

**THE CATHOLIC SCHOOLS
FOUNDATION**
We Change Lives.



Financial Statements

June 30, 2025 and 2024

The Catholic Schools Foundation, Inc.

Table of Contents
June 30, 2025 and 2024

	<u>Pages</u>
Independent Auditor's Report	1 - 2
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Cash Flows	5
Statements of Functional Expenses	6 - 7
Notes to Financial Statements	8 - 23



Independent Auditor's Report

To the Board of Trustees of
The Catholic Schools Foundation, Inc.:

Opinion

We have audited the financial statements of The Catholic Schools Foundation, Inc. (a Massachusetts nonprofit corporation) (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, cash flows, and functional expenses 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 Schools Foundation, Inc. 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 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.

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.

AAFCPAs, Inc.

Boston, Massachusetts
January 15, 2026

The Catholic Schools Foundation, Inc.
Statements of Financial Position
As of June 30, 2025 and 2024

	2025	2024
Assets:		
Cash and cash equivalents	\$ 3,851,269	\$ 4,891,238
Investments	137,637,652	131,399,787
Contributions receivable, net of discount	895,887	1,637,495
Interest in related party	3,507,890	3,433,538
Prepaid expenses and other	56,022	40,473
Right-of-use asset - operating	622,750	138,943
Property and equipment, net	670	4,699
	<u>670</u>	<u>4,699</u>
Total assets	\$ 146,572,140	\$ 141,546,173
Liabilities and Net Assets		
Liabilities:		
Operating lease liability	\$ 634,395	\$ 155,098
Accounts payable and accrued expenses	81,358	82,570
Grants payable	17,628,886	17,246,794
Total liabilities	18,344,639	17,484,462
Net Assets:		
Without donor restrictions:		
Operating	43,950,796	42,943,415
Board designated	998,569	998,569
Total without donor restrictions	44,949,365	43,941,984
With donor restrictions:		
Purpose and time	550,160	845,361
Accumulated appreciation	21,145,426	18,791,816
Perpetually restricted endowment	61,582,550	60,482,550
Total with donor restrictions	83,278,136	80,119,727
Total net assets	128,227,501	124,061,711
Total liabilities and net assets	\$ 146,572,140	\$ 141,546,173

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

The Catholic Schools Foundation, Inc.
Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues:						
Contributions	\$ 8,395,025	\$ 4,391,063	\$ 12,786,088	\$ 7,513,500	\$ 5,739,927	\$ 13,253,427
Investment return designated for operations	3,537,533	-	3,537,533	3,276,866	-	3,276,866
Distribution of funds - interest in related party	136,632	-	136,632	124,470	-	124,470
Interest income	104,317	-	104,317	137,432	-	137,432
Net assets released from time restrictions	3,684,981	(3,684,981)	-	4,967,361	(4,967,361)	-
Net assets released from purpose restrictions	1,021,675	(1,021,675)	-	1,969,507	(1,969,507)	-
Total operating revenues	16,880,163	(315,593)	16,564,570	17,989,136	(1,196,941)	16,792,195
Operating Expenses:						
Program services	18,104,091	-	18,104,091	18,128,242	-	18,128,242
Supporting services	1,995,886	-	1,995,886	1,630,147	-	1,630,147
Total operating expenses	20,099,977	-	20,099,977	19,758,389	-	19,758,389
Changes in net assets from operations	(3,219,814)	(315,593)	(3,535,407)	(1,769,253)	(1,196,941)	(2,966,194)
Other Revenues:						
Investment income, net	4,227,195	5,816,791	10,043,986	6,193,548	8,467,038	14,660,586
Endowment contributions	-	1,100,000	1,100,000	-	1,989,075	1,989,075
Net change in value of interest in related party	-	210,984	210,984	-	388,304	388,304
Change in discount on contributions receivable	-	20,392	20,392	-	25,462	25,462
Distribution of funds - interest in related party	-	(136,632)	(136,632)	-	(124,470)	(124,470)
Investment return designated for operations	-	(3,537,533)	(3,537,533)	-	(3,276,866)	(3,276,866)
Total other revenues	4,227,195	3,474,002	7,701,197	6,193,548	7,468,543	13,662,091
Changes in net assets	1,007,381	3,158,409	4,165,790	4,424,295	6,271,602	10,695,897
Beginning of net assets	43,941,984	80,119,727	124,061,711	39,517,689	73,848,125	113,365,814
Ending of net assets	\$ 44,949,365	\$ 83,278,136	\$ 128,227,501	\$ 43,941,984	\$ 80,119,727	\$ 124,061,711

