#### ***Diocesan Services Appeal***

The Catholic Foundation administers the annual Diocesan Services Appeal (DSA) for the benefit of the Diocese. The proceeds of the DSA campaign are used to fund the following years' operations of the Diocese. DSA contributions are recorded as restricted revenue until distribution to the Diocese.

#### ***Agency Fund***

The Catholic Foundation's Agency Fund is composed of long-term savings of diocesan units, including trusts, quasi endowments, endowments, and other restricted funds of diocesan units. Returns to the depositors are based on actual results of the investments. Allocated investment earnings on investments held in an agency capacity for other diocesan units are not reflected in the statement of activities and changes in net assets.

### Note 2 - Significant Accounting Policies

#### ***Basis of Presentation***

The financial statements of the Catholic Foundation have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

#### ***Cash and Cash Equivalents***

For the purpose of the statement of cash flows, cash and cash equivalents include cash balances and insured cash sweep funds. Restricted cash represents funds held for certain donor-restricted endowments.



June 30, 2025 and 2024

#### Note 2 - Significant Accounting Policies (Continued)

##### ***Concentration of Credit Risk***

Custodial credit risk is the risk that, in the event of a bank failure, the Catholic Foundation's deposits may not be returned to it. At June 30, 2025, the Catholic Foundation's cash balance was held at two financial institutions with \$3,155,124 exceeding the Federal Deposit Insurance Corporation (FDIC) insurance limits. The remaining cash deposits of \$5,358,126 were federally insured under the purchase of FDIC excess deposit insurance and an insured sweep account.

##### ***Investments***

Investments in equity and debt securities are reported at fair value. Investment income is recorded when earned. Investment income is not reflected on the statement of activities and changes in net assets for investment balances held in an agency capacity for other diocesan units. Investment income, gains, and losses are recorded as changes in net assets without donor restrictions unless restricted by donor stipulations or law.

##### ***Deposits Held in Agency***

Deposits held in agency for parishes, schools, and other diocesan units are composed of funds held by the Catholic Foundation for depositors within individual accounts. The funds deposited with the Catholic Foundation are invested in Agency Fund investments, and any market gains or losses are allocated to depositor accounts accordingly.

##### ***Contributions***

Unconditional promises to give cash and other assets to the Catholic Foundation are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift is received. The gifts are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Contributions of marketable securities are recorded at fair value as of the date of the gift. It is the Catholic Foundation's practice to determine appropriate disposition of such gifts of securities at the time of receipt.

Contributions receivable result from unconditional promises to fund various campaigns. All amounts are due within 60 months. An allowance for doubtful accounts is established based on a specific assessment of all pledge balances that remain unpaid following normal payment periods. All amounts deemed uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. The receivable balance is discounted to present value for all long-term pledges outstanding as of June 30, 2025 and 2024. For the years ended June 30, 2025 and 2024, contributions receivable resulted from the DSA, the Stewardship for Saints & Scholars campaign, and other.

##### ***Revenue and Cost Recognition***

##### **Exchange Revenue**

The Catholic Foundation recognizes revenue when it transfers promised goods or services to a customer in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. The Catholic Foundation generates contracted service revenue from services over time, including administering fundraising campaigns and managing investments for depositors.

##### ***Classification of Net Assets***

Net assets of the Catholic Foundation are classified based on the presence or absence of donor-imposed restrictions.

June 30, 2025 and 2024

#### **Note 2 - Significant Accounting Policies (Continued)**

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Catholic Foundation.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Catholic Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

##### ***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

##### ***Functional Allocation of Expenses***

Costs of providing the program and support services have been reported on a functional basis in Note 8. Costs have been allocated between the various program and support services on an actual basis, where available, or based on reasonable estimates. Salaries and benefits are allocated based on relative time expended to various functions. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

##### ***Income Taxes***

The Catholic Foundation is a not-for-profit corporation, is exempt from tax under the provisions of Internal Revenue Code 501(c)(3), and is a religious entity that is exempt from tax filings; therefore, a provision for income taxes has not been included in the financial statements.

##### ***Risks and Uncertainties***

The Catholic Foundation invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the balance sheet.

##### ***Subsequent Events***

The financial statements and related disclosures include evaluation of events up through and including December 16, 2025, which is the date the financial statements were available to be issued.

#### **Note 3 - Investments**

The Catholic Foundation segregates its investment accounts into two portfolios, the Proprietary Fund and the Agency Fund. The Proprietary Fund holds investments related to endowments established by or assigned to the Catholic Foundation and other general investments. The Agency Fund investment accounts support deposits held in agency for parishes, schools, and other diocesan units.

