The Orange Catholic Foundation
Financial Statements
June 30, 2025 and 2024
With Independent Auditor's Report

withum
ADVISORY TAX AUDIT

The Orange Catholic Foundation
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ADVISORY TAX AUDIT

Independent Auditor's Report

To the Board of Directors of
The Orange Catholic Foundation:

Opinion

We have audited the financial statements of The Orange Catholic Foundation (the "Foundation"), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and changes in net assets, functional expenses, 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 Orange 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 Audit of the Financial Statements section of our report. We are required to be independent of The Orange Catholic Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Foundation’s ability to continue as a going concern within one year after the date 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 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 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.

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In performing an audit in accordance with GAAS, we:

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

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

WithumSmith+Brown, PC

November 13, 2025

The Orange Catholic Foundation
Statements of Financial Position
June 30, 2025 and 2024

		2025		2024
Assets				
Cash	$	3,697,500	$	3,320,561
Investments		73,420,431		68,468,535
Unconditional promises to give, net		274,885		8,230,939
Employee retention credit receivable		-		273,985
Prepaid expenses and other assets		210,916		180,021
Total current assets		77,603,732		80,474,041
Property and equipment, net		7,279		12,886
Right-of-use assets - operating, net		229,584		290,137
Total assets	$	77,840,595	$	80,777,064
Liabilities and Net Assets				
Liabilities				
Current liabilities				
Accounts and distributions payable and accrued liabilities	$	1,576,185	$	909,659
Current portion of lease liabilities - operating		63,563		60,668
Deferred contributions		82,333		79,722
Total current liabilities		1,722,081		1,050,049
Lease liabilities - operating (less current portion above)		166,528		229,976
Total liabilities		1,888,609		1,280,025
Net assets				
Without donor restrictions		5,021,607		4,428,342
With donor restrictions		70,930,379		75,068,697
Total net assets		75,951,986		79,497,039
Total liabilities and net assets	$	77,840,595	$	80,777,064

The Notes to Financial Statements are an integral part of these statements.

The Orange Catholic Foundation
Statements of Activities and Changes in Net Assets
Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support			
Contributions	$ 134,840	$ 2,852,862	$ 2,987,702
Events revenue, net	-	605,452	605,452
Service revenue from related party	1,090,253	-	1,090,253
Interest and dividend income	315,823	2,005,706	2,321,529
Realized and unrealized gain on investments	413,930	5,184,602	5,598,532
Transmission capacity lease income	597,822	-	597,822
Net assets released from restrictions	14,786,940	(14,786,940)	-
Total revenues and support	17,339,608	(4,138,318)	13,201,290
Expenses			
Program services			
Distributions	15,228,200	-	15,228,200
Other program services	(173,491)	-	(173,491)
Total program services	15,054,709	-	15,054,709
Supporting services			
General and administrative	944,618	-	944,618
Fundraising	747,016	-	747,016
Total supporting services	1,691,634	-	1,691,634
Total expenses	16,746,343	-	16,746,343
Changes in net assets	593,265	(4,138,318)	(3,545,053)
Net assets			
Beginning of year	4,428,342	75,068,697	79,497,039
End of year	$ 5,021,607	$ 70,930,379	$ 75,951,986

The Notes to Financial Statements are an integral part of this statement.

The Orange Catholic Foundation
Statements of Activities and Changes in Net Assets
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support			
Contributions	$ 48,233	$ 1,512,923	$ 1,561,156
Gifts in-kind	8,837	-	8,837
Events revenue, net	-	568,479	568,479
Service revenue from related party	1,000,000	-	1,000,000
Interest and dividend income	181,068	1,455,084	1,636,152
Realized and unrealized gain on investments	491,341	6,026,730	6,518,071
Transmission capacity lease income	582,711	-	582,711
Other income	477,208	-	477,208
Net assets released from restrictions	4,852,159	(4,852,159)	-
Total revenues and support	7,641,557	4,711,057	12,352,614
Expenses			
Program services			
Distributions	5,015,084	-	5,015,084
Other program services	692,544	-	692,544
Total program services	5,707,628	-	5,707,628
Supporting services			
General and administrative	965,601	-	965,601
Fundraising	487,575	-	487,575
Total supporting services	1,453,176	-	1,453,176
Total expenses	7,160,804	-	7,160,804
Changes in net assets	480,753	4,711,057	5,191,810
Net assets			
Beginning of year	3,947,589	70,357,640	74,305,229
End of year	$ 4,428,342	$ 75,068,697	$ 79,497,039

The Notes to Financial Statements are an integral part of this statement.