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

The Catholic Schools Foundation, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Changes in net assets	\$ 4,165,790	\$ 10,695,897
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Change in discount on contributions receivable	(20,392)	(25,462)
Depreciation	4,029	4,029
Endowment contributions	(1,100,000)	(1,989,075)
Net realized and unrealized gains on investments	(7,404,200)	(12,285,998)
Net change in value of interest in related party	(210,984)	(388,304)
Non-cash lease expense	(4,510)	(10,593)
Changes in operating assets and liabilities:		
Contributions receivable	762,000	766,000
Prepaid expenses and other	(15,549)	15,791
Accounts payable and accrued expenses	(1,212)	9,617
Grants payable	382,092	1,182,635
Net cash used in operating activities	(3,442,936)	(2,025,463)
Cash flows from investing activities:		
Purchase of investments	(3,411,474)	(20,917,426)
Proceeds from sale of investments	4,577,809	22,418,569
Distribution of funds - interest in related party	136,632	124,470
Net cash provided by investing activities	1,302,967	1,625,613
Cash flows from financing activities:		
Endowment contributions	1,100,000	1,989,075
Net increase (decrease) in cash and cash equivalents	(1,039,969)	1,589,225
Cash and cash equivalents at beginning of year	4,891,238	3,302,013
Cash and cash equivalents at end of year	\$ 3,851,269	\$ 4,891,238
Supplemental Disclosure of Non-Cash Transactions:		
Unrealized gain on investments	\$ 2,037,083	\$ 11,584,245

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

The Catholic Schools Foundation, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2025
(With Summarized Comparative Totals for the Year Ended June 30, 2024)

	2025					2024		
	Financial Aid Grants	Special Projects	Total Program Services	General and Admin- istrative	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
Personnel and Related:								
Salaries	\$ 413,083	\$ 7,761	\$ 420,844	\$ 141,888	\$ 598,486	\$ 740,374	\$ 1,161,218	\$ 1,056,298
Payroll taxes and fringe benefits	84,782	2,859	87,641	21,127	119,699	140,826	228,467	194,643
Contracted services	-	-	-	-	30,000	30,000	30,000	15,300
Total personnel and related	497,865	10,620	508,485	163,015	748,185	911,200	1,419,685	1,266,241
Other:								
Scholarship and grant expense	16,054,546	1,437,228	17,491,774	-	-	-	17,491,774	17,495,782
Event expenses	-	3,980	3,980	-	416,532	416,532	420,512	383,705
Occupancy	63,082	1,579	64,661	22,259	83,940	106,199	170,860	162,149
Printing and reproduction	-	1,857	1,857	1,501	147,543	149,044	150,901	124,683
Professional fees	-	-	-	149,146	-	149,146	149,146	122,868
Miscellaneous	-	-	-	67,184	10,447	77,631	77,631	62,309
Bad debt	-	-	-	62,293	-	62,293	62,293	-
Advertising and recruiting	-	10,932	10,932	-	39,480	39,480	50,412	48,509
Communication expenses	11,449	-	11,449	10,226	18,761	28,987	40,436	35,960
Supplies and equipment	8,851	-	8,851	20,307	9,137	29,444	38,295	32,053
Dues and subscriptions	-	62	62	261	12,534	12,795	12,857	8,201
Travel and transportation	473	1,567	2,040	4,201	4,905	9,106	11,146	11,900
Depreciation	-	-	-	4,029	-	4,029	4,029	4,029
Total other	16,138,401	1,457,205	17,595,606	341,407	743,279	1,084,686	18,680,292	18,492,148
Total expenses	\$ 16,636,266	\$ 1,467,825	\$ 18,104,091	\$ 504,422	\$ 1,491,464	\$ 1,995,886	\$ 20,099,977	\$ 19,758,389

