

**CENTRAL FUNDS OF THE
ARCHBISHOP OF MOBILE, A CORPORATION SOLE**

**COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2025 AND 2024**

**CENTRAL FUNDS OF THE
ARCHBISHOP OF MOBILE, A CORPORATION SOLE**

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INDEPENDENT AUDITORS' REPORT

Most Reverend Mark S. Rivotuso
Archbishop of Mobile, A Corporation Sole
Mobile, Alabama

Opinion

We have audited the accompanying combined financial statements of the Central Funds of the Archbishop of Mobile, A Corporation Sole (the Central Funds) (a not-for-profit organization), which comprise the combined statements of financial position as of June 30, 2025 and 2024, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Central Funds of the Archbishop of Mobile, A Corporation Sole 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 U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audits of the Combined Financial Statements section of our report. We are required to be independent of the Central Funds 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.

Correction of Error

As discussed in Note 3 to the combined financial statements, certain errors resulting in understatement of amounts previously reported as of June 30, 2024 were discovered by management during the year ended June 30, 2025. Accordingly, these amounts have been restated for the 2024 financial statements now presented, and an adjustment has been made to net assets as of June 30, 2024 to correct the error. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Combined Financial Statements

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

Wilkins Miller LLC

Certified Public Accountants + Advisors

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

Auditors' Responsibilities for the Audits of the Combined 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the 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 Central Funds' 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 Central Funds' 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.

Wilkins Miller, LLC

December 12, 2025
Mobile, Alabama

**CENTRAL FUNDS OF THE
ARCHBISHOP OF MOBILE, A CORPORATION SOLE**

COMBINED STATEMENTS OF FINANCIAL POSITION

	June 30	
	<u>2025</u>	<u>2024 (restated)</u>
ASSETS		
Cash and cash equivalents		
Cash - operating	\$ 9,619,587	\$ 8,221,460
Cash - health insurance benefits	10,578,252	9,078,476
Cash - property and liability insurance	2,220,654	2,766,690
Cash - sick and retired priests	206,779	115,673
Cash - lay retirement plan	649,701	614,514
Cash - dedicated funds	<u>2,497,192</u>	<u>4,239,345</u>
Total cash and cash equivalents	<u>25,772,165</u>	<u>25,036,158</u>
Prepaid expenses and other assets	561,835	593,488
Related party receivables, net	2,576,145	1,892,699
Pledges receivable, net	1,478,101	1,393,041
Due from affiliates	50,116	53,577
Investment in the Catholic Foundation	14,010,113	11,371,345
Other investment	442,015	-
Property and equipment, net	<u>6,288,099</u>	<u>3,166,595</u>
Total assets	<u>\$ 51,178,589</u>	<u>\$ 43,506,903</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 207,720	\$ 244,493
Other liabilities	214,572	386,820
Lay retirement plan obligations	649,701	614,514
Due to affiliates	433,160	649,146
IBNR claims reserve	387,786	399,086
Due to Allen Memorial Home	<u>2,410,730</u>	<u>2,410,730</u>
Total liabilities	<u>4,303,669</u>	<u>4,704,789</u>
Net assets		
Without donor restrictions	41,331,410	33,341,858
With donor restrictions	<u>5,543,510</u>	<u>5,460,256</u>
Total net assets	<u>46,874,920</u>	<u>38,802,114</u>
Total liabilities and net assets	<u>\$ 51,178,589</u>	<u>\$ 43,506,903</u>

See accompanying notes to combined financial statements

CENTRAL FUNDS OF THE ARCHBISHOP OF MOBILE, A CORPORATION SOLE

COMBINED STATEMENTS OF ACTIVITIES

	Year Ended June 30, 2025			Year Ended June 30, 2024 (restated)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues and support						
Ministry Assessments:						
Cathedraticum - general	\$ 3,531,681	\$ -	\$ 3,531,681	\$ 3,363,179	\$ -	\$ 3,363,179
Cathedraticum - sick and retired priests	704,506	-	704,506	671,359	-	671,359
Property and liability insurance	7,577,653	-	7,577,653	6,797,121	-	6,797,121
Health insurance and benefits	5,912,426	-	5,912,426	5,960,372	-	5,960,372
Office of Catholic Schools - Pupil tax assessments	291,707	-	291,707	274,988	-	274,988
Catholic charities appeal	-	5,543,510	5,543,510	-	5,460,256	5,460,256
Seminarians	978,663	-	978,663	516,680	-	516,680
The Catholic Week	94,803	-	94,803	99,263	-	99,263
Grants and awards	2,051,594	-	2,051,594	3,116,469	-	3,116,469
Miscellaneous	337,441	-	337,441	388,910	-	388,910
Bad debt recoveries	120,591	-	120,591	73,936	-	73,936
Net assets released from restriction	<u>5,460,256</u>	<u>(5,460,256)</u>	<u>-</u>	<u>5,371,594</u>	<u>(5,371,594)</u>	<u>-</u>
Total operating revenues and support	<u>27,061,321</u>	<u>83,254</u>	<u>27,144,575</u>	<u>26,633,871</u>	<u>88,662</u>	<u>26,722,533</u>
Operating expenses						
Program expenses						
Sick and retired priests	691,804	-	691,804	743,284	-	743,284
Property and liability insurance	7,459,040	-	7,459,040	7,287,783	-	7,287,783
Health insurance and benefits	5,025,017	-	5,025,017	5,016,274	-	5,016,274
Catholic charities appeal	3,891,863	-	3,891,863	4,234,205	-	4,234,205
Seminarians	678,910	-	678,910	723,522	-	723,522
The Catholic Week	356,145	-	356,145	395,899	-	395,899
Catholic ministries	854,580	-	854,580	968,397	-	968,397
Canonical ministries	376,609	-	376,609	407,706	-	407,706
Other program funds	<u>869,787</u>	<u>-</u>	<u>869,787</u>	<u>593,881</u>	<u>-</u>	<u>593,881</u>
Total program expenses	<u>20,203,755</u>	<u>-</u>	<u>20,203,755</u>	<u>20,370,951</u>	<u>-</u>	<u>20,370,951</u>