The Orange Catholic Foundation
Statements of Functional Expenses
Year Ended June 30, 2025

	Program Services		Supporting Services			
	Distributions	**Other Program Services**	**General and Administrative**	**Fundraising**	**Direct Costs of Special Events**	**Total**
Distributions	$ 15,228,200	$ -	$ -	$ -	$ -	$ 15,228,200
Salaries	-	599,083	582,441	482,594	-	1,664,118
Payroll taxes	-	42,525	41,343	34,256	-	118,124
Employee benefits	-	51,479	48,430	40,128	-	140,037
Advertising	-	62,320	29,428	22,312	-	114,060
Bank and merchant charges	-	12,188	3,924	3,024	-	19,136
Recovery of prior reserve	-	(1,264,372)	-	-	-	(1,264,372)
Depreciation	-	2,018	1,963	1,626	-	5,607
Direct costs of donor benefits	-	-	-	-	31,220	31,220
Dues and subscriptions	-	7,009	8,564	5,646	-	21,219
Events	-	98,673	36,726	30,430	-	165,829
Meetings and meals	-	4,526	4,094	3,392	-	12,012
Miscellaneous	-	-	23,788	19,082	-	42,870
Professional fees	-	175,766	131,694	77,827	-	385,287
Rent	-	26,162	25,435	21,074	-	72,671
Travel and mileage	-	9,132	6,788	5,625	-	21,545
Total expenses	15,228,200	(173,491)	944,618	747,016	31,220	16,777,563
Direct costs of donor benefits	-	-	-	-	(31,220)	(31,220)
Total expenses included in the expense section of the statement of activities and changes in net assets	$ 15,228,200	$ (173,491)	$ 944,618	$ 747,016	$ -	$ 16,746,343

The Notes to Financial Statements are an integral part of this statement.

The Orange Catholic Foundation
Statements of Functional Expenses
Year Ended June 30, 2024

	Program Services		Supporting Services			
	Distributions	**Other Program Services**	**General and Administrative**	**Fundraising**	**Direct Costs of Special Events**	**Total**
Distributions	$ 5,015,084	$ -	$ -	$ -	$ -	$ 5,015,084
Salaries	-	387,944	581,916	323,286	-	1,293,146
Payroll taxes	-	26,955	40,433	22,463	-	89,851
Employee benefits	-	24,450	36,674	20,375	-	81,499
Advertising	-	60,350	22,261	24,467	-	107,078
Bank and merchant charges	-	11,068	5,398	2,145	-	18,611
Depreciation	-	2,704	6,938	2,253	-	11,895
Direct costs of donor benefits	-	-	-	-	97,341	97,341
Dues and subscriptions	-	5,790	10,436	4,826	-	21,052
Events	-	33,631	5,421	4,512	-	43,564
Meetings and meals	-	3,682	6,009	3,035	-	12,726
Miscellaneous	-	-	3,560	2,660	-	6,220
Professional fees	-	102,986	207,743	59,200	-	369,929
Rent	-	19,790	34,398	16,070	-	70,258
Travel and mileage	-	4,357	4,414	2,283	-	11,054
In-kind expenses	-	8,837	-	-	-	8,837
Total expenses	5,015,084	692,544	965,601	487,575	97,341	7,258,145
Direct costs of donor benefits	-	-	-	-	(97,341)	(97,341)
Total expenses included in the expense section of the statement of activities and changes in net assets	$ 5,015,084	$ 692,544	$ 965,601	$ 487,575	$ -	$ 7,160,804

The Notes to Financial Statements are an integral part of this statement.

The Orange Catholic Foundation
Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	2025	2024
Operating activities		
Changes in net assets	$ (3,545,053)	$ 5,191,810
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Realized and unrealized gain on investments	(5,598,532)	(6,518,071)
Change in reserve for uncollectible promises to give	1,264,372	1,441
Depreciation	5,607	11,895
Non-cash lease expense	72,671	124,871
Change in operating assets		
Unconditional promises to give	6,691,682	204,965
Employee retention credit receivable	273,985	-
Prepaid expenses and other assets	(30,895)	(10,733)
Change in operating liabilities		
Accounts and distributions payable and accrued liabilities	666,528	616,491
Lease liabilities - operating	(72,671)	(124,364)
Deferred contributions	2,611	6,983
Net cash used in operating activities	(269,695)	(494,712)
Investing activities		
Purchases of investments	(4,018,844)	(5,622,006)
Proceeds from sale of investments	4,665,478	2,201,852
Purchases of property and equipment	-	(4,149)
Net cash provided by (used in) financing activities	646,634	(3,424,303)
Net change in cash	376,939	(3,919,015)
Cash	3,320,561	7,239,576
End of year	$ 3,697,500	$ 3,320,561

The Notes to Financial Statements are an integral part of these statements.