## The Catholic Foundation of the Diocese of Lansing

### Notes to Financial Statements

June 30, 2025 and 2024

#### Note 3 - Investments (Continued)

The details of the Catholic Foundation's investments at June 30, 2025 and 2024 are as follows:

	2025	2024
National Catholic Investment Pool (administered by the Michigan Catholic Conference)	\$ 128,013,062	\$ 112,021,021

#### Note 4 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Catholic Foundation's assets measured at fair value on a recurring basis at June 30, 2025 and 2024 and the valuation techniques used by the Catholic Foundation to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Catholic Foundation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Catholic Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Assets of the Catholic Foundation measured at fair value on a recurring basis at June 30, 2025 and 2024 are as follows:

Assets Measured at Fair Value on a Recurring Basis at June 30, 2025			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
			Balance at June 30, 2025
National Catholic Investment Pool	\$ -	\$ 128,013,062	\$ -
			\$ 128,013,062
Assets Measured at Fair Value on a Recurring Basis at June 30, 2024			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
			Balance at June 30, 2024
National Catholic Investment Pool	\$ -	\$ 112,021,021	\$ -
			\$ 112,021,021

**June 30, 2025 and 2024**

**Note 4 - Fair Value Measurements (Continued)**

The Catholic Foundation holds an interest in investments held in the National Catholic Investment Pool administered by the Michigan Catholic Conference (MCC) at year end where the fair value of the investment held is estimated based on the underlying invested assets. The assets held by the National Catholic Investment Pool consist of investments in mutual funds, equity securities, fixed-income securities, and money markets for which an active market exists.

**Note 5 - Contributions Receivable**

Included in contributions receivable are pledges from parishioners for the Stewardship for Saints & Scholars campaign, Diocesan Services Appeal, and other. The present value discount ranges from 4.03 to 4.05 percent. They are included as follows:

	2025	2024
Gross contributions receivable before allowance and unamortized discount	\$ 26,095,978	\$ 5,772,590
Less allowance for uncollectible contributions	(4,152,447)	(699,453)
Less allowance for net present value discount	(2,936,164)	(155,235)
Net contributions receivable	<u>\$ 19,007,367</u>	<u>\$ 4,917,902</u>
Amounts due in:		
Less than one year	\$ 7,172,498	\$ 1,859,587
One to five years	18,923,480	3,913,003
Total gross contributions receivable	<u>\$ 26,095,978</u>	<u>\$ 5,772,590</u>

## Notes to Financial Statements

**June 30, 2025 and 2024**

### Note 6 - Net Assets

Net assets with donor restrictions represent donations from the Stewardship for Saints & Scholars campaign, donations from the annual Diocesan Services Appeal campaign, donor-restricted funds, other donations, and earnings on restricted endowments as of June 30.

	2025	2024
Subject to expenditures for a specified purpose:		
Diocesan Services Appeal campaign	\$ 5,701,467	\$ 5,585,085
Stewardship for Saints & Scholars	20,788,761	4,693,204
Other - Income available for distribution:	63,953	-
Catholic charities	773,636	616,843
Catholic school financial aid	2,587,354	2,290,856
Religious education and parent formation	388,457	317,795
New evangelization initiatives	491,867	518,023
Seminarian education	481,244	398,503
Seminarian support	1,551,063	1,314,868
Catholic schools	1,387,955	945,659
Parish and charities	198,831	120,237
Other	674,535	565,441
Total	35,089,123	17,366,514
Subject to the Catholic Foundation's spending policy and appropriation:		
Catholic charities	4,179,691	4,179,676
Catholic school financial aid	13,708,630	10,776,457
Religious education and parent formation	2,073,607	2,073,607
New evangelization initiatives	2,304,008	2,304,008
Seminarian education	2,311,168	2,304,008
Seminarian support	9,420,834	9,414,634
Catholic schools	10,485,533	6,016,077
Parish and charities	1,083,708	1,050,639
Other	1,336,580	1,111,381
Total	46,903,759	39,230,487
Total net assets with donor restrictions	<u>\$ 81,992,882</u>	<u>\$ 56,597,001</u>

### Note 7 - Donor-restricted Endowments

The Catholic Foundation's endowment net asset balances include donor-restricted endowment funds invested in Proprietary Fund investments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**Note 7 - Donor-restricted Endowments (Continued)**

***Interpretation of Relevant Law***

The Catholic Foundation is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of directors appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of directors of the Catholic Foundation had interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Catholic Foundation considers a fund to be underwater if the fair value of the fund is less than the sum (a) the original value of initial gifts donated to the restricted endowment, (b) the original value of subsequent gifts to the restricted endowment, and (c) accumulations to the restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the Catholic Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