(continued)

See accompanying notes to combined financial statements

CENTRAL FUNDS OF THE ARCHBISHOP OF MOBILE, A CORPORATION SOLE

COMBINED STATEMENTS OF ACTIVITIES (CONTINUED)

	Year Ended June 30, 2025			Year Ended June 30, 2024 (restated)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Management and general expenses						
Central office administration	2,429,421	-	2,429,421	2,714,031	-	2,714,031
Provision for credit losses	140,000	-	140,000	190,992	-	190,992
Depreciation	156,611	-	156,611	138,432	-	138,432
Total management and general expenses	<u>2,726,032</u>	<u>-</u>	<u>2,726,032</u>	<u>3,043,455</u>	<u>-</u>	<u>3,043,455</u>
Fundraising expenses	<u>291,053</u>	<u>-</u>	<u>291,053</u>	<u>280,029</u>	<u>-</u>	<u>280,029</u>
Total operating expenses	<u>23,220,840</u>	<u>-</u>	<u>23,220,840</u>	<u>23,694,435</u>	<u>-</u>	<u>23,694,435</u>
Change in net assets from operating activities	<u>3,840,481</u>	<u>83,254</u>	<u>3,923,735</u>	<u>2,939,436</u>	<u>88,662</u>	<u>3,028,098</u>
Non-operating						
Transfers from the Catholic Foundation	668,134	-	668,134	1,297,822	-	1,297,822
Property and liability insurance claims	451,638	-	451,638	414,620	-	414,620
Gain on investments	1,867,392	-	1,867,392	1,646,080	-	1,646,080
Gain on sale of assets	1,085,457	-	1,085,457	270,989	-	270,989
Rental income	66,430	-	66,430	128,219	-	128,219
Miscellaneous	10,020	-	10,020	3,215	-	3,215
Change in net assets from non-operating activities	<u>4,149,071</u>	<u>-</u>	<u>4,149,071</u>	<u>3,760,945</u>	<u>-</u>	<u>3,760,945</u>
Change in net assets	7,989,552	83,254	8,072,806	6,700,381	88,662	6,789,043
Net assets						
Beginning of year	<u>33,341,858</u>	<u>5,460,256</u>	<u>38,802,114</u>	<u>26,641,477</u>	<u>5,371,594</u>	<u>32,013,071</u>
End of year	<u>\$ 41,331,410</u>	<u>\$ 5,543,510</u>	<u>\$ 46,874,920</u>	<u>\$ 33,341,858</u>	<u>\$ 5,460,256</u>	<u>\$ 38,802,114</u>

See accompanying notes to combined financial statements

CENTRAL FUNDS OF THE ARCHBISHOP OF MOBILE, A CORPORATION SOLE

COMBINED STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2025

EXPENSES	<u>Personnel</u>	<u>Occupancy</u>	<u>Program services and supplies</u>	<u>Professional services</u>	<u>Travel and professional development</u>	<u>Charitable giving and subsidies</u>	<u>Other</u>	<u>Total</u>
Program expenses								
Sick and retired priests	\$ 666,822	\$ -	\$ -	\$ 15,275	\$ 2,072	\$ 7,635	\$ -	\$ 691,804
Property and liability insurance	183,640	-	7,234,669	36,875	3,856	-	-	7,459,040
Health insurance and benefits	101,047	-	4,798,467	124,288	1,215	-	-	5,025,017
Catholic charities appeal	71,434	-	18,564	2,493	38,817	3,760,555	-	3,891,863
Seminarians	580,068	-	10,565	33,860	32,467	21,950	-	678,910
The Catholic Week	121,236	-	1,208	228,689	5,012	-	-	356,145
Catholic ministries	498,296	-	215,785	90,745	49,644	110	-	854,580
Canonical ministries	224,481	-	54,275	51,726	39,320	6,042	765	376,609
Other program funds	275,392	-	20,781	289,507	21,935	245,790	16,382	869,787
Total program expenses	<u>2,722,416</u>	<u>-</u>	<u>12,354,314</u>	<u>873,458</u>	<u>194,338</u>	<u>4,042,082</u>	<u>17,147</u>	<u>20,203,755</u>
Management and general expenses								
Central office administration	1,152,058	418,278	108,342	394,721	31,841	-	324,181	2,429,421
Provision for credit losses	-	-	-	-	-	-	140,000	140,000
Depreciation	-	156,611	-	-	-	-	-	156,611
Total management and general expenses	<u>1,152,058</u>	<u>574,889</u>	<u>108,342</u>	<u>394,721</u>	<u>31,841</u>	<u>-</u>	<u>464,181</u>	<u>2,726,032</u>
Fundraising expenses	<u>75,519</u>	<u>8,462</u>	<u>16,784</u>	<u>92,975</u>	<u>1,964</u>	<u>-</u>	<u>95,349</u>	<u>291,053</u>
Total operating expenses	<u>\$ 3,949,993</u>	<u>\$ 583,351</u>	<u>\$ 12,479,440</u>	<u>\$ 1,361,154</u>	<u>\$ 228,143</u>	<u>\$ 4,042,082</u>	<u>\$ 576,677</u>	<u>\$ 23,220,840</u>