1. Summary of Significant Accounting Policies

a. Nature of Organization

The Orange Catholic Foundation (the "Foundation") is a California not-for-profit religious corporation organized to receive and manage charitable gifts, grants, contributions and bequests from individuals and organizations in order to benefit Catholic parishes, schools and ministries primarily within the Diocese of Orange, California. Gifts and donations may either be held and managed by the Foundation, or funds may be distributed and granted to various entities and ministries in accordance with donor intent.

Funds may be with or without donor restriction and may include donor-advised funds, special interest funds, and endowment funds. The Foundation shall be operated in strict conformity with the disciplines, doctrines, and teachings of the Roman Catholic Church and promulgated by the Holy See, including the Code of Canon Law. In all such matters involving the teachings of the Roman Catholic Church, the Foundation shall rely upon and defer to the ecclesiastical communion with the Bishop of Rome, the Supreme Pontiff of the Roman Catholic Church. These purposes conform to requirements of Internal Revenue Code (“IRC”) section 501(c)(3).

In order to carry out its religious purposes, The Foundation shall have all powers granted to a not-for-profit religious corporation under California law and to a private juridic person and autonomous pious foundation under Code of Canon Law. The Foundation makes regular distributions to such organizations at such times and in such amounts as carry out its charitable and religious purposes for the benefit of the Roman Catholic Church in the Diocese of Orange, California, as its Board of Directors shall determine according to donor intent.

The accompanying financial statements do not include assets, liabilities, operations, Administrative Office, Diocese of Orange parishes, high schools, elementary schools, or any other affiliated organizations under the jurisdiction of the Roman Catholic Bishop of Orange.

b. Basis of Accounting and Presentation

The financial statements have been prepared on the accrual basis in conformity with accounting principles generally accepted in the United States of America ("GAAP").

The net assets and changes in net asset are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation are classified and reported as follows:

Without Donor Restrictions: Net assets that are not subject to donor-imposed stipulations, including amounts designated by the Board of Directors.

With Donor Restrictions: Net assets subject to donor-imposed restrictions that will be met either by the actions of the Foundation or through the passage of time. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. All donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from donor restrictions.

c. Cash

The Foundation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. There were no cash equivalents at June 30, 2025 and 2024.

d. Concentration of Credit Risks

The Foundation has significant cash balances at financial institutions which throughout the year regularly exceed the federally insured limit of $250,000. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Foundation’s financial condition, changes in net assets, and cash flows. Bank accounts exceeding the federally insured limited totaled $3,267,681 and $3,038,446 as of June 30, 2025 and 2024, respectively.

e. Investments

Investments are measured and reported at fair value. Those with a readily determinable fair value are based on quotations obtained from national security exchanges. Investments with fair values that are not readily determinable are carried at estimated fair values as provided by the investment managers. Foundation management reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining their estimated fair value. Due to the inherent uncertainties of these estimates, these values may differ from the values that would have been reported had a ready market for such investments existed. Changes in fair value are reported as realized or unrealized gain or loss on investments in the statements of activities and changes in net assets. All investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, 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 financial statements.

f. Unconditional Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the years in which the promises are expected to be received. Conditional promises to give are not included in receivables until the conditions are met. If a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as net assets without donor restrictions. Amounts deemed uncollectible by management are included in the allowance for uncollectible promises to give. As of June 30, 2025 and 2024, the Foundation evaluated the collectability of unconditional promises to give and recorded allowances for doubtful accounts of $379,681 and $1,644,053, respectively. Total unconditional promises to give, net, as of June 30, 2023 was $8,437,345.

g. Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. Repair and maintenance costs that do not extend an asset's useful life are expensed as incurred, while major betterments and renewals are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of assets, which range from three to ten years, commencing on the first day the asset is placed in service.

h. Long-Lived Assets

The Foundation reviews the carrying values of its long-lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Fair value is determined based on discounted cash flows or appraised values, depending on the nature of the assets. Any long-lived assets held for disposal are reported at the lower of their carrying amounts or fair value less costs to sell. No impairments were identified during the years ended June 30, 2025 and 2024.

i. Pass-through

Pass-through funds relate to investment securities received from various donors, which the Foundation liquidates and passes along to the requested beneficiary, usually a church or school within the Diocese. Total pass-through funds were $1,107,271 and $1,104,071 as of June 30, 2025 and 2024, respectively.

j. Contributions

Contributions, including unconditional promises to give, are recognized when received or pledged by the donor. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

k. Revenue from Contracts with Customers

The Financial Accounting Standards Board (“FASB”) issued new guidance that created Topic 606, Revenue from Contracts with Customers (“ASC 606”), in the Accounting Standards Codification (“ASC”). ASC 606 supersedes the prior revenue recognition requirements (codified as ASC 605, Revenue Recognition). ASC 606 established a core principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. In doing so, companies need to use more judgment and make more estimates than under prior guidance. Judgments include identifying performance obligations in the contract, estimating the amount of consideration to include in the transaction price, and allocating the transaction price to each performance obligation. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in Topic 606.