	Endowment Net Asset Composition by Type of Fund as of June 30, 2025
	With Donor Restrictions
Donor-restricted endowment funds:	
Original donor-restricted gift amount	\$ 46,903,759
Accumulated investment gains	8,534,942
Total donor-restricted endowment funds	<u>\$ 55,438,701</u>
	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2025
	With Donor Restrictions
Endowment net assets - Beginning of year	\$ 45,411,072
Investment return - Investment income	4,473,959
Contributions	7,673,273
Appropriation of endowment assets for expenditure	(2,119,603)
Endowment net assets - End of year	<u>\$ 55,438,701</u>

## Notes to Financial Statements

June 30, 2025 and 2024

### Note 7 - Donor-restricted Endowments (Continued)

	Endowment Net Asset Composition by Type of Fund as of June 30, 2024
	With Donor Restrictions
Donor-restricted endowment funds:	
Original donor-restricted gift amount	\$ 39,204,695
Accumulated investment gains	6,206,377
Total donor-restricted endowment funds	\$ 45,411,072
	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2024
	With Donor Restrictions
Endowment net assets - Beginning of year	\$ 39,339,246
Investment return - Investment income	4,515,409
Contributions	2,484,530
Appropriation of endowment assets for expenditure	(928,113)
Endowment net assets - End of year	\$ 45,411,072

#### ***Underwater Endowment Funds***

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original gift amount (corpus). In accordance with GAAP, deficiencies of this nature that are reported in net assets with donor restrictions were approximately \$4,600 (this relates to one endowment with corpus of approximately \$176,000 and a fair value of \$171,000) and \$27,000 (this relates to four endowments with corpus of approximately \$767,000 and a fair value of \$740,000) as of June 30, 2025 and 2024, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that were deemed prudent by the board of directors.

#### ***Return Objectives and Risk Parameters***

The Catholic Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Catholic Foundation must hold in perpetuity or for donor-specified periods. Under this policy, as approved by the board of directors, the endowment assets are invested in a long-term balanced portfolio that is intended to achieve returns in excess of the allowed expenditure amounts. The secondary investment objective is to earn a total return, net of expenses, at least equal to the portfolio's composite benchmark, as defined in its investment policy. Actual returns in any given year may vary from this amount.

## Note 7 - Donor-restricted Endowments (Continued)

### *Spending Policy and How the Investment Objectives Relate to Spending Policy*

The Catholic Foundation's board of directors will periodically review and approve policies and procedures governing gifts to the Catholic Foundation. The funds will be invested in accordance with UPMIFA standards and in accordance with donor intent. During each fiscal year of the Catholic Foundation, the expenditure amount of an endowment fund shall be an amount up to 4.5 percent of the rolling average fair market value of the endowment fund over the prior 12 quarters (or fewer for endowments in existence less than three years). Notwithstanding the foregoing, this spending policy shall not supersede any provision of the gift instrument or applicable law. In the absence of a gift agreement or historical documentation, the Catholic Foundation will prepare and share a temporarily restricted fund grant request form with an authorized representative of the beneficiary advising and providing instruction on how to request a distribution of the funds for the restricted purpose.

## Note 8 - Functional Expenses

The Catholic Foundation provides various services to its constituents. Expenses related to providing these services are as follows for the year ended June 30, 2025:

	Program	Management and General	Fundraising	Total
Salaries and benefits	\$ 327,546	\$ 167,746	\$ 189,007	\$ 684,299
Grants	13,853,284	-	-	13,853,284
Contracted services	233,829	333,414	-	567,243
Other expenses	38,684	71,753	28,250	138,687
Total	<u>\$ 14,453,343</u>	<u>\$ 572,913</u>	<u>\$ 217,257</u>	<u>\$ 15,243,513</u>

Expenses related to providing these services are as follows for the year ended June 30, 2024:

	Program	Management and General	Total
Salaries and benefits	\$ 392,118	\$ 162,227	\$ 554,345
Grants	8,365,785	-	8,365,785
Contracted services	72,527	344,604	417,131
Other expenses	79,768	81,944	161,712
Total	<u>\$ 8,910,198</u>	<u>\$ 588,775</u>	<u>\$ 9,498,973</u>

## Note 9 - Related Party Transactions

The following is a description of transactions between the Catholic Foundation and the Diocese of Lansing, a related party. The Catholic Foundation was established under the guidance and care of the bishop of the Diocese and is governed by its own board of directors.

### **Accounts Receivable**

At June 30, 2025 and 2024, the Catholic Foundation had accounts receivable from the Diocese totaling \$134,417 and \$3,977, respectively.

### **Contracted Service Revenue**

For the years ended June 30, 2025 and 2024, the Catholic Foundation received contracted service revenue from the Diocese totaling approximately \$663,000 and \$565,000, respectively, to provide fundraising and campaign administrative services to the Diocese.