See accompanying notes to combined financial statements

CENTRAL FUNDS OF THE ARCHBISHOP OF MOBILE, A CORPORATION SOLE

COMBINED STATEMENT OF FUNCTIONAL EXPENSES (RESTATED) YEAR ENDED JUNE 30, 2024

EXPENSES	<u>Personnel</u>	<u>Occupancy</u>	<u>Program services and supplies</u>	<u>Professional services</u>	<u>Travel and professional development</u>	<u>Charitable giving and subsidies</u>	<u>Other</u>	<u>Total</u>
Program expenses								
Sick and retired priests	\$ 714,609	\$ -	\$ 11,225	\$ 2,125	\$ 7,237	\$ 8,088	\$ -	\$ 743,284
Property and liability insurance	175,452	-	6,904,159	201,724	3,993	2,455	-	7,287,783
Health insurance and benefits	98,233	-	4,795,270	121,428	1,343	-	-	5,016,274
Catholic charities appeal	70,701	-	624	4,953	42,051	4,115,876	-	4,234,205
Seminarians	632,376	-	24,652	21,061	26,373	19,060	-	723,522
The Catholic Week	153,172	-	1,494	237,482	3,751	-	-	395,899
Catholic ministries	584,192	-	229,906	71,325	70,714	12,260	-	968,397
Canonical ministries	242,445	-	42,137	53,521	48,007	14,834	6,762	407,706
Other program funds	238,651	-	1,359	216,691	14,935	122,245	-	593,881
Total program expenses	<u>2,909,831</u>	<u>-</u>	<u>12,010,826</u>	<u>930,310</u>	<u>218,404</u>	<u>4,294,818</u>	<u>6,762</u>	<u>20,370,951</u>
Management and general expenses								
Central office administration	1,141,652	399,186	127,435	334,671	25,713	-	685,374	2,714,031
Provision for credit losses	-	-	-	-	-	-	190,992	190,992
Depreciation	<u>-</u>	<u>138,432</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>138,432</u>
Total management and general expenses	<u>1,141,652</u>	<u>537,618</u>	<u>127,435</u>	<u>334,671</u>	<u>25,713</u>	<u>-</u>	<u>876,366</u>	<u>3,043,455</u>
Fundraising expenses	<u>74,368</u>	<u>7,381</u>	<u>17,902</u>	<u>79,811</u>	<u>1,036</u>	<u>-</u>	<u>99,531</u>	<u>280,029</u>
Total operating expenses	<u>\$ 4,125,851</u>	<u>\$ 544,999</u>	<u>\$ 12,156,163</u>	<u>\$ 1,344,792</u>	<u>\$ 245,153</u>	<u>\$ 4,294,818</u>	<u>\$ 982,659</u>	<u>\$ 23,694,435</u>

See accompanying notes to combined financial statements

CENTRAL FUNDS OF THE ARCHBISHOP OF MOBILE, A CORPORATION SOLE

COMBINED STATEMENTS OF CASH FLOWS

	June 30	
	<u>2025</u>	<u>2024 (restated)</u>
Operating activities		
Change in net assets	\$ 8,072,806	\$ 6,789,043
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Non-cash contribution	(442,015)	(2,382,157)
Depreciation	156,611	138,432
Gain on investments	(1,867,392)	(1,646,080)
Bad debt expense	140,000	190,992
Transfers from the Catholic Foundation	(668,134)	(1,297,822)
Transfer to the Catholic Foundation	130,000	130,000
Gain on sale of assets	(1,085,457)	(270,989)
Decrease (increase) in:		
Prepaid expenses and other assets	31,653	506,581
Related party receivables	(683,446)	(76,213)
Pledges receivable	(225,060)	(194,111)
Increase (decrease) in:		
Accounts payable	(36,773)	(432,150)
Other liabilities	(172,248)	72,077
Lay retirement plan obligations	35,187	16,678
Due to affiliates	(215,986)	275,175
IBNR claims reserve	(11,300)	(367,984)
Net cash provided by operating activities	<u>3,158,446</u>	<u>1,451,472</u>
Investing activities		
Payments for property and equipment	(3,285,115)	(461,386)
Proceeds from sale of assets	1,092,457	325,243
Purchase of Investment in the Catholic Foundation	(1,099,020)	(142,307)
Proceeds from sale of Investment in the Catholic Foundation	327,644	1,139,621
Net decrease (increase) in due from affiliates	3,461	(1,225)
Transfers from the Catholic Foundation	668,134	1,297,822
Transfers to the Catholic Foundation	(130,000)	(130,000)
Net cash used in investing activities	<u>(2,422,439)</u>	<u>2,027,768</u>
Net increase in cash and cash equivalents	736,007	3,479,240
Cash and cash equivalents		
Beginning of year	<u>25,036,158</u>	<u>21,556,918</u>
End of year	<u>\$ 25,772,165</u>	<u>\$ 25,036,158</u>