In determining the appropriate amount of revenue to be recognized as it fulfills its obligations under its agreements, the Foundation performs the following steps: (i) identify contracts with customers; (ii) identify performance obligations; (iii) determine the transaction price; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when (or as) the Foundation satisfies each performance obligation.

Performance obligations related to consulting revenues from consulting services are recognized as service is rendered.

The Foundation does not have any significant financing components as payments are received at or shortly after the point of sale. The Foundation’s revenues, results of operations, and cash flows are affected by a wide variety of factors, including general economic conditions and public demand.

The timing of revenue recognition, billings and cash collections can result in contract assets and contract liabilities in the statements of financial position. As of June 30, 2025, 2024 and 2023, there were no such contract assets or liabilities.

l. Contributed Nonfinancial Asset

Contributed goods are recorded at their fair value at the date of the gift. In the absence of time or donor-imposed restrictions, gifts of long-lived assets are reported as unrestricted revenue. Contributed services are recognized if the services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A substantial number of volunteers have donated significant amounts of their time and services in the Foundation’s core activities. Only those in-kind amounts that meet the criteria above are recorded in the accompanying financial statements. See Note 13 for detailed contributed nonfinancial assets.

m. Income Taxes

The Foundation has been granted tax-exempt status by Internal Revenue Service ("IRS") California Franchise Tax Board under Sections 501(c)(3) 23701(d), respectively. Accordingly, no tax provision has been recorded in the financial statements. The Foundation is exempt from filing tax returns under Catholic Directory exemption; however, it elected to file an informational return with the California Franchise Tax Board.

n. Vacation Expense

Hourly salary employees earn credits during the current year for future vacation benefits. The expense and corresponding liability are accrued when vacations are earned rather than when vacations are paid. The liability is included in accounts and distributions payable and accrued liabilities in the accompanying statements of financial position.

o. Functional Allocation of Expenses

These are the costs of providing the various programs and other activities and have been summarized on a functional basis in the statements of activities and changes in net assets and detailed in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Due to the nature of the services provided by the Foundation, certain administrative and fundraising expenses that are incurred for the direct benefit of a program or campaigns managed by the Foundation, have been reported with program services. Only those supporting expenses incurred for the administration and furtherance of the Foundation itself, are reported as supporting services in the accompanying statements of activities and changes in net assets and accompanying statement of functional expenses. Such allocations are determined by management on an equitable basis.

Certain expenses reported on the accompanying statements of functional expenses, such as distributions, have been allocated to programs based on direct usage.

The majority of the remaining natural expenses have generally been allocated to program and supporting services based on time and effort of the employees involved. For certain expenses including advertising, bank and merchant charges, dues and subscriptions, meetings and meals, and professional fees, the cost directly attributable to program or supporting services have been allocated as such, with the remaining amount of shared cost being allocated based on the time and effort of the employees involved.

p. Program Services

These are the functions of the Foundation that center on providing support to the ministries, parishes and schools of the Diocese of Orange. This includes conducting fundraising services, endowment and fund management, and gift and distribution administration according to donor intent.

q. Use of Estimates

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

r. Fair Value Measurement

For fair value measurements of financial assets and financial liabilities, and for fair value measurements of non-financial items that are recognized or disclosed at fair value in the financial statements on a recurring basis, the Foundation has adopted GAAP standards that define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date.

The assets that are recorded at fair value on a recurring basis are investments.

Accounting standards establish a three-level fair value hierarchy that describes inputs used to measure fair values of respective assets/liabilities:

Level 1 - Fair values based on quoted prices in active markets for identical assets/liabilities. The Foundation's Level 1 assets include institutional mutual funds.

Level 2 - Fair values based on observable inputs including: quoted market prices for similar assets/liabilities; quoted market prices not in active market; other observable inputs corroborated by observable market data substantially full term asset. The Foundation does not hold any Level 2 assets.

Level 3 - Fair values calculated using pricing models/discounted cash flow methodologies requiring significant management judgment/estimation. These methodologies may result in a significant portion of unobservable data. The Foundation does not hold any Level 3 assets.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of timing, amount of expected future cash flows, and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair values may not be realized in the immediate settlement of the financial asset.

In addition, the disclosed fair values do not reflect any premium or discount that could result from offering for sale at one time an entire holding of a particular financial asset. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in the amounts disclosed.

s. Fair Value Measurements

The Foundation measures certain financial instruments at fair value on a recurring basis at each reporting period. Certain assets are measured at fair value on a nonrecurring basis annually or when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Fair value is estimated as the amount that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value estimates involve uncertainty and significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially when quoted prices are unavailable. Changes in assumptions or market conditions could significantly affect these estimates.