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

The Catholic Schools Foundation, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2024

	Financial Aid Grants	Special Projects	Total Program Services	General and Admin- istrative	Fundraising	Total Supporting Services	Total Expenses
Personnel and Related:							
Salaries	\$ 428,528	\$ 10,563	\$ 439,091	\$ 204,149	\$ 413,058	\$ 617,207	\$ 1,056,298
Payroll taxes and fringe benefits	75,613	1,946	77,559	30,866	86,218	117,084	194,643
Contracted services	-	-	-	-	15,300	15,300	15,300
Total personnel and related	504,141	12,509	516,650	235,015	514,576	749,591	1,266,241
Other:							
Scholarship and grant expense	15,312,837	2,182,945	17,495,782	-	-	-	17,495,782
Event expenses	-	18,296	18,296	-	365,409	365,409	383,705
Occupancy	63,297	1,584	64,881	13,043	84,225	97,268	162,149
Printing and reproduction	-	995	995	259	123,429	123,688	124,683
Professional fees	-	-	-	122,868	-	122,868	122,868
Miscellaneous	-	1,036	1,036	53,795	7,478	61,273	62,309
Advertising and recruiting	-	9,271	9,271	6,555	32,683	39,238	48,509
Communication expenses	10,700	-	10,700	8,965	16,295	25,260	35,960
Supplies and equipment	8,146	602	8,748	12,545	10,760	23,305	32,053
Dues and subscriptions	-	-	-	1,104	7,097	8,201	8,201
Travel and transportation	270	1,613	1,883	4,358	5,659	10,017	11,900
Depreciation	-	-	-	4,029	-	4,029	4,029
Total other	15,395,250	2,216,342	17,611,592	227,521	653,035	880,556	18,492,148
Total expenses	\$ 15,899,391	\$ 2,228,851	\$ 18,128,242	\$ 462,536	\$ 1,167,611	\$ 1,630,147	\$ 19,758,389

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

The Catholic Schools Foundation, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

1. Operations and Nonprofit Status

The Catholic Schools Foundation, Inc. (the Foundation) was formed on September 12, 1983, for the purpose of raising funds from individuals, corporations and foundations to support the educational mission of the Roman Catholic Church by providing families with demonstrated financial need an opportunity for a quality education focused on Christian values and character formation at Roman Catholic Schools located throughout the Archdiocese of Boston, regardless of race, religion, ethnicity, or gender.

The Foundation is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Foundation is also exempt from state income taxes. Donors may deduct contributions made to the Foundation within the requirements of the IRC.

2. Significant Accounting Policies

Basis of Accounting

The Foundation prepares its financial statements in accordance with generally accepted accounting principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Estimates

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

Income Taxes

The Foundation accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. The Foundation has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at June 30, 2025 and 2024. The Foundation's informational returns are subject to examination by the Federal and state jurisdictions.

Fair Value Measurements

The Foundation follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the Foundation would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Catholic Schools Foundation, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

2. Significant Accounting Policies (Continued)

Fair Value Measurements (Continued)

The Foundation uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Foundation. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

- Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.
- Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

Investments

Investments are recorded in the financial statements at fair value. If an investment is directly held by the Foundation and an active market with quoted prices exists, the market price of an identical security is used to report fair value. Reported fair values of shares in mutual funds are based on market values reported by the market as of the last business day of the fiscal year. The Foundation records its corporate bond investments using quoted prices for identical or similar assets in non-active markets (Level 2 inputs).

A summary of inputs used in valuing the Foundation's investments as of June 30, 2025 and 2024, is included in Note 3.

The Catholic Schools Foundation, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

2. Significant Accounting Policies (Continued)

Fair Value Measurements (Continued)

Interest in Related Party

Interest in related party (see Note 6) represents the Foundation's unit holdings in the Catholic Community Fund, Roman Catholic Archbishop of Boston (Catholic Community Fund), a separate related organization established to provide a common investment pool in which the Foundation and other related organizations may participate. The underlying investments of which are primarily equity and fixed-income securities (U.S. Government and agency securities, asset-backed securities and corporate bonds) owned either directly or indirectly through mutual funds and private investment entities.