See accompanying notes to combined financial statements

CENTRAL FUNDS OF THE ARCHBISHOP OF MOBILE, A CORPORATION SOLE

NOTES TO COMBINED FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

NOTE 1 - ORGANIZATION

Organization

Pursuant to an Act of the Legislature of Alabama in 1911, Bishop Edward P. Allen was granted a certificate as Bishop of Mobile, A Corporation Sole, on August 24, 1911. All subsequent Bishops and Archbishops of Mobile have operated under such authority. A Certificate of Succession was issued by the Secretary of State of Alabama on behalf of Most Reverend Thomas J. Rodi, Archbishop of Mobile, A Corporation Sole (the Archbishop) in July 2008. The Corporation Sole is the legal entity provided by the State of Alabama that provides the means to allow the Roman Catholic Archdiocese of Mobile (the Archdiocese) to operate under civil law within the power and authority as defined in the 1911 Act of Legislature. Effective September 2025, a Certificate of Succession was issued by the Secretary of State of Alabama on behalf of Most Reverend Mark S. Rivotuso, Archbishop of Mobile, A Corporation Sole (the Archbishop).

The accompanying combined financial statements are of the Central Funds of the Archbishop of Mobile, A Corporation Sole (the Central Funds) and include the components of the Archdiocese that provide financial support, administrative and other services to the Archdiocesan parishes, schools and other Catholic organizations located within the Archdiocese's geographic area. Funds held in trust for the benefit of the Central Funds are not reflected in these financial statements. See Note 13 for funds held within the Catholic Foundation.

The following accounting funds constitute the ministries and supportive services of the Central Funds.

Sick and Retired Priests Fund
Property and Liability Insurance
Health Insurance and Benefits Fund
Catholic Charities Appeal
Seminarians
The Catholic Week
Catholic Ministries
Catholic Schools Office
Evangelization and Family Life
Youth and Young Adult Ministries
Hispanic Ministry
Maritime Ministry
Prison Ministry
Multi-Cultural Ministry
Liason with Religious
Canonical Ministries
Archbishop's Office
Chancery Office

Canonical Ministries (continued)
Diaconate Office
Archdiocesan Events and Celebrations
Archives
Unassigned Priests
Metropolitan Tribunal
Other Program Funds
Payroll Office
Legal Fund
Archbishop's Discretionary Fund (Tincan)
Charitable Donations
Technology Office
Development and Stewardship
Central Office Administration
Fiscal Management Office
Fixed Assets
General Fund
Installation of New Archbishop

**CENTRAL FUNDS OF THE
ARCHBISHOP OF MOBILE, A CORPORATION SOLE**

**NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024**

NOTE 1 - ORGANIZATION (CONTINUED)

Ministries and services of the Central Funds are primarily funded by Cathedraticum (an assessment on parishes on certain receipts), insurance premiums billed to ministries, allocations of donations received from the annual Catholic Charities Appeal (Catholic Charities), and/or other donations. Certain costs attributable to more than one program or supporting function require allocation among programs and supporting services benefited.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial statement presentation

The Central Funds prepares its combined financial statements on the accrual basis of accounting. The Central Funds reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. In addition, the Central Funds is required to present a statement of cash flows.

Principles of combination

These combined financial statements reflect only the operations of the Central Funds. These combined financial statements do not reflect the operations of other agencies and organizations that comprise the Archdiocese, except that obligations guaranteed by the Archdiocese are reported as guarantees of the Central Funds. All significant interorganizational transactions and balances have been eliminated in the combined financial statements.

Operating activities

Transactions that are part of the Central Funds' ongoing major or central activities are reported as operating. All other transactions are reported as non-operating.

Cash and cash equivalents

The Central Funds defines cash and cash equivalents for the purposes of the combined statements of cash flows as cash on hand, demand deposits, and short-term (three months or less), highly-liquid investments.

CENTRAL FUNDS OF THE ARCHBISHOP OF MOBILE, A CORPORATION SOLE

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2025 AND 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment in the Catholic Foundation

The Central Funds has invested certain funds in the Catholic Foundation of the Archdiocese of Mobile (the Catholic Foundation). The Catholic Foundation's policy is to, unless otherwise authorized, hold all assets in securities with ready liquidity, meaning that any issue must have an established daily trading activity in excess of the units of the security held in the portfolio. In addition, all securities portfolios must have a daily liquid market.

Other investment

The Central Funds may receive or hold investments that lack readily determinable fair values. Such investments are recorded at estimated fair value as of the reporting date, determined using the best available information, which may include recent observable transactions in the investee's stock, financial statements, or other relevant data. These valuations use unobservable inputs and are therefore classified as Level 3 within the fair value hierarchy described in Note 15.

Receivables

Related party receivables

Related party receivables include the Cathedraticum, amounts billed to all ministries of the Archdiocese of Mobile for employee benefits and health insurance, property and liability insurance and workers' compensation. Related party receivables are reported net of an estimate made for credit losses.