Fair Value Hierarchy

Assets and liabilities recorded at fair value are measured and classified in accordance with a fair value hierarchy consisting of three "levels" based on the observability of valuation inputs:

- **Level 1:** Fair value measurements based on quoted prices (unadjusted) in active markets that the has the ability to access for identical assets or liabilities. Market price data generally is obtained from exchange or dealer markets. The Foundation does not adjust the quoted price for such instruments.

- **Level 2**: Fair value measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals.
- **Level 3:** Fair value measurements based on valuation techniques that use significant unobservable inputs. Both observable and unobservable inputs may be used to determine the fair values of positions classified in Level 3. The circumstances for using these measurements include those in which there is little, if any, market activity for the asset or liability. Therefore, the Foundation must make certain assumptions about the inputs a hypothetical market participant would use to value that asset or liability.

The Foundation maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. Financial instruments with quoted prices in active markets generally have more pricing observability and require less judgment in measuring fair value. Conversely, financial instruments for which no quoted prices are available have less observability and are measured at fair value using valuation models or other pricing techniques that require more judgment. Pricing observability is affected by a number of factors, including the type of financial instrument, whether the financial instrument is new to the market and not yet established, the characteristics specific to the transaction, liquidity and general market conditions.

In certain cases, the inputs used to measure the fair value of an asset or liability may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

t. Leases

The Foundation categorizes leases with contractual terms longer than twelve months as either operating or finance. Finance leases are generally those leases that allow the Foundation to substantially utilize or pay for the entire asset over its estimated life. All other leases are categorized as operating leases. Leases with contractual terms of 12 months or less are not recorded on the statements of financial position. The Foundation had no finance leases during the years ended June 30, 2025 and 2024.

Certain lease contracts include obligations to pay for other services, such as operations, property taxes, and maintenance. For leases of property, the Foundation accounts for these other services as a component of the lease. For all other leases, the services are accounted for separately and the Foundation allocates payments to the lease and other services components based on estimated stand-alone prices.

Lease liabilities are recognized at the present value of fixed lease payments using a risk-free rate for remaining lease years. Right-of-use assets are recognized based on initial present value fixed lease payments plus any direct costs from executing leases. Lease assets are tested for impairment in the same manner as long-lived assets used in operations.

Options to extend lease terms, terminate before the contractual expiration date, or purchase the leased asset are evaluated for the likelihood of exercise. If it is reasonably certain the option will be exercised, the option is considered in determining the classification and measurement of the lease.

Costs associated with operating lease assets are recognized on a straight-line basis within operating expenses over the term of the lease.

u. Leases as Lessor

The Organization is a lessor under an operating lease that matures 2065. Lease income is recognized on a straight-line basis over the term of the lease (see Note 11).

v. Subsequent Events

The Foundation's management evaluated events that occurred after June 30, 2025 through November 13, 2025, the date when the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

2. Availability and Liquidity

The Foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such gifts with purpose restrictions is used to fund programs. From the campaigns benefited by the gifts received with donor restrictions, the Foundation contractually receives financial support to fund operational and administrative needs of campaigns and the Foundation itself. Additionally, the Foundation receives revenues without donor restriction from services provided to various entities affiliated with the Roman Catholic Church in the Diocese of Orange.

The Foundation considers the aforementioned revenue streams to be available to meet cash needs for all general expenditures. General expenditures include distribution commitments and supporting service expenses that are expected to be paid in the subsequent year.

Apart from programmatic distribution of funds, which are reviewed by the Board of Directors on a quarterly basis to ensure adequate review and approval of disbursement requests, the Foundation manages its cash available to meet core operating needs following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets,
- Maintaining sufficient reserves to provide reasonable assurance that long-term financial sustainability will be achieved.

To uphold these principles, the Foundation's Executive Committee meets on a periodic basis to provide strategic oversight of the Foundation's core operating budget. In doing so, the Foundation strives to maintain financial assets available to meet operating expenditures at a level that represents at least 100% of annual expenses for general administrative and fundraising purposes. Additionally, the Foundation strives to ensure it maintains liquidity within its funds containing assets with donor restrictions to cover expected payment distribution commitments approved by the Board of Directors. Depending upon the beneficiary and nature of the distribution, these amounts can vary. For endowment funds, which are held in perpetuity, annual distribution commitments are generally up to 5% of the market value of the underlying assets, based on a rolling three-year average.