All Other Assets and Liabilities

The carrying value of all other assets and liabilities does not differ materially from its estimated fair value and are considered Level 1 in the fair value hierarchy.

Cash and Cash Equivalents and Concentration of Credit Risk

The Foundation considers all highly liquid securities issued with an initial maturity of three months or less to be cash and cash equivalents.

The Foundation maintains its cash balances in a financial institution in the U.S. Balances at the institutions are insured by the Federal Deposit Insurance Corporation (FDIC) at each bank up to certain amounts. At certain times during the year, cash balances exceeded the insured amounts. The Foundation has not experienced any losses in these accounts and management believes the Foundation is not exposed to any significant credit risk on its cash and cash equivalents.

Contributions Receivable and Allowance for Doubtful Accounts and Discounts

Contributions receivable consist of contributions committed to the Foundation. Contributions are recorded at their net present value when unconditionally committed. An allowance for doubtful accounts is based on management's evaluations of the collectability of individual accounts. Account balances are charged off against the allowance when it is probable the receivable will not be recovered. There was no allowance deemed necessary as of June 30, 2025 and 2024. The Foundation discounts long-term pledges to present value using the risk-free rate of return (see Note 4).

Interest in Related Party

The Foundation recognizes as an asset its interest in net assets of another related organization that holds funds which were donated for the benefit of the Foundation. The asset amount is adjusted for the Foundation's share of the change in the related organization's net assets as an increase or decrease to the Foundation's statements of activities and changes in net assets. Transfer of funds from the holding organization to the Foundation are recorded as reductions in its interest (see Note 6).

The Catholic Schools Foundation, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

2. Significant Accounting Policies (Continued)

Property and Equipment, and Depreciation

Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at fair value at the time of donation. Renewals and betterments of \$5,000 or more are capitalized, while repairs and maintenance are expensed as incurred.

Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Estimated Useful Lives</u>
Leasehold improvements	Lessor of 10 years or remaining life of the lease
Furniture	10 years
Computer equipment and software	3 years

The Foundation accounts for the carrying value of its property and equipment in accordance with ASC Topic, *Property, Plant, and Equipment*. Under this standard, an impairment loss is recognized when the carrying amount of long-lived assets exceeds its fair value. There were no impairment losses recorded in fiscal year 2025 or 2024.

Grants Payable

A liability is recorded, and an expense is recognized in the period in which the Foundation's Board of Trustees approves the amount of the financial aid for tuition and grants estimated for future distributions to Catholic Schools throughout the Roman Catholic Archdiocese of Boston. All commitments are reflected in the Foundation's statements of financial position. All grants payable recognized are expected to be paid in the following year of commitment.

Lease Accounting

The Foundation assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of twelve months or less are not recorded on the statements of financial position and to exclude short-term leases from the statements of financial position. Lease expense is recognized by the Foundation on a straight-line basis over the lease term.

The Catholic Schools Foundation, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

2. Significant Accounting Policies (Continued)

Lease Accounting (Continued)

Right-of-use asset (ROU) assets represent the Foundation's right to use an underlying asset for the lease term and lease liabilities represent the Foundation's obligation to make lease payments arising from the lease. Operating ROU lease assets and operating lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Foundation uses the implicit rate when it is readily determinable. Since the Foundation's operating lease does not provide an implicit rate to determine the present value of lease payments, management uses the risk-free rate at lease commencement. The operating lease ROU assets also include any lease payments made and exclude lease incentives. The Foundation's lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised.

For leases where it is the lessee, the Foundation accounts for lease payments (lease component) and common area expense reimbursements (non-lease component) as one lease component under Topic 842. The Foundation also includes the non-components of its leases, such as the reimbursement of utilities, insurance, and real estate taxes, within this lease component. These amounts are included in occupancy in the accompanying statements of functional expenses (see Note 8).

Revenue Recognition

The Foundation's primary sources of revenue are various forms of philanthropic support and investment return and income. Philanthropic support is included in contributions and has been recorded in accordance with FASB's ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Investment return and income are recorded as earned and not subject to Topic 958.