Balances and activity related to the allowance for credit losses for related party receivables consist of the following:

	June 30	
	2025	2024
Beginning balance	\$ 148,373	\$ 125,438
Provision for credit losses	-	40,992
Write-offs charged against allowance	-	(6,057)
Recoveries collected	(90,408)	(12,000)
Ending balance	<u>\$ 57,965</u>	<u>\$ 148,373</u>

CENTRAL FUNDS OF THE ARCHBISHOP OF MOBILE, A CORPORATION SOLE

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2025 AND 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables (continued)

Pledges receivable

Donors pledge to the Catholic Charities for contributions through either a single payment or monthly installments. At June 30, 2025 and 2024, all pledges receivable are due within one year. Pledges receivable are reported net of an estimate made for credit losses.

Balances and activity related to the allowance for credit losses for pledges receivable consist of the following:

	June 30	
	2025	2024
Beginning balance	\$ 141,312	\$ 146,224
Provision for credit losses	140,000	150,000
Write-offs charged against allowance	(129,190)	(92,976)
Recoveries collected	<u>(30,183)</u>	<u>(61,936)</u>
Ending balance	<u>\$ 121,939</u>	<u>\$ 141,312</u>

Due to or from affiliates

The Central Funds accounts for advances made to or from Archdiocesan entities outside the Central Funds as due to/from affiliates. There are generally no established repayment terms and no interest charges applied. At June 30, 2025 and 2024, an allowance for credit losses was not considered necessary as these balances are considered fully collectible.

Allowance for credit losses

Management determines the allowance for credit losses by identifying troubled accounts, using historical experience applied to an aging of accounts, and regularly evaluating individual receivables and considering current economic conditions. At least annually, accounts for which collectability is deemed unlikely are written off against the allowance.

Property and equipment

Property and equipment includes properties owned by the ministries and programs included in the Central Funds. Property and equipment is recorded at cost if purchased or fair value at the time of receipt if donated.

**CENTRAL FUNDS OF THE
ARCHBISHOP OF MOBILE, A CORPORATION SOLE**

**NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment (continued)

The Central Funds follows the practice of capitalizing all expenditures for property and equipment in excess of \$10,000. Maintenance and repairs are charged to expense as incurred. Depreciation is provided using the straight-line method over the estimated useful lives of the assets ranging from 5 to 40 years.

Custodial funds

The Central Funds hold various assets in an agency capacity. These assets represent collections received by various institutions which have not yet been remitted to the ultimate beneficiaries as well as bequests held and administered for Archdiocesan ministries. These funds are reported as liabilities under accounts payable, lay retirement plan obligations, or due to affiliates.

Contributions

Contributions received are recorded as with or without donor restricted support depending on the existence and/or nature of any donor restrictions. Contributions for which donors have imposed restrictions, which limit the use of the donated assets, are reported as restricted support if the restrictions are not met in the same reporting period. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the combined statements of activities as net assets released from restrictions.

Contributed property or services which meet the requirements defined for recognition as revenues are recorded at their fair value in the period received.

Revenue recognition

The Central Funds charge the parishes a 12% Cathedraticum on certain receipts, 2% to support the Sick and Retired Priests Ministry and 10% to fund other ministries and administrative services. Cathedraticum is recognized annually when billed.

The Central Funds charge property and liability insurance premiums to ministries of the Archdiocese which are intended to cover the dollar amount of premiums billed by Catholic Mutual Group, the Central Funds' self-insurance exposure, and operational costs of administering the property and liability insurance program. Revenue for property and liability insurance premiums is recognized annually when billed.

The Central Funds charge health insurance and workers' compensation benefits to ministries of the Archdiocese which are intended to cover the cost of administering the funds and the projected annual claims expense. Revenue for health insurance benefits is recognized monthly

**CENTRAL FUNDS OF THE
ARCHBISHOP OF MOBILE, A CORPORATION SOLE**

**NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

when billed. Revenue for workers' compensation is recognized annually when billed. The Catholic Charities Appeal is a special opportunity to serve those in need. Contributions are also received from the Catholic Foundation and other sources. Unconditional pledges to give to the Central Funds are recognized on the date the Archdiocese is informed of the pledge.

Functional expense allocations

The costs of program and supporting services activities have been summarized on a functional basis in the combined statements of activities. The combined statements of functional expenses present the natural classification detail of expenses by function. Certain costs are attributed to more than one program or supporting function and, therefore, require allocation among the programs and supporting services benefited. Management believes the allocations are done on a reasonable and consistent basis. Most personnel costs, office expenses, professional services, travel, and professional development costs and grants and other assistance are identified with a specific program or supporting function at the time they are incurred and reported accordingly. Costs for certain personnel are allocated based on estimates of time and effort. Occupancy costs are allocated based on square footage and number of employees.

Promises to give to others

The Central Funds recognizes expenses for promises to give to others when the Archbishop makes a pledge, unless the Archbishop explicitly reserves the right to rescind the intention to contribute. As such, charitable giving and subsidies to Archdiocesan entities are generally recognized on the date the distribution is made, while charitable giving to entities that are not related are recognized on the date the Archbishop makes the pledge.

Income taxes

Through a group ruling issued by the Internal Revenue Service to the United States Conference of Catholic Bishops, the Central Funds and other ministries of the Archdiocese have been granted tax-exempt status except to the extent of unrelated business taxable income as defined under IRC sections 511 through 515 and similar state exemptions. This group ruling extends tax-exempt status to all Catholic ministries listed in the Official Catholic Directory. Accordingly, no tax provision has been recorded in the combined financial statements. Further, the Central Funds and other ministries of the Archdiocese are not required to file tax returns as they are listed in the Official Catholic Directory. The Central Funds has no uncertain tax positions that qualified for either recognition or disclosure in the financial statements at June 30, 2025 and 2024, respectively.