The following table represents the Foundation's financial assets available for general expenditure for the years ended June 30, 2025 and 2024:

	2025	2024
Financial assets		
Cash	$ 3,697,500	$ 3,320,561
Investments	73,420,431	68,468,535
Unconditional promises to give, net	274,885	8,230,939
Total financial assets available	77,392,816	80,020,035
Less: Financial assets not available for general expenditures within one year:		
Investments held in perpetuity	(62,004,734)	(57,274,084)
Board designated operating reserve	(1,608,955)	(1,505,281)
Financial assets not available for general expenditures within one year	(63,613,689)	(58,779,365)
Total financial assets and liquidity resources available within one year for general expenditure	$ 13,779,127	$ 21,240,670

The following table represents the Foundation's core operating financial assets available for expenditure for years ended June 30, 2025 and 2024:

	2025	2024
Financial assets available to meet general expenditures within one year	$ 13,779,127	$ 21,240,670
Less: Financial assets within donor restrictions not to be used for core operating purposes		
Cash restricted for distributions	(205,933)	(148,541)
Investments restricted for distributions	(7,782,673)	(8,355,468)
Unconditional promises to give expected to be collected within one year, with donor restrictions, net	(274,885)	(8,230,939)
	(8,263,491)	(16,734,948)
Financial assets available to meet core operating needs within one year	$ 5,515,636	$ 4,505,722

3. Investments Recorded at Fair Value

Investments generally consist of mutual funds. It is the Foundation's Gift Acceptance Policy to liquidate gifted securities upon receipt. The Foundation was gifted equity in two venture capital limited partnerships through a charitable remainder trust. The Foundation plans to liquidate the investments as soon as it is able to do so. As of June 30, 2025 and 2024, the expected timing of liquidation of the investee's assets has not been communicated to the Foundation.

The following is a description of the valuation methodologies the Foundation uses for investments measured at fair value. There have been no changes in the methods used.

Mutual Funds - Valued at the daily closing price as reported by the fund. Mutual funds invested in are registered with the Securities and Exchange Commission. The funds are required to publish their daily net asset value and to transact at that price. The mutual funds invested in are deemed to be actively traded.

Following is a description of the valuation methodologies used for assets measured at net asset value ("NAV") as the practical expedient to estimate fair value:

Limited Partnerships - Valued using the market approach, on the basis of the relative interest of each participating investor, in the fair value of the underlying net assets of each limited partnership.

The following tables set forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2025 and 2024:

	Assets at Fair Value as of June 30, 2025			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments				
Mutual funds	72,960,188	-	-	72,960,188
Limited partnerships*	-	-	-	240,243
Alternative investments				
Real estate funds	-	-	220,000	220,000
	$ 72,960,188	$ -	$ 220,000	$ 73,420,431

	Assets at Fair Value as of June 30, 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments				
Mutual funds	68,172,711	-	-	68,172,711
Limited partnerships*	-	-	-	295,824
	$ 68,172,711	$ -	$ -	$ 68,468,535

* In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

Investment income for the years ended June 30, 2025 and 2024, which is net of related investment fees, is summarized as follows:

	2025	**2024**
Interest and dividend income	$ 2,321,529	$ 1,636,152
Realized and unrealized gain	5,598,532	6,518,071
	$ 7,920,061	$ 8,154,223

4. Unconditional Promises to Give

Unconditional promises to give as of June 30, 2025 and 2024 include amounts that have been discounted at rates ranging from 0.95% to 1.71% and are as follows:

	2025	2024
Total pledges	$ 654,566	$ 9,902,875
Less:		
Reserve for uncollectible promises to give	(379,681)	(1,644,053)
Discount to present value	-	(27,883)
	$ 274,885	$ 8,230,939

There were no such concentrations as of June 30, 2025. As of June 30, 2024, an outstanding pledge related to the Christ Cathedral Capital Campaign represented 95.9% of the total amount outstanding.

During the year ended June 30, 2025, the Foundation recognized a recovery of prior reserve of $1,264,372 related to pledges that were deemed uncollectible, included in the accompanying statement of functional expenses. During the year ended June 30, 2024, the Foundation did not recognize any expense related to reserves for potentially uncollectible pledges.

5. Property and Equipment

Property and equipment at June 30, 2025 and 2024 consist of the following:

	2025	2024
Machinery and equipment	$ 151,005	$ 151,005
Leasehold improvements	177,116	177,116
Property and equipment, gross	328,121	328,121
Less accumulated depreciation and amortization	(320,842)	(315,235)
Property and equipment, net	$ 7,279	$ 12,886

Depreciation expense was $5,607 and $11,895 for the years ended June 30, 2025 and 2024, respectively.