**Note 9 - Related Party Transactions (Continued)**

***Campaign Fundraising Expenses***

For the years ended June 30, 2025 and 2024, the Diocese paid approximately \$177,000 and \$2,500, respectively, of campaign fundraising expenses on behalf of the Catholic Foundation.

**Note 10 - Multiemployer Pension Plans**

The Catholic Foundation participates in the Michigan Catholic Conference Lay Employees' Retirement Plan (the "Plan"), a multiemployer defined benefit pension plan that covers substantially all lay employees. The employer identification number of the Plan is 20-1769136.

Contributions to the Plan were approximately \$41,000 and \$34,000 for the years ended June 30, 2025 and 2024, respectively. Contributions to the Plan are based on a percentage (8.6 percent for June 30, 2025 and 2024) of covered employees' wages. Based on information as of June 30, 2025 and 2024, the year end of the Plan, the Catholic Foundation's contributions to the Plan did not represent more than 5 percent of the total contributions received by the Plan.

The financial risks of participating in multiemployer plans are different from single-employer defined benefit pension plans in the following respects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer discontinues contributions to a plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If a participating employer chooses to stop participating in a plan, a withdrawal liability may be created based on the unfunded vested benefits for all employees in the plan.

Specific plan information for the Catholic Foundation is not available from the Plan's administrator. If the Catholic Foundation withdraws its participation in the Plan, the Catholic Foundation would be responsible for making a contribution for its proportional share of any unfunded liability. The withdrawal liability would be calculated by the actuaries, as outlined in the plan document at the time of withdrawal. The following information is based on the financial statements of the Plan as of June 30, 2025:

	Michigan Catholic Conference Lay Employees' <u>Retirement Plan</u>
Total plan assets	\$ 1,406,436,606
Actuarial present value of accumulated plan benefits as of July 1, 2024	\$ 1,496,796,727
Total contributions received by the Plan	\$ 32,728,822
Indicated level of funding	93.96 %

**Note 11 - Self-insurance**

The Catholic Foundation participates in a self-insurance plan (the "Insurance Plan") with other Michigan dioceses for workers' compensation, liability, and property coverage. The Insurance Plan is managed by the Michigan Catholic Conference, and claims are administered by a third-party administrator. The program purchases insurance that provides liability coverage up to \$55,000,000 and \$65,000,000 per claim after a self-insurance retention of \$1,500,000 per occurrence for the years ended June 30, 2025 and 2024, respectively. In addition, for the years ended June 30, 2025, and 2024, the program provides for up to \$260,000,000 per claim for property after a self-insurance retention of \$2,000,000, per occurrence. For the years ended June 30, 2025 and 2024, the program provides for up to \$64,000,000, per claim for workers' compensation after a self-insurance retention of \$1,000,000. The Catholic Foundation, along with the other participants included in the Insurance Plan, are contingently liable for claims in excess of these coverage limits: \$64,000,000 for workers' compensation, \$55,000,000 for liability, and \$260,000,000 for property. The Catholic Foundation has not recorded any contingencies on the balance sheet related to the MCC Insurance Plan, as there are sufficient funds held by MCC to cover any expected losses.

**Note 12 - Liquidity and Availability of Resources**

The following reflects the Catholic Foundation's financial assets as of June 30, 2025 and 2024, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

	2025	2024
Cash and cash equivalents	\$ 7,151,690	\$ 7,167,963
Proprietary Fund investments	56,300,104	46,160,105
Agency Fund investments	71,712,958	65,860,916
Contributions receivable - Net of allowances	19,007,367	4,917,902
Accounts receivable	134,417	61,420
Restricted cash - funds held for endowment	1,348,194	-
Financial assets - At year end	155,654,730	124,168,306
Less those unavailable for general expenditures within one year due to contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	81,992,882	56,597,001
Funds held in agency for others	71,937,511	66,043,631
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,724,337</u>	<u>\$ 1,527,674</u>

None of the remaining financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

The Catholic Foundation is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Catholic Foundation must maintain sufficient resources to meet those responsibilities to its donors.

The Catholic Foundation has a goal to maintain financial assets on hand to meet six months of normal operating expenses, which are, on average, approximately \$743,000 and \$567,000 at June 30, 2025 and 2024, respectively. The Catholic Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Catholic Foundation invests cash in excess of daily requirements in various short-term investments, including certificates of deposit and short-term treasury instruments.

The Catholic Foundation also realizes there could be unanticipated liquidity needs.

**June 30, 2025 and 2024**

**Note 12 - Liquidity and Availability of Resources (Continued)**

The Catholic Foundation's endowment funds consist of donor-restricted endowments of \$55,438,701 and \$45,411,072 at June 30, 2025 and 2024, respectively. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure, as described in Note 7.