**CENTRAL FUNDS OF THE
ARCHBISHOP OF MOBILE, A CORPORATION SOLE**

**NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of estimates

The preparation of combined financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Subsequent events

Subsequent events have been evaluated through December 12, 2025, which is the date the financial statements were available to be issued.

NOTE 3 - CORRECTION OF ERROR

During the year ended June 30, 2025, management identified (1) residual asset transfers resulting from the dissolution of two Archdiocesan ministries that should have been recognized during the year ended June 30, 2024, (2) a bequest that should have been recognized during the year ended June 30, 2022, and (3) proceeds from the sale of property that should have been recognized during the year ended June 30, 2021. Consequently, the accompanying combined financial statements for the year ended June 30, 2024 have been restated. The combined statement of financial position reflects a \$4,968,956 increase to Investment in the Catholic Foundation, a \$630,660 decrease to Due to affiliates, and a \$5,599,616 increase to Net assets without donor restrictions. Additionally, the combined statement of activities reflects a \$3,055,124 increase to Grants and awards, a \$88,362 decrease to Transfers from the Catholic Foundation, a \$342,311 increase to Gain on investments, a \$14,562 increase to Central office administration, and a \$3,294,511 increase to Change in net assets without donor restrictions.

NOTE 4 - CONCENTRATION OF CREDIT RISK

As of June 30, 2025 and 2024, total cash in excess of the Federal Deposit Insurance Corporation (FDIC) insured amounts was approximately \$25,340,000 and \$24,790,000, respectively. Management of the Central Funds believes there is no significant risk with respect to these deposits.

**CENTRAL FUNDS OF THE
ARCHBISHOP OF MOBILE, A CORPORATION SOLE**

**NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024**

NOTE 5 - DUE FROM OR TO AFFILIATES

Amounts due from affiliates are as follows:

	June 30	
	2025	2024
Blessed Seelos Parish	\$ 50,000	\$ 50,000
Other affiliates	<u>116</u>	<u>3,577</u>
	<u>\$ 50,116</u>	<u>\$ 53,577</u>

Amounts due to affiliates are as follows:

	June 30	
	2025	2024
City of St. Jude Parish	\$ -	\$ 258,207
Catholic Foundation	375,770	369,588
Other affiliates	<u>57,390</u>	<u>21,351</u>
	<u>\$ 433,160</u>	<u>\$ 649,146</u>

NOTE 6 - INVESTMENT IN THE CATHOLIC FOUNDATION

Investment in the Catholic Foundation consists of the following:

	June 30	
	2025	2024
Hurricane Insurance Fund	\$ 5,609,553	\$ 4,216,661
Magnolia Fund	1,651,996	1,296,603
Dorrill Fund	709,275	826,733
Shirley Sheehan Legacy Fund	2,399,301	2,240,829
Property Sales Proceeds Fund	3,573,563	2,728,127
Unrestricted funds	<u>66,425</u>	<u>62,392</u>
	<u>\$14,010,113</u>	<u>\$11,371,345</u>

**CENTRAL FUNDS OF THE
ARCHBISHOP OF MOBILE, A CORPORATION SOLE**

**NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024**

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	June 30	
	2025	2024
Land	\$ 4,674,325	\$ 1,509,353
Buildings	3,438,427	3,331,769
Vehicles	141,728	142,743
Furniture, fixtures, and equipment	124,152	124,152
Construction in progress	7,500	-
	8,386,132	5,108,017
Less accumulated depreciation	(2,098,033)	(1,941,422)
	<u>\$ 6,288,099</u>	<u>\$ 3,166,595</u>

Depreciation expense was \$156,611 and \$138,432 for the years ended June 30, 2025 and 2024, respectively.

NOTE 8 - LAY RETIREMENT PLAN

The Central Funds sponsors a Retirement Plan (the Plan) under the provisions of Section 403(b) of the Internal Revenue Code (the Code). The Plan covers eligible employees who have completed 1,000 hours of services and are twenty-one years of age or older. Participant contributions consist of voluntary salary reduction contributions up to the limit set by the Code. The Central Funds contributes up to a maximum of 5% of the employee's salary depending on the employee's years of service within the Archdiocese. Total employer contributions to the Plan by the Central Funds were \$88,985 and \$93,524 for the years ended June 30, 2025 and 2024, respectively. The Central Funds' lay retirement plan obligation of \$649,701 and \$614,514 as of June 30, 2025 and 2024, respectively, also includes employer contributions of other Archdiocesan entities to be deposited to the Plan.

NOTE 9 - DUE TO ALLEN MEMORIAL HOME

During the year ended June 30, 2017, the Central Funds received a loan from a related party, Allen Memorial Home, in the amount of \$3,392,418. There are no specific repayment terms and no interest. As of June 30, 2025 and 2024, the balance due to Allen Memorial was \$2,410,730.

**CENTRAL FUNDS OF THE
ARCHBISHOP OF MOBILE, A CORPORATION SOLE**

**NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024**

NOTE 10 - LOAN GUARANTEES

Guidance Line of Credit

The Archbishop of Mobile, a Corporation Sole, has a Guidance Line of Credit with a financial institution in the amount of \$30,000,000. The Guidance Line of Credit was renewed on September 30, 2024 through September 30, 2027. For the year ended June 30, 2025 interest accrued at a rate of Term Secured Overnight Financing Rate (SOFR) plus 1.58% (5.90%). For the year ended June 30, 2024 interest accrued at a rate of one-month Bloomberg Short-Term Bank Yield Index (BSBY) plus 1.50% (6.89%).