6. Accounts and Distributions Payable and Accrued Liabilities

Accounts and distributions payable and accrued liabilities consist of the following at June 30, 2025 and 2024:

	2025	2024
Salaries and wages	$ 39,378	$ 22,705
Vacation	72,146	25,644
General payables and other accrued expenses	1,464,661	861,310
	$ 1,576,185	$ 909,659

7. Net Assets

Net assets without donor restrictions are composed of the following at June 30, 2025 and 2024:

	2025	2024
Undesignated	$ 3,412,652	$ 2,923,061
Board-designated	1,608,955	1,505,281
Total net assets without donor restrictions	$ 5,021,607	$ 4,428,342

Net assets with donor restrictions are composed of the following at June 30, 2025 and 2024:

	2025	2024
Purpose restriction		
Capital campaigns	$ 10,120	$ 7,988,098
Tuition assistance and distributions to various parishes, schools and Catholic related causes	8,915,525	9,806,515
	8,925,645	17,794,613
Perpetual in nature	62,004,734	57,274,084
Total net assets with donor restrictions	$ 70,930,379	$ 75,068,697

Net assets with donor restrictions were released during the years ended June 30, 2025 and 2024 for the following purposes:

	2025	2024
Satisfaction of purpose restrictions		
Capital campaigns	$ 8,246,378	$ 469,452
Tuition assistance and distributions to various parishes, schools and Catholic related causes	3,349,867	2,541,256
	11,596,245	3,010,708
Appropriations of endowments	3,190,695	1,841,451
	$ 14,786,940	$ 4,852,159

8. Designated Net Assets

Through the budgetary process, the Foundation has designated funds for specific purposes which are presented in the accompanying statements of financial position as net assets without donor restrictions.

The Board of Directors created the Orange Catholic Foundation Fund to grow, expand, and improve the Foundation's ability to fulfill its mission to raise, manage, grow, and distribute funds. There were total distributions of $67,030 and $61,657 made from the fund during the years ended June 30, 2025 and 2024, respectively. Amounts designated totaled $1,532,402 and $1,433,904 as of June 30, 2025 and 2024, respectively.

The Board of Directors also created the Cynthia Bobruk Operations Fund to function as a Quasi endowment in support of the Foundation's operations. There were total distributions of $3,128 and $3,073 made from the fund during the years ended June 30, 2025 and 2024, respectively. Amounts designated totaled $71,990 and $67,101 as of June 30, 2025 and 2024, respectively.

The Board of Directors also created the Employee Medical Assistance Fund to assist with employees' medical needs. There were no distributions made from the fund during the years June 30, 2025 and 2024. Amounts designated totaled $4,563 and $4,276 as of June 30, 2025 and 2024, respectively.

9. Endowment

The Foundation has adopted the accounting standard for *Endowments of Not-for-Profit Organizations*. A key component of the accounting standard is a requirement to classify the portion of a donor-restricted endowment fund that is not classified as net assets with donor restrictions in perpetuity as net assets with donor restrictions for purpose or time, until appropriated for expenditure.

The accounting standard provides guidance with respect to the accounting for donor-restricted endowment funds subject to the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), which the State of California has enacted. In addition, the accounting standard requires expanded disclosures for all endowment funds. Based on its interpretation of the provisions of UPMIFA and the accounting standard, the Foundation has determined that retaining its existing policies regarding net asset classification of its donor-restricted endowment funds is appropriate. The historic dollar value of donor-restricted endowment contributions is reported as net assets with donor restrictions in perpetuity.

The Foundation's endowment consists of approximately 117 individual funds established for a variety of purposes.

Changes in endowment net assets for the years ended June 30, 2025 and 2024 are as follows:

	With Donor Restrictions		
	Purpose	**In Perpetuity**	**Formula**
Endowment net assets, July 1, 2023	$ 336,501	$ 51,464,019	$ 51,800,520
Contributions	-	1,064,868	1,064,868
Investment return			
Investment income	11,166	1,260,784	1,271,950
Realized and unrealized gain on investments	47,029	5,325,864	5,372,893
Other changes in endowment net assets	-	(3,073)	(3,073)
Appropriation of endowment for expenditure	(24,148)	(1,838,378)	(1,862,526)
Endowment net assets, June 30, 2024	370,548	57,274,084	57,644,632
Contributions	-	1,108,134	1,108,134
Investment return			
Investment income	15,367	1,756,544	1,771,911
Realized and unrealized (loss) gain on investments	(133,273)	4,711,001	4,577,728
Other changes in endowment net assets	-	345,666	345,666
Appropriation of endowment for expenditure	(34,017)	(3,190,695)	(3,224,712)
Endowment net assets, June 30, 2025	$ 218,625	$ 62,004,734	$ 62,223,359

Funds with Deficiencies
From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. There were no such deficiencies of this nature as of June 30, 2025 and 2024.

Return Objectives and Risk Parameters
The Foundation has adopted investment and spending policies for endowment assets that provide continued financial stability for the Foundation and a revenue stream for spending on the Foundation's mission. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a morally and ethically responsible manner, as reasonably as possible, that promotes diversification while obtaining a competitive rate of return with the secondary objective to maintain liquidity.