Contributions

In accordance with Topic 958, the Foundation must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or another measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Foundation should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional advance liabilities until such conditions are met. There were no conditional liabilities as of June 30, 2025 and 2024.

Contributions are recorded as revenue when received or unconditionally pledged. The Foundation reports gifts of cash and other assets as net assets with donor restrictions support if they are received with donor stipulations that limit the use of the donated assets. When a donor's time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are transferred to net assets without donor restrictions as net assets released from restrictions. Conditional promises to contribute are recorded only when the specific conditions are substantially met.

The Catholic Schools Foundation, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

2. Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Investment Return and Income

Investment income is recorded as earned. Realized gains and losses on investment transactions are recorded upon sales. Unrealized gains and losses are recognized based on fair value changes during the period. Unless otherwise restricted by the donor, investment return is available for operations and is reflected as operating net assets without donor restrictions in the accompanying financial statements. The Foundation's investment policy sets forth guidelines for prudent investments of funds, taking into account liquidity, risk and return characteristics appropriate for different categories of the Foundation's holding. Endowment funds established by donor restrictions to permanently maintain the corpus, while allowing the use of income generated therefrom, are classified as net assets with donor restrictions. Income derived from the investment of endowment funds is subject to the Foundation's annual spending policy appropriation (see Note 7).

Interest Income

Interest and all other revenue are recognized when earned.

Expense Allocation

Expenses related directly to a function are distributed to that function, while other expenses are allocated to programs based on upon management's estimate of the percentage attributable to each function.

The financial statements contain certain categories of expenses that are attributable to program and supporting functions and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes and fringe benefits, and occupancy costs, which are allocated based on an estimate of time and level of effort spent on the Foundation's program and supporting functions

Advertising

The Foundation expenses advertising costs as they are incurred.

Net Assets

Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by the Foundation. The Foundation has grouped its net assets without donor restrictions into the following categories:

- *Operating net assets* represent funds available to carry on the operations of the Foundation.
- *Board Designated* – represents funds set aside in the Foundation's endowment that are not restricted by a third-party donor (see Note 7). The use of these funds requires approval of the Board of Trustees.

The Catholic Schools Foundation, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

2. Significant Accounting Policies (Continued)

Net Assets (Continued)

Net assets with donor restrictions represent amounts received or committed with donor restrictions which have not yet been expended for their designated purpose or amounts restricted for use in future periods. These contributions are recorded as net assets with donor restrictions until they are expended for their designated purpose or as the time period lapses.

Also included in net assets with donor restrictions are endowment funds accumulated from donor-restricted gifts to be held in perpetuity. Earnings from these gifts may be used for operations, but the principal may not be spent. In accordance with Massachusetts law, all earnings and appreciation of a donor restricted endowment are restricted until approved by the Board of Trustees and in line with the Foundation's spending policy (see Note 7).

Net assets with donor restrictions are restricted as follows as of June, 30:

	2025	2024
Perpetually restricted endowment:		
Scholarships	\$ 49,102,041	\$ 48,002,041
Technology	6,250,000	6,250,000
Marketing	3,750,000	3,750,000
Special projects	1,412,903	1,412,903
Interest in related party - scholarship (see Note 6)	1,067,606	1,067,606
Total perpetually restricted endowment	61,582,550	60,482,550
Purpose restricted:		
Scholarships	422,000	736,866
Special projects	94,273	-
Total purpose restricted	516,273	736,866
Time restricted, net of discount	33,887	108,495
Accumulated appreciation:		
Perpetually restricted endowment	19,703,711	17,424,453
Interest in related party (see Note 6)	1,441,715	1,367,363
Total accumulated appreciation	21,145,426	18,791,816
Total	\$ 83,278,136	\$ 80,119,727

The Catholic Schools Foundation, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

2. Significant Accounting Policies (Continued)

Statements of Activities and Changes in Net Assets

Transactions deemed by management to be ongoing, major, or central to the provision of program services are reported as operating revenues and public support and operating expenses in the accompanying statements of activities and changes in net assets. Non-operating revenues primarily include endowment and investment activity.