The Guidance Line of Credit is utilized by individual parishes and schools of the Archdiocese to fund certain capital improvement projects upon approval by the Archbishop. Draws by individual parishes or schools under the line of credit allow for up to two years of interest-only payments. After the interest-only period, all advances will be amortized over a period not to exceed 156 months. As of June 30, 2025 and 2024, the aggregate committed lines and outstanding balances of the loans to parishes and schools under the Guidance Line of Credit was approximately \$19,800,000 and \$23,000,000, respectively. Should the parishes and schools be unable to pay their obligations under the Guidance Line of Credit, assets of the Central Funds would likely be used to pay the obligations guaranteed by the Archdiocese. As such, the Guidance Line of Credit is presented herein as a guarantee by the Central Funds. None of the line participants were in default on the borrowings at June 30, 2025 and 2024, and the likelihood that the Central Funds will be required to make future payments on the Guidance Line of Credit is considered remote. As such, there are no liabilities for this guarantee reported on the Central Funds' combined statements of financial position as of June 30, 2025 and 2024.

The Guidance Line of Credit is unsecured with two financial covenants 1) the combined balance of the Central Funds and each line participant's unrestricted cash and investments must exceed \$5 million at June 30, and 2) the combined accounts of the Central Funds and each line participant must result in a minimum Debt Service Coverage Ratio of at least 1.05 for the 12-month period ending June 30. Additionally, the Archbishop of Mobile, a Corporation Sole, covenants to not enter into any mortgage, pledge, lien, security interest or other charge or encumbrance of any nature in, upon, or with respect to certain real property of the Central Funds.

CENTRAL FUNDS OF THE ARCHBISHOP OF MOBILE, A CORPORATION SOLE

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2025 AND 2024

NOTE 10 - LOAN GUARANTEES (CONTINUED)

St. Michael Catholic High School Bonds

The construction of St. Michael Catholic High School was completed in Baldwin County in 2015. The school is separately incorporated with bond financing held in their own name. The Central Funds are a guarantor of the \$12.5 million bond issuance related to the construction of the high school (the St. Michael Catholic High School Bonds). The balance of the St. Michael Catholic High School Bonds as of June 30, 2025 and 2024 was \$2.05 million and \$2.25 million, respectively. St. Michael Catholic High School was not in default at June 30, 2025 and 2024 and the likelihood that the Central Funds will be required to make future payments on the St. Michael Catholic High School Bonds is considered remote. Therefore, there are no liabilities for this guarantee reported on the Central Funds' combined statements of financial position as of June 30, 2025 and 2024. The St. Michael Catholic High School Bonds are subject to covenants similar to those required for the Guidance Line of Credit including a Debt Service Coverage Ratio and minimum unrestricted cash and invested balances.

NOTE 11 - DESIGNATED NET ASSETS

Net assets without donor restrictions have been designated by the Central Funds for the following purposes:

	June 30	
	2025	2024
Property and liability insurance	\$ 8,740,827	\$ 7,349,835
Health and benefits insurance	10,169,208	8,549,352
Sick and retired priests	<u>558,188</u>	<u>454,358</u>
	<u>\$ 19,468,223</u>	<u>\$ 16,353,545</u>

NOTE 12 - NET ASSETS WITH RESTRICTIONS

Net assets with restrictions consist of pledges and funds received through the Catholic Charities Appeal to be disbursed in the following year. Prior to year-end, preliminary budget allocations of \$926,000 for Catholic Ministries and \$3,499,000 and \$3,374,000 for Archdiocesan Ministries were determined as of June 30, 2025 and 2024, respectively. Additionally, allocations were approved to support an emergency fund for the Central Funds and to cover administrative costs. Final allocations are made subsequent to year-end. As of June 30, 2025 and 2024, \$5,543,510 and \$5,460,256, respectively, of net assets are restricted for use in subsequent periods.

**CENTRAL FUNDS OF THE
ARCHBISHOP OF MOBILE, A CORPORATION SOLE**

**NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024**

NOTE 13 - LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets without donor or other restrictions limiting their use that are available for general expenditures within one year of the combined statements of financial position date comprise the following:

	June 30	
	<u>2025</u>	<u>2024</u>
Financial assets		
Cash and cash equivalents	\$ 25,772,165	\$ 25,036,158
Related party receivables, net	2,576,145	1,892,699
Pledges receivable, net	1,478,101	1,393,041
Due from affiliates	50,116	53,577
Investment in the Catholic Foundation	14,010,113	11,371,345
Other investment	<u>442,015</u>	<u>-</u>
	<u>44,328,655</u>	<u>39,746,820</u>
Less amounts unavailable for general expenditures within one year of the financial reporting date:		
Related party receivables expected to be collected more than one year after the financial reporting date	(277,825)	(176,539)
Required to satisfy management designations	(19,468,223)	(16,353,545)
Required to satisfy donor restrictions	<u>(5,543,510)</u>	<u>(5,460,256)</u>
	<u>(25,289,558)</u>	<u>(21,990,340)</u>
Financial assets available to meet cash needs for general expenditures within one year:	<u>\$ 19,039,097</u>	<u>\$ 17,756,480</u>

The Central Funds manages its liquidity by developing and adopting annual operating and capital budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they come due. Actual performance is reported and monitored monthly in comparison to budgets. Adjustments are made to plan as needed to ensure adequate liquidity.