Strategies Employed for Achieving Objectives
To satisfy its long-term rate-of-return, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yields (interest and dividends). The Foundation targets a diversified asset allocation that utilizes fixed income and equity-based investments to achieve its long-term objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy
The Foundation has a policy of appropriating a spendable amount for distribution as of January 1 of each year (currently 5%) of each Foundation established endowment fund's average fair market value over the prior twelve quarters. New funds established require a minimum of four quarters performance prior to January 1 of each year.

The Foundation has a policy for endowment funds not established by, but given to, the Foundation of appropriating a spendable amount for distribution as of January 1 of each year, governed by the terms of each individual fund agreement.

These spending assumptions are intended to allow for the significant and immediate spending of the income of the portfolio, provide a target rate of return for the endowment funds held by the Foundation, and provide a sustainable spending level that will allow for support of the Foundation's initiatives in fulfilling its mission, while maintaining the purchasing power of the endowment funds' assets.

10. Transactions with Affiliate

The Foundation has entered into a service agreements with the Diocese of Orange and other related entities that outline specific services to be provided to the Diocese of Orange from the Foundation and other related entities. These agreements are verbally extended with no set maturity date. The Foundation recognized service income totaling $1,090,253 and $1,000,000 during the years ended June 30, 2025 and 2024, respectively, in the statements of activities and changes in net assets.

During the years ended June 30, 2025 and 2024, the Foundation incurred rent expense and reimbursable administrative expenses through its service arrangements with the Diocese of Orange totaling $104,089 and $101,104, respectively.

The Foundation maintains an office rental agreement with the Diocese of Orange for the rental of the Foundation's main office space. The lease agreement was amended in November 2023 to provide for monthly rent of $6,056 plus a monthly information technology charge of $1,720, which includes the Foundation's share of certain facilities costs.

11. Lease of Transmission Capacity

The Foundation owns broadband spectrum frequency within a certain geographical region of Orange County that allows it to operate equipment which propagates broadband services for educational purposes to users within that region's population. In 2005, the Foundation entered into an agreement with an organization to lease a portion of the spectrum in exchange for monthly lease payments. The agreement has an initial term of 10 years, plus 5 automatic 10-year extensions, with a final maturity date of December 31, 2065. The agreement calls for the Foundation to receive minimum rental payments of $42,036 per month, to be increased annually by the Consumer Price Index. The Foundation recognized rental income totaling $597,822 and $582,711 during the years ended June 30, 2025 and 2024, respectively, in the statements of activities and changes in net assets. Future minimum annual rents under the lease agreement are as follows:

	Input
2026	$ 607,116
2027	607,116
2028	607,116
2029	607,116
2030	607,116
Thereafter	21,552,618
Total	$ 24,588,198

12. Lease as Lessee

In October 2013, the Foundation entered into an office space lease that was renewed in November 2023 and set to expire in November 2028, and requires monthly payments of $6,056. Total operating lease expense for the office space lease for the years ended June 30, 2025 and 2024 totaled $72,671 and $70,258, respectively.

Because the rates implicit in the leases are generally not available, the Foundation utilizes a risk-free rate as the discount rate for the leases mentioned above. The future minimum rental payments are as follows as of June 30:

2026	$ 72,671
2027	72,671
2028	72,671
2029	30,279
Total future minimum rental payments	248,292
Less: Amounts representing interest	(18,201)
Total operating lease liabilities at June 30, 2025	$ 230,091

As of June 30, 2025 and 2024, the weighted average discount rate associated with the operating lease is 4.67%, and the weighted average remaining lease term associated with the operating lease is 3.42 and 4.42 years, respectively.

13. Contributed Nonfinancial Assets

For the year ended June 30, 2025, there were no contributed nonfinancial assets recognized within the statement of activities and changes in net assets. For the year ended June 30, 2024, contributed nonfinancial assets recognized within the statement of activities and changes in net assets included printed materials of $8,837.

The Foundation recognized contributed nonfinancial assets within revenue, including contributed printed materials. In valuing the contributed nonfinancial assets, the Foundation used the estimated fair market value of materials/services provided. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed print materials were utilized to help pay for the Foundation’s printed marketing materials.

14. Special Events

As a part of its fundraising efforts, the Foundation holds periodic special events. Revenue for special events is recognized in the period in which the event is held. Direct expenses associated with special events are netted against such revenue. Special events, net included in the statements of activities and changes in net assets for the years ended June 30, 2025 and 2024, consisted of fundraising income of $636,672 and $665,820, respectively, netted with related fundraising expenses of $31,220 and $97,341, respectively.

15. Employee Retention Credit

The Foundation applied for the employee retention credit in the amount of $273,985. The credit was claimed against the Foundation’s payroll tax obligations for each calendar quarter based on the qualified wages, subject to certain limitations. The Foundation recorded revenue totaling $273,985 in fiscal year 2022. The Foundation received payment on the employee retention credit during the year ended June 30, 2025.