Subsequent Events

Subsequent events have been evaluated through January 15, 2026, which is the date the financial statements were available to be issued. There were no such events that met the criteria for recognition or disclosure in the financial statements.

3. Investments

Investments consist of shares of equity and mutual funds, U.S. Treasury bills (classified as available-for-sale debt securities), and money market funds. Investments include funds held by the Foundation for long-term purposes and are generally not used for operations. Accordingly, these investments have been classified as non-current assets in the accompanying statements of financial position regardless of maturity or liquidity. Investments are not insured and are subject to market fluctuations.

Investments, summarized using fair value inputs (see Note 2), consist of the following at June 30:

Investment Type	2025			Total
	Level 1	Level 2	Level 3	
U.S. Treasury bills	\$ 16,917,424	\$ -	\$ -	\$ 16,917,424
Money market funds	5,809,252	-	-	5,809,252
Mutual funds:				
Equity securities	79,498,921	-	-	79,498,921
Bonds	-	32,740,862	-	32,740,862
Total mutual funds	79,498,921	32,740,862	-	112,239,783
Exchange Traded Funds (ETF)	2,671,193	-	-	2,671,193
	<u>\$ 104,896,790</u>	<u>\$ 32,740,862</u>	<u>\$ -</u>	<u>\$ 137,637,652</u>

The Catholic Schools Foundation, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

3. Investments (Continued)

Investment Type	2024			Total
	Level 1	Level 2	Level 3	
U.S. Treasury bills	\$ 8,236,273	\$ -	\$ -	\$ 8,236,273
Money market funds	4,340,641	-	-	4,340,641
Mutual funds:				
Equity securities	81,033,789	-	-	81,033,789
Bonds	-	30,716,021	-	30,716,021
Total mutual funds	81,033,789	30,716,021	-	111,749,810
Exchange Traded Funds (ETF)	7,073,063	-	-	7,073,063
	<u>\$ 100,683,766</u>	<u>\$ 30,716,021</u>	<u>\$ -</u>	<u>\$ 131,399,787</u>

Investment return, net consist of the following at June 30:

	2025	2024
Net realized and unrealized gains	\$ 7,404,200	\$ 12,285,998
Investment income	2,639,786	2,374,588
Investment return, net	<u>\$ 10,043,986</u>	<u>\$ 14,660,586</u>

The endowment portion of investment earnings is subject to certain rules and regulations that outline how these funds should be spent (see Note 7). The earnings on the portion of the investment portfolio that are not part of the endowment are subject to an internal spending policy that allows for funding additional operational costs and making additional grants. These earnings that are not subject to the endowment were approximately \$2,148,000 and \$2,050,000 for the years ended June 30, 2025 and 2024, respectively.

The Catholic Schools Foundation, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

4. Contributions Receivable

Contributions receivable represent unconditional promises to give in the form of pledges from various donors. Contributions receivable are expected to be received as follows at June 30:

	<u>2025</u>	<u>2024</u>
Due within one year	\$ 757,000	\$ 912,000
Due within two years	145,000	587,000
Due within three years	-	165,000
	<u>902,000</u>	<u>1,664,000</u>
Less - discount	<u>6,113</u>	<u>26,505</u>
Contributions receivable, net of discount	<u><u>\$ 895,887</u></u>	<u><u>\$ 1,637,495</u></u>

The pledges have been discounted using a discount rate of 4.4% and 5.6% representing the Foundation's risk-free rate of return at the respective statements of financial position dates as of June 30, 2025 and 2024, respectively, to state pledges at their estimated net realized values.

5. Property and Equipment

Property and equipment consist of the following at June 30:

	<u>2025</u>	<u>2024</u>
Software	\$ 77,839	\$ 77,839
Furniture	29,067	29,067
Computer equipment	15,671	15,671
Leasehold improvements	11,217	11,217
	<u>133,794</u>	<u>133,794</u>
Less - accumulated depreciation	<u>133,124</u>	<u>129,095</u>
	<u><u>\$ 670</u></u>	<u><u>\$ 4,699</u></u>

The Catholic Schools Foundation, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

6. Interest in Related Party

The Foundation is the beneficiary of donations collected on its behalf by the Catholic Community Fund of the Archdiocese of Boston, Inc. (CCF), a related party (see Note 9). The balance of the interest in net assets of CCF is as follows:

	2025	2024
Balance, beginning of year	\$ 3,433,538	\$ 3,169,704
Investment income	241,462	414,840
Administrative fees	(30,478)	(26,536)
Net change in value of interest in related party	210,984	388,304
Distributions paid	(136,632)	(124,470)
Balance, end of year	\$ 3,507,890	\$ 3,433,538

The balance of interest in related party is comprised of the following components at June 30:

	2025	2024
Perpetual restricted endowment (see Note 2)	\$ 1,067,606	\$ 1,067,606
Accumulated appreciation (see Note 2)	1,441,715	1,367,363
Board designed endowment (see Note 7)	998,569	998,569
	\$ 3,507,890	\$ 3,433,538

7. Endowment

The Foundation's endowment consists of multiple funds established for support of various education initiatives within the Catholic primary and secondary schools in the Archdiocese of Boston. The Foundation follows the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA) requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions the original value of gifts donated to the permanent endowment, the original value of subsequent gifts to the perpetually restricted endowment and, when applicable, accumulations to the perpetually restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The Catholic Schools Foundation, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

7. Endowment (Continued)

The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the 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 purposes of the 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 Foundation
- The investment policies of the Foundation

Generally, the donors of these funds permit the Foundation to use all the income earned on related investments for general or specific purposes. Under the Foundation's spending policy, 5% of the average of the fair value of the Foundation's endowment at the end of each twelve previous quarters ending December 31 of the current fiscal year is appropriated to support operations.

Based on this interpretation, the Foundation has adopted an investment strategy which, combined with the spending amount, attempts to provide a predictable stream of returns thereby making funds available to programs that are supported by its endowment, while at the same time seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of the donor-restricted fund that the Foundation must hold in perpetuity or for donor-specified periods. Under the Foundation's investment strategy and spending amount, both of which are approved by the Board of Trustees, the endowment assets are invested in a conservative manner that is intended to protect the principal of the endowment fund. Actual returns in any given year may vary.

The Catholic Schools Foundation, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

7. Endowment (Continued)

Endowment net asset composition by type of fund consists of the following as of June 30:

	Board Designated Endowment	Endowment Appreciation	Perpetually Restricted Endowment	Total Endowment
Endowment net assets, June 30, 2023	\$ 998,569	\$ 13,337,810	\$ 58,493,475	\$ 72,829,854
Contributions	-	-	1,989,075	1,989,075
Net change in value of interest in related party	-	388,304	-	388,304
Distribution of funds - interest in related party	-	(124,470)	-	(124,470)
Investment returns:				
Net realized and unrealized gains	-	1,371,363	-	1,371,363
Net investment income	-	7,095,675	-	7,095,675
Total investment returns	-	8,467,038	-	8,467,038
Appropriation of endowment assets for expenditure	-	(3,276,866)	-	(3,276,866)
Endowment net assets, June 30, 2024	998,569	18,791,816	60,482,550	80,272,935
Contributions	-	-	1,100,000	1,100,000
Net change in value of interest in related party	-	210,984	-	210,984
Distribution of funds - interest in related party	-	(136,632)	-	(136,632)
Investment returns:				
Net realized and unrealized gains	-	4,329,796	-	4,329,796
Net investment income	-	1,486,995	-	1,486,995
Total investment return	-	5,816,791	-	5,816,791
Appropriation of endowment assets for expenditure	-	(3,537,533)	-	(3,537,533)
Endowment net assets, June 30, 2025	\$ 998,569	\$ 21,145,426	\$ 61,582,550	\$ 83,726,545

The Catholic Schools Foundation, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

8. Leases

The Foundation has a ten-year, noncancelable lease agreement with monthly payments of \$8,740, increasing 3% each year in September. The lease was originally set to expire in August 2025 with a five-year renewal option (August 2030). During fiscal year 2025, management exercised their option to extend the lease for another five years. In accordance with ASC Topic, *Leases*, the lease liability and related ROU asset were remeasured to reflect the revised lease term and updated payment obligations. The remeasurement resulted in an increase to both balances, the balance of the ROU asset and operating lease liability at the remeasurement date (November 2024) was \$596,244. Management did not plan on exercising the five-year renewal option as of June 30, 2024. The Foundation is obligated to make monthly rental payments and is also responsible for its share of real estate taxes, utilities, and other operating expenses under this operating lease agreement (CAM charges) as defined in the agreement. Total cash paid for amounts included in the measurement of operating lease liabilities was \$132,947 and \$129,768 for the years ended June 30, 2025 and 2024, respectively.