Trust Funds held by the Catholic Foundation

As discussed in Note 1, various trusts have been established for the benefit of the Central Funds and are not included in the combined financial statements.

CENTRAL FUNDS OF THE ARCHBISHOP OF MOBILE, A CORPORATION SOLE

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2025 AND 2024

NOTE 13 - LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

Certain programs of the Central Funds are supported by funds established with the Catholic Foundation and administered pursuant to the terms of Trust Agreements, as follows:

	June 30	
	2025	2024
Priest retirement	\$ 8,528,546	\$ 7,647,439
Burse Club	7,917,672	7,288,278
Catholic Charities Appeal	2,843,504	2,672,194
Bernadette McAleer Trust - Catholic Charities Appeal	1,874,284	1,760,536
Department of Catholic Education Trust	538,916	505,703
Other	<u>436,254</u>	<u>394,266</u>
	<u>\$ 22,139,176</u>	<u>\$ 20,268,416</u>

Certain charitable trusts have been established as endowments with independent boards appointed by the Archbishop. The assets in these trusts are invested with the Catholic Foundation and support programs of the Central Funds, as follows:

	June 30	
	2025	2024
Generations of Faith Endowment for Sick and Retired Priests Charitable Trust	\$ 11,158,294	\$ 9,453,226
Generations of Faith Endowment for Seminarian Formation Charitable Trust	<u>10,574,391</u>	<u>8,940,526</u>
	<u>\$ 21,732,685</u>	<u>\$ 18,393,752</u>

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Self-insured health insurance and workers' compensation reserve

The Central Funds provides health insurance to its employees and priests through a self-insured fund administered by third parties. The Central Funds provides workers' compensation benefits to its employees through a self-insured fund. The Central Funds also maintains aggregate annual stop loss coverage to insure for unexpected or catastrophic claims for health insurance. The Central Funds provides other fully insured voluntary future employee benefits such as group term life insurance, dental insurance and disability insurance which are paid for in full by participating individuals. As of June 30, 2025 and 2024, the Central Funds has reported a \$387,786 and \$399,086 liability, respectively, for health insurance and workers' compensation insurance claims that have been incurred but not reported as of June 30, 2025 and 2024, as determined by third party administrators. Management believes that current premiums charged are adequate to cover projected claims and other fund costs.

**CENTRAL FUNDS OF THE
ARCHBISHOP OF MOBILE, A CORPORATION SOLE**

**NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024**

NOTE 14 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

Workers' compensation plan letter of credit

The Central Funds has a letter of credit with a financial institution in the amount of \$250,000 which covers the self-insured workers' compensation plan for all parishes and ministries, as required by the State of Alabama.

Clergy retirement benefits commitments

The Central Funds, at the Archbishop's discretion, provides for retired clergy with stipends, health insurance benefits and funds for other personal costs. These expenditures are supported with funds received from annual assessments on parish offertories and donations from the Catholic Foundation.

Property and liability insurance commitments

The Central Funds maintains property and liability insurance covering all ministries through policies purchased from Catholic Mutual Group. For the years ended June 30, 2025 and 2024, respectively, approximately \$380,000 and \$680,000 was paid for insurance claims. The Central Funds is self-insured for aggregate annual claims up to \$300,000 during a policy year. The Central Funds purchased additional named storm insurance coverage, which is included in the amounts billed by Catholic Mutual Group, to cover losses from named tropical storms and hurricanes. Based on actuarial projections, management believes the insured value is adequate to cover potential losses in the event of a major hurricane. The Central Funds' deductible per named storm event is \$1,500,000, and the Central Funds has established deductible amounts which will be passed on to parishes, schools and other Catholic ministries which management believes will be adequate to cover this deductible.

Legal proceedings

The Central Funds is involved in various lawsuits relating to general liability and other matters, including claims for injuries incurred at separately incorporated non-for-profit corporations of the Archdiocese. Based on the facts and circumstances as of December 12, 2025, management cannot predict the outcomes nor estimate potential losses, if any, to the Central Funds. In the opinion of management, the resolution of outstanding legal matters is not expected to have a material adverse effect on the combined financial statements of the Central Funds.

**CENTRAL FUNDS OF THE
ARCHBISHOP OF MOBILE, A CORPORATION SOLE**

**NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024**

NOTE 15 - FAIR VALUE MEASUREMENTS

The Financial Accounting Standards Board established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of quoted prices for similar assets or liabilities in active markets, and Level 3 inputs are unobservable and have the lowest priority. The Central Funds uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Central Funds measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were only used when Level 1 or Level 2 inputs were not available.

Fair value of the investment in the Catholic Foundation at June 30, 2025 and 2024 was \$14,010,113 and \$11,371,345, respectively. These investments are measured on a recurring basis using Level 2 inputs. The investment in the Catholic Foundation has been valued using a market approach based on the value of the underlying investments. There have been no changes in valuation techniques and related inputs.

Fair value of Other investment at June 30, 2025 was \$442,015. This investment is measured using Level 3 inputs. The investment is valued using the most recent observable transaction, a treasury stock repurchase by the investee during the year ended December 31, 2023, which management considers the best available evidence of value.