The following summarizes operating costs for the year ended June 30, 2025, which are included in occupancy in the accompanying statements of functional expenses:

	2025	2024
Base lease costs	\$ 128,437	\$ 119,175
Variable lease costs (CAM charges)	42,423	42,974
	\$ 170,860	\$ 162,149

Future Minimum Payments

Future minimum lease payments for the operating and finance leases as of June 30, 2025, are as follows:

Year	Total
2026	\$ 133,476
2027	133,476
2028	133,476
2029	136,124
2030	139,302
Thereafter	23,306
Total	699,160
Less - present value discount	(64,765)
Less - current portion	(133,476)
Lease liability, net	\$ 500,919

The Catholic Schools Foundation, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

8. Leases (Continued)

The Foundation used the risk-free discount of 3.86% and 2.85% as of June 30, 2025 and 2024, respectively, to calculate to present the value of the lease liabilities.

As of June 30, 2025, there were no material leases that have been executed by the Foundation, but have not yet commenced.

9. Related Party Transactions

The Foundation is charged for health, life, disability, and facility insurance administered from the Roman Catholic Archbishop of Boston, Inc., a Corporation Sole (the RCAB). The RCAB and the Foundation are related by a minority of common Board Trustees. For the years ended June 30, 2025 and 2024, the RCAB charged the Foundation approximately \$113,000 and \$98,000, respectively, for these related costs.

During fiscal years 2025 and 2024, various Trustees and their related foundations donated approximately \$3,086,000 and \$3,742,000, respectively.

The Foundation has an interest in a related party (CCF) (see Note 6) in which the RCAB serves as a sole member of this fund.

During fiscal years 2025 and 2024, the Foundation granted approximately \$245,000 and \$1,382,000, respectively, of scholarships and non-scholarship support to a related party (CCF).

In fiscal year 2025, the Foundation awarded approximately \$600,000 in scholarships to a school where one of its Trustees also serves on the school's board. The Board of Trustees recues themselves from all decision making related to these transactions.

10. Retirement Plan

The Foundation is the sponsor of an Employee Retirement Income Security Act (ERISA) 403(b) retirement plan which allows for employee voluntary salary deferral and discretionary profit sharing and matching employer contributions. Employer matching contributions were \$49,971 and \$31,463 for the years ended June 30, 2025 and 2024, respectively, and are included in payroll taxes and fringe benefits in the accompanying statements of functional expenses.

11. Concentrations

Contributions Receivable

Approximately 67% and 60% of the Foundation's contributions receivable are from two foundations as of June 30, 2025 and 2024, respectively.

The Catholic Schools Foundation, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

11. Concentrations (Continued)

Investments

The Foundation also has portfolios of investments, which are not insured, but are under management by the voluntary investment committee and its designated custodians (see Note 3). Investments are subject to ongoing market fluctuations

12. Liquidity and Availability of Financial Assets

Financial assets available for use by the Foundation within one year from the statements of financial position date are as follows as of June 30:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 3,851,269	\$ 4,891,238
Contributions receivable - due within one year	757,000	912,000
Less - contributions receivable - due within one year for endowment	(125,000)	(395,000)
Less - net assets with donor purpose restrictions	<u>(516,273)</u>	<u>(736,866)</u>
	<u>\$ 3,966,996</u>	<u>\$ 4,671,372</u>

As part of the Foundation's liquidity management, the 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 Foundation invests cash in excess of daily requirements in investments that have the ability to be liquidated. Included in investment balances as of and for the years ended June 30, 2025 and 2024, are approximately \$55 million and \$52 million, respectively, of non-endowment resources that can be liquidated and used for general